

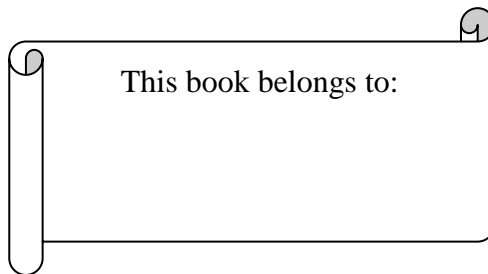
A Family Business

The Story of  
ROTHCO

Second Edition  
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### 3 *A Family Business*

*A Family Business: The Story of ROTHCO* is presented with love to Howard Somberg from his wife Diane for their 35<sup>th</sup> wedding anniversary. It is dedicated to Howard, and to all the great people, especially the family, who made ROTHCO what it is.

Introduction:

## A Family Business

What is a family business? What makes it work? What are the dangers, the pitfalls inherent in a business in which members of the same family are trying to work together to achieve the same common goals? What are the benefits, the rewards that may be achieved in the unique structure of a family business that could not be found in a more generic business arrangement?

Wikipedia describes a family business in which one or more members of one or more families have a significant ownership interest toward the business' overall well being.

While this is a nice, tight definition it does not even skim the surface of what a family business is, and what running a successful family business entails.

Running a family business is very much akin to walking a tightrope. If successful, trust within the working relationships can be surpassed by none. It can also bring families closer together, as their financial and business success is now interlinked. Good news to one means good news to all, and the camaraderie can be great. When trust between family members is deep and a genuine interest in the other's well being exists, it can give a business an advantage to all competitors.

But there is the other side. What about the times when business is not as good. What about times when people who have the best of intentions differ in their



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opinions about the best direction for the company, the right merchandise to sell, the difficult choices for the future?

How could this affect not only the business, but the entire family dynamic? In family businesses sometimes strong willed personalities take strong stands, and others in the business, and the family, are put in the awkward position of choosing sides. The hurt can cripple a business, and damage a family.

ROTHCO, a company that started in 1919 as a man with a horse, a buggy and a bell, is the extraordinary story of a business whose success over the years was at first slow and steady...and then, an explosive growth. And it has survived, and thrived, as a family business.

That does not mean it has not had its share of familial conflict. From its early years, strong men with strong personalities had very decisive opinions about the direction the company should go. Sometimes the men could work out these differences. Some of them could not be worked out. Its impact was of course felt throughout the family. Sometimes it was felt through generations.

But ROTHCO succeeded, and continues to succeed, because of some of the unparalleled relationships between the people who started it, and then helped nourish it. Fathers working with sons, fathers-in-law working with sons-in-law. Brothers working with brothers in law. The trust and respect that existed between these people helped take ROTHCO

from its early, modest beginnings to the multimillion dollar company it is today. These people were able to form the unique bonds that went beyond business. Their familial love for each other helped create an atmosphere of trust, of a cooperative spirit. Perhaps at times specific individuals could have looked out for themselves first. Perhaps they could have sought to maximize their own personal profits rather than think of their co-workers and partners, of the business as a whole. But this was a family business. A unique dynamic, in which one person's success not only contributed to the success of others within the company—within the family—but was dependant on it.

But who were the people behind this amazing family business, this business which embodied the American spirit, hard work and vision? This business that saw its share of hard times and hard choices, but not only continued to rebound, continued to flourish?

They were a business, and remain a business, in which their decisions are based on economic times and financial good sense.

But first and foremost, they were a family.

# Chapter 1

Milton Somberg

Milton Somberg was born January 4, 1924, in Brooklyn, New York.

It was an inauspicious beginning for a young man who eventually would become one of the driving forces of the company known in 2010 as “ROTHCO”.

His first memories: the United States was struggling mightily in the midst of the Great Depression. For the Somberg family, as well as for so many Americans at the time, there was a lot of moving around between apartments. There was a lot of scrambling to make ends meet. But there was always food on the table. There was always a roof over his head.

“This is how I thought life was supposed to be,” Milton Somberg, at 86 years of age, said in 2010.

Money was tight. By moving apartments every year the family was able to negotiate two month concessions which helped get them through the country’s rough period. It only cost about eight dollars to move, and economically it was beneficial, if not crucial for the Sombergs to continue their almost nomadic existence throughout New York City, though they primarily remained in the borough of Brooklyn.

There were always new neighbors, new blocks, a new environment to get acclimated to every year for the young child. These may have been difficult circumstances, but Milton did not see it that way.

Milton's memories of his parents are of their warmth, their love, and of their strong work ethic. His mother, Sarah Somberg, went to the workforce during this time to help make ends meet. And while his father, Max Somberg, was always looking for work, he had a skin disease which manifested itself on his face and this sometimes interfered with his ability to find work.

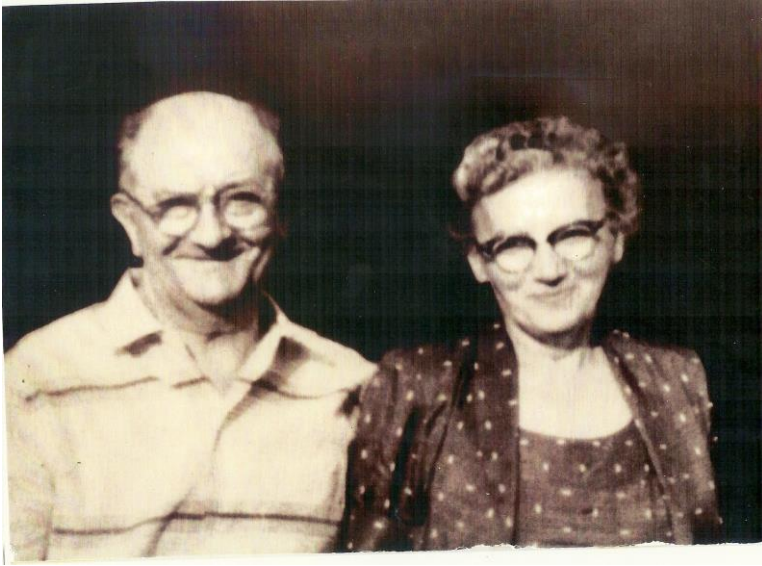
While his skin disorder occasionally interfered with his ability to acquire employment, Max Somberg by no means bridled his intense desire to work, to support his family. He was a buyer for the house-ware department for a store in Bay Ridge, Brooklyn. The store was called Heilbroners. Max had extensive life experience in this field. His own parents had immigrated to the United States and had opened a house wares store in the Williamsburg section of Brooklyn. Max saw the work his parents put in, as well as the ins and outs of the industry. This became an aspiration for Sarah and Max Somberg, to open their own house-wares store.

While the country was crippled with economic crisis, the Sombergs did attempt to fulfill their dreams in the late 1920s of owning their own store. It was one of the few times a young Milton found himself outside of Brooklyn.

His parents, with the help of a cousin, opened a store in the Bronx. However, with money so tight not only for

them but for the rest of the city, the rest of the country, the store was not successful.

The cycle of moving from year to year continued for young Milton Somberg and his family.



Max and Sarah Somberg, approximately 1960

After the closing of their first attempt at a private business, the Sombergs did not immediately return to Brooklyn. Rather, they moved to the lower East Side of

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Manhattan. They lived on Suffolk Street, right off of Delancy. It was here that Milton started kindergarten.

Economically things remained very difficult. His mother Sarah was an excellent seamstress and was able to get work. His father was trying to procure employment.

They were living with Milton's maternal grandmother on the fifth floor of a walk up on Suffolk Street. They shared a community bathroom with the other tenants on the floor. There was very little private space, and certainly no luxuries. It was tight, and Milton lived in these conditions throughout his first year of formal education. But his house was filled with love, and young Milton didn't know there was any other way to live.

In addition to Milton's supportive and loving parents, he also had a strong relationship with his older brother Harold.

"One of the most important people in my life," Milton said thoughtfully. He paused for a moment, and said, "I could tell you a whole book about Harold."

Harold Somberg was indeed an extraordinary young man. Milton considered him a genius, and indeed when he graduated high school he was only fourteen years of age. He went on to attend New York University (NYU) and became a doctor by the time he was twenty one years of age.

Harold had decided he wanted to be a doctor at a very early age. Milton recalled the sacrifices his parents made on

behalf of his older brother. The things they gave up for themselves so that their eldest son could pursue his dream.

Milton recalled with pride that Harold did not squander the intellectual gifts that were bestowed upon him. He became a successful and acclaimed neurosurgeon. The two brothers were close as children, and this close bond stayed with them forever.

“Till the very end,” Milton said. “We had a tremendous relationship to the very end. Even to the last few days of his life.”

Milton Somberg was given the gift of this extraordinarily close family, and he learned the value of what family means. This became a part of his foundation as a young man growing up. When he reached adulthood and had the opportunity to work for the company that would eventually be known as “ROTHCO”, it was these same learned values that lead him forward. Milton understood what families did for each other. He understood that people work together, sacrifice for each other, and succeed not as individuals, but as a unit.





Sarah and Max Somberg enjoy a warm moment at Milton and Marilyn's wedding

During one period in the early thirties, Milton's parents left the city completely in an attempt to find financial security. They moved to the Catskills in New York to start a general store, selling novelties and house wares.

Milton and Harold were well into their schooling at that point, and the family did not want to disrupt the educational process. Milton was in junior high when his parents moved (the same junior high school attended by actor Danny Kaye) and Harold was in medical school. Harold stayed temporarily with his paternal grandparents Mary and Harry Somberg. During this time, Milton stayed with his maternal grandmother Ida Olnick.

The boys stayed in school, their parents lived upstate. The store did not work out as the family hoped, and they all found it difficult with the family separated. After approximately six months Milton's parents returned to the city, and they were together again.

The Sombergs moved back to Brooklyn. They made another attempt, this time more successful, at small business ownership, starting a retail store in 1937. This was just the sort of opportunity the Sombergs had been seeking for themselves. They were able to take a loan from an Uncle and opened up a retail hardware and house-wares store on Avenue M in Brooklyn.

It was at this time that the financial conditions for the Sombergs started taking an upward swing. It was the late 1930s. The war was coming. The country was leaving the Great Depression in the past. There were more opportunities in business. Finally, Milton Somberg and his family were able to find financial stability.

The store was called *Somberg's Housewares*, a “mom and pop” type of store. It was located at 1919 Avenue M in Brooklyn.

Milton Somberg was thirteen years of age. He was graduating junior high school. The family moved to East 19<sup>th</sup> Street, around the corner from where the store was. Harold was attending college but was still living at home.

Milton worked in the store to help the family. He attended high school at James Madison High School in Brooklyn, graduating in 1940. Milton considered these to be uneventful days in his life, but he was in actuality quite busy. He attended school full time. After school he would go right to the store where he worked behind the counter, or he delivered orders. His hours were indeed full.

Milton considered himself an average student throughout high school. He did not know at this point what his future would be. Harold had known from an early age he wanted to be a doctor. Milton did not have an immediate goal to strive for. Should he go to college?

Milton did not think it was the time. The war was going on in Europe and, like so many throughout the world, Milton felt his own personal struggles in coming to grips with what he should do. Everyone was affected by the war, as it ravaged the globe.

Milton made the decision to enlist in the military. However, due to a medical condition he was rejected by the military and given a 4F.

This was a difficult rejection to take. Milton had wanted to do his part in the service. Looking back, Milton could not say whether this was fortunate or unfortunate. At the time it was a tough blow. But as many others of his age and class went to Europe and to Asia, Milton remained in Brooklyn.

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So Milton continued to work at Somberg's Housewares during the day while he attended Brooklyn College at night. In some ways Milton continued to feel like he was in limbo. He was still trying to find his niche, his place. His brother had known at a young age what he wanted his future to be and had worked for it. Milton didn't have this early sense of self destiny.

One thing he knew, was that he did not want the kind of retail business his parents had. While he had no qualms about helping out in the store, he saw the demands of the store, the lifestyle his parents were forced to live.

Sarah and Max Somberg had always had a strong work ethic. Milton saw the way they worked. They had to put in seventeen to eighteen hours a day. The store would

be opened up and ready for business at seven in the morning, and the Sombergs were often still there till eleven or twelve o'clock at night. They worked Saturdays and Sundays.

Milton recognized the difficulties of maintaining a store like Somberg's Housewares. He also knew that the sacrifices his parents were making were for him and his brother. But at the same time, he knew this was not the life for him.

However, it was while working at his parent's store that doors started opening for young Milton.

Milton often worked the counter, and he began to get to know all the customers. He had started working the register at thirteen years of age and he was now eighteen. He had known many of the customers for several years. One of the customers that he became friendly with was a man named Louis Geller.

Louis Geller worked in Manhattan. He was a projectionist at the New York Strand Theater on Broadway in New York City. The Strand Theater was the showcase theater for the Warner Brothers film studio.

Over the years the two men became friendly and would often chat. Milton let it be known that he foresaw a different future for himself than taking over the store.

Louis Geller responded to the young man, "Would you be interested if I could get you a job in Warner Brothers?"

Milton immediately replied, "I would be."

Louis had connections in the home office at Warner Brothers, and he set up an interview.

Milton, walking in, was nervous. He had worked in the store his whole life, but he had nothing to offer Warner Brothers to justify their employing him. He did mention he was currently taking an accounting course at night at Brooklyn College. But other than this, he had no experience or training in film or in the industry.

"What can you do?" he was asked.

"I could do accounting," he responded.

"Well we don't have anything available in the accounting department," he was told, and Milton's heart sank.

But this was during the war, and there was a demand for bodies, for people to fill vacant jobs.

"The only thing we can offer you," he was told, "is to work as a messenger in the mail room."

Milton took the job immediately. It paid him fifteen dollars a week.

He started there, his foot in the door. He considered this his first break. It was soon followed by a second.

It was 1942. Warner Brothers was running a world premiere of a film called "Captains of the Clouds". It was the story of Billy Mitchell and the Royal Canadian Air Force. The film starred James Cagney and Dennis Morgan

and was directed by Michael Curtiz. The publicity department was running the premiere at the Strand Theater. Warner Brothers had worked a deal with the Royal Canadian Air Force (the RCAF) to have a contingent of cadets come to the theater for the first showing.

The RCAF was staying at the Waldorf Astoria Hotel. The Warner Brothers Home Office was on West 44<sup>th</sup> Street. The publicity department needed a courier to run between the hotel and the home office with messages and updates, at least two times a day. They didn't have anyone immediately available.

The publicity department called down to the mailroom.

"Is there anybody available to run messages?" they asked.

This was Milton's second break. He was in the mailroom that day, and he volunteered to be the courier.

This opened up many avenues for Milton. It got him out of the isolation of the mail room. While doing his duties as a courier he was able to listen in on some of the meetings that were taking place between the publicity department and the RCAF. He was able to start to get a feel for other aspects of the business.



Original poster from “Captain of the Clouds”  
released in 1942

When the premiere was completed, Milton Somberg was asked if he would like to leave the mail room and work full time as a runner with the publicity department. Milton took the job.

Some things did not change. Milton was still making fifteen dollars a week. It was 1942, and Milton was eighteen years of age. For the next year he remained in his role as a runner with the publicity department. The war was central to every aspect of life, and throughout all these life changes,



the war and what was happening overseas weighed heavily on Milton's mind.

Milton had wanted to represent his country, he had wanted to do his part. It had been the army that had not accepted him. Though he was finding success at Warner Brothers, and though he had done everything he could to offer his services to his country, in his heart Milton felt he had to do something. He saw the sacrifices people were making for their country, and he felt he should do the same.

He made a decision. He wanted to do something for the war effort. With that in mind Milton decided to go back to school. He would go to agricultural school.

He informed Warner Brothers he would be leaving, and why. He went to Rhode Island State College to concentrate his life and his studies on agricultural development. He spent a semester and a half there, taking courses in agriculture (which he colloquially thought of as 'aggie courses'). He also spent the summer on their agricultural development farm in Rhode Island. He was close to the earth, planting tomatoes, peeling potatoes. However, after the year of work on the farm, Milton felt that physically he could not endure the work he had to do to succeed in that environment. He was not getting the satisfaction he sought, and he decided to leave the program.

Milton returned to New York City, and was stuck in a conundrum. He had returned to the limbo he had felt when

he worked in his parent's store. He did not know what to do. His life had taken him on a few twists and turns, but he was back in the city and unsure of what his future had in store for him, unsure of what he wanted his future to be. He felt like he was floundering at that time. Eventually, he found a job at Macys.

The war was still going on, and there was still a need for bodies to fill the employment voids. Milton was given a job in the decorating department, though he knew nothing about decorating. Milton only worked there for two months before making the decision to approach Warner Brothers about another opportunity to work there.

Warner Brothers was happy to have Milton back. He was given a new position in a new field. He was now working for the publicity department, specifically the magazine section. The publicity department was separated into the different venues in which Warner Brothers publicized its films and stars; Milton worked exclusively within the magazine venue.

It was an exciting time to be working at Warner Brothers. Milton started to feel more comfortable with his life, with his future. He easily foresaw a long term career there. It was the early 1940s, and television was just making its way into everyone's homes, expanding the broadcasting company's potential audience exponentially. Things were changing rapidly in the area of entertainment.

Milton worked as an assistant to a woman named Eve Siegel. Eve was a career woman. Milton found she was a wonderful person to work with and for. However, her position as Milton's supervisor eventually directly contributed to Milton Somberg leaving Warner Brothers and moving to the company that would become "ROTHCO".

Eve introduced Milton to all her contacts, and taught him what she knew. He went with her on many of her assignments. The job encompassed all aspects within the publicity department, from photographing a movie star, to introducing a story, or presenting a picture layout. Milton was involved in the entire process.

It was a terrific place to work. The people were nice and respectful, the work was new and exciting. Milton saw this as a place to spend his career. That said, the salaries were average and you had to fight for every dollar you earned.

Milton also worked closely with the art department. This entailed navigating the complex and sometimes difficult personalities of the artists that worked there. And Milton found himself working with some extraordinarily talented people. Brothers Doc and Neil Simon were there, Neil Simon eventually becoming a Pulitzer prize winning playwright of works like "The Odd Couple" and "Brighton Beach Memoirs". Also working there was Reginald Rose, who went on to write "12 Angry Men". Milton shared

workspace and offices with these and other fine authors, who were getting their foot in the creativity door by working with publicity.

Milton also met other celebrities. One of his responsibilities in the publicity department was to escort starlets to some of the speaking engagements and interviews they needed to attend. At different times Milton escorted movie stars Janice Page, Doris Day and Debbie Reynolds to their scheduled events.

Milton was doing well. His salary started to increase. It seemed like he had finally found his niche at Warner Brothers. During this time he was living at home, with his parents. He planned to stay on at Warner, continue down this career path, to see where he would wind up.

But fate intervened. He had a co-worker and friend, a man named Ernie Grossmen. Mr. Grossmen was friends with a gentleman named Marvin Rothenberg. It was through Mr. Rothenberg that the future that Milton foresaw for himself was about to change very radically.

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Ernie Grossmen also worked in the publicity department at Warner Brothers. Milton and Ernie had become good friends over the time they worked together,

and Ernie introduced Milton Somberg to his good friend Marvin Rothenberg.

Milton Somberg and Marvin Rothenberg hit it off immediately. They enjoyed each other's company and became fast friends. In fact, Milton, along with Ernie and Marvin and several other friends, vacationed together in Lake George. They spent a week on the water, getting to know each other, trust each other, and enjoy each other's company.

Marvin Rothenberg had a younger sister named Marilyn. Marilyn Rothenberg majored in dramatic arts at N.Y.U. and had a very close relationship with her older brother.

It was 1945. Milton was now twenty one years old. The Rothenberg family had just finished their basement and they decided to throw a party. Friends of both Marvin and Marilyn were invited to attend. They went through the guest list. They needed an extra male guest to come to the party.

It was Ernie who made the suggestion, "Hey, how about Milton?"

It was agreed. Milton Somberg was invited to the party. It was here that he was to meet the love of his life. He and Marilyn Rothenberg met, and immediately they hit it off.

They saw each other every day. Milton was working at Warner Brothers and he took advantage of his position to take Marilyn to some glamorous events. They went to

screenings and premieres. Milton teased Marilyn that she only dated him because she thought he was going to make her a star (she was, after all, a dramatic arts major in college).

Their love and their relationship blossomed. They would be married November 8, 1947.

Milton continued his successful career at Warner Brothers. He was aware that the father of his new girlfriend, a woman who would soon become his wife, had space on Canal Street in Manhattan where he sold used clothes. However it did not occur to him that this would become his own future. It did not occur to him that this may be a direction that his own life would go. He was content where he was.

That was not his life: that was the life of his future father-in-law, Morris Rothenberg.





Milton and Marilyn Somberg at their wedding.  
November 8, 1947. As of 2010 they have been  
together almost 63 years.



## Chapter 2

### N. Rothenberg and Son

That was the start. Where it began. The genesis of the company that would eventually become “ROTHCO”.

Nathan Rothenberg was the father of Morris Rothenberg, the grandfather of Milton’s significant other, Marilyn.

It was Nathan Rothenberg who got started in the used clothing business. He called it “N. Rothenberg & Son”.

It was the year 1915. Woodrow Wilson was the President of the United States. Babe Ruth played his first major league game. The United States was just getting involved with World War I. And Nathan Rothenberg had immigrated to the United States from Europe. Using his ingenuity and fierce work ethic, he started his own business.

Nathan rented a horse and buggy. He also had a bell. Nathan would ride his horse and buggy through the streets of the Lower East Side, or Brooklyn. On the side of the buggy it said *I cash clothes*. He would ring his bell so the people heard him as he navigated through the streets. It was a competitive field, and Nathan knew there were other peddlers out there trying to do the same thing.

People listened for the sounds of the horse and buggy, the bell ringing through the streets. If a person heard that sound, it meant they could take out their used and unneeded clothing and sell it. Nathan would negotiate the precious pennies he would part with to purchase the used clothes. Then he would tailor the clothes, or clean them, or

provide whatever was necessary to resell them for a small profit.

It was from these humble beginnings that ROTHCO would eventually evolve.

Nathan gradually built up his business. The key to success in the used clothing industry was the proper pricing for the clothes. Nathan had a good eye for what he would be able to sell the clothing for. Therefore he knew how much he could pay for the used goods and still make an appropriate profit. Gradually N. Rothenberg and Son started getting more and more of the shares of the used clothing market throughout the Lower East Side and Brooklyn.

It was around Canal Street and Elizabeth Street on the Lower East Side that all the used clothing dealers congregated. Nathan went there to sell his wares. Nathan worked with his son Morris, the father of Marvin and Marilyn Rothenberg.

Nathan and Morris worked hard and were successful. They expanded to the point where they became wholesalers. There was no more need for a horse, a buggy and bell. They didn't have to buy from the individuals on the street. Rather, the other used clothing peddlers would go to Nathan and Morris Rothenberg and sell their product to them.



On far right is Nathan Rothenberg, the founder of the company that would evolve to become ROTHCO. The small child standing in front of him is Morris Rothenberg.

The Rothenbergs would then take the clothes they had purchased from the other peddlers and process them. Processing meant that Nathan Rothenberg had hired women who would fix up the clothes. Some had to be cleaned, or

sewed, or ironed, whatever that was needed to be done to make the item sellable. They had a great deal of clothing coming in, being fixed up and then resold.

The Great Depression ensued but it did not slow down his business: in some ways, his services became more urgent. He was someone who could buy a person's used clothes, giving the individuals immediate money which was much needed for food and rent. Additionally, the refurbished clothing was still less expensive than brand new clothes, and as the economics in the country stayed depressed, there was still a demand.

Then there was the actual process of selling the clothes. Much of the clothing was being shipped down south, to the Southern States. In the thirties, when the depression was raging, conditions in the South were particularly bad. It was here that used clothing was in great demand, because people simply could not afford the price of new clothing.

Nathan Rothenberg and Son had success with the resale of all style of clothing. They expanded their sales to include hats. They had a machine to press felt hats, which were popular at the time. In order for hats to be resold, they needed to have creases taken out, they needed sweat stains removed. The company did well buying used felt hats, cleaning them up and reselling them in the southern states.

They purchased used shoes, then resoled them, cleaned them, made them look as close to new as possible, and again would resell them for a profit.

The business was flourishing. Working with his father, Morris Rothenberg was making more money. He was able to buy a house. Morris' brother-in-law, Jack Rosenberg, was able to join the business to help deal with the expansion. Also joining the business was Simon Rothenberg, Nathan's other son.

However, it was not all smooth sailing. As what often arises in family business, there was some friction. Some disagreements revolved around the direction the company should go in, some involved internal power struggles.

The act of maintaining a successful family business is similar to walking a tight rope. The danger is that business partners who experience professional disagreements often end by dissolving their partnership and moving on with their lives. But when those business partners are family members, the repercussions can be much greater. The hurt can be great, and sometimes people are forced to make economic decisions and business decisions which reverberate through the entire family dynamic.

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N. Rothenberg and Son evolved to become Morris Rothenberg and Son, thus encompassing a third generation.

It had never been Marvin Rothenberg's immediate plan to join the family business. By the time Marvin got out of the army and was in a position to join the business, he did not really want to. He did not want to deal with the family politicking that was happening at Canal Street. There were already too many family members struggling to create what they thought was the right identity for the business. Marvin saw the family conflict that was arising and wanted to steer clear.

Marvin's first endeavor was to move to Florida. He and a friend opened up a dry cleaning business. They would go door to door, actually picking up clothes at people's houses, cleaning it and then returning it. Unfortunately, the business was not financially successful, and within a year Marvin came back to New York to work for his father.



Morris Rothenberg

It was now the late 1940s. Milton Somberg, married to Marilyn Rothenberg, was still not working for Morris Rothenberg and Son. He was quite content at Warner Brothers. Financially he was doing well. He was still in the



publicity department, working with magazines. By the early 1950's, Milton and Marilyn had two sons, Neil and Howard Somborg. The family was happy. They lived in an apartment in Brooklyn at 2662 West Street.

Marvin Rothenberg began working in the family business with his father. The founder of the original company, Marvin's grandfather, Nathan Rothenberg, had passed away. There was still much conflict between the family members about what direction the business should go. This started taking its toll on Morris Rothenberg. He started to feel emotionally and physically exhausted, and his health started to suffer. As successful as their finances were and would continue to be, the family conflict generated through the business was wearing Morris down.

Marvin Rothenberg, a young man at the time, took to travelling. He traveled down South, meeting potential clients and peddlers, expanding the business.

It was in 1949 that he first travelled down to Puerto Rico.

Marvin was twenty four years old at the time. Morris had sent him there to make some sales calls and collect some owed moneys.

Marvin immediately fell in love with the island. It was a paradise to him, and he saw no reason to leave. Rather, he started laying a foundation there, a foundation which would prove to be very fruitful over the years.

He began to implement the same business plan he had learned under his father's tutelage. He was a young man and at the time spoke no Spanish, but he was fearless and through hard work and determination made the necessary connections to push the business forward. He had learned the way to treat people, and to treat his employees, and he hired people who lived in the area. Because of the way he treated them, these employees developed a strong loyalty to Marvin, and many worked for him and for the company for many decades.

At this time, Morris was still based out of New York. Marvin was now based out of Puerto Rico.

Marvin's early business success came from selling used clothing imported from the United States and other surplus items, including military boots. He owned a shoe repair shop where the boots would be re-soled, polished, and then sold. Over time he began to import more and more items from overseas for resale. These items included things like jeans, luggage, work gloves, and work shoes. These items could then be sold wholesale to small retail stores in Puerto Rico and the neighboring Caribbean islands such as St. Thomas and St. Croix, as well as Tortola.

The company was thriving. Morris Rothenberg had family working with him in New York and was doing well; his son Marvin had created an entirely new market for the company. Financially, times were good.

However, as the good fortune of the company increased, the problems also multiplied. The infighting at the company further weakened Morris Rothenberg, who had developed a heart condition. Business and family overlapped, and boundaries blurred. The impacts were now felt on personal familial levels, as well as at the business level. Morris and his brother and brother-in-law decided that it was time to separate.

Morris Rothenberg split off from the family business. It was a difficult time, as family members had to make decisions that they may have thought made economic sense, but which inevitably would cause hurt feelings between those same close family members. Some relationships can withstand this sort of turmoil; some cannot.

Terms of the business split were as follows. It was decided that Morris and his son Marvin would maintain all the clients and contacts in Puerto Rico and the Caribbean. The balance of the business would be maintained by Simon Rothenberg and Jack Rosenberg. It was also agreed that after one year of their business being stationed in Puerto Rico, Morris and Marvin Rothenberg would have the right to trade anywhere.

Marvin Rothenberg remained stationed in Puerto Rico, selling the wares that were supplied to him by his father Morris, who was still located physically in New York. However, in 1953, Morris Rothenberg realized he could not

continue. The stress of the family conflict had taken a great toll on him, and his heart was weakening. He could not physically perform the responsibilities he needed to.

A decision needed to be made, and Morris Rothenberg made it.

One Sunday afternoon, Morris and his wife Anne had their daughter Marilyn and their son-in-law, Milton Somberg, over. Morris had gotten to know his son in law and the two men had developed a wonderful, respectful relationship.

“Milt,” said Morris Rothenberg to his son in law, “You know what condition I’m in.”

Milton did know the fragile condition of his father-in-law. He also knew about some of the turmoil within the business. How much of this stress had contributed to Morris’ failing health was impossible to speculate on, but no doubt, it was a major factor. At this point in time, in 1953, Morris was hardly physically able to take part in any aspect of the business process.

Morris asked, “Would you consider working with Marvin in this kind of business, getting the merchandise to him in Puerto Rico?”

Milton was taken by surprise by the offer. He immediately considered the serious opportunity. One of the issues which weighed heavily on his mind was his current situation at Warner Brothers.

He had been there for nine years. He was doing well there, making a good salary, meeting interesting people, and generally enjoying his career and life there. However, he had come to a realization. Even though Milton had a very positive relationship with his boss, Eve Siegel, Milton understood that in some ways Eve was a stumbling block in his career at Warner Brothers. The natural ascension of his career path would take him directly to Eve's job. But Eve was a career woman, and she was relatively young, and there was no reason to believe she was going to leave the company anytime soon. In short, Milton came to the conclusion that his future options were very limited at Warner Brothers. He had career aspirations, and Warner Brothers seemed to have a low ceiling for him. This was a new, unexpected door that was being opened to him.

Milton looked at his father-in-law. He realized this was an opportunity that could work well for him.

"Yes, I would be interested," he responded.

Milton realized there were no guarantees working with Marvin Rothenberg, who was still stationed in Puerto Rico. They had a strong relationship, ever since they first met, but when family and business meet, things sometimes get complicated. But it was an opportunity he felt he had to take.

Morris continued: “Milt, I have to be honest. Right now, Marvin is not going to be able to pay you more than a hundred dollars a week.”

This was an immediate drop in salary, a substantial drop. It was also walking away from the security Milton had at Warner Brothers. But after considering it Milton was willing to take that chance. When he walked into his father-in-law’s den that day, he had no idea that this offer was coming. He had never worked with his father-in-law in the business, even on a part time basis. He had heard the occasional stories about the business. He had visited the warehouse located on Canal Street so he knew what Morris Rothenberg and Son looked like. He had a small idea about what life in the surplus industry entailed. It had not been what he anticipated for himself. However, he immediately recognized the potential. Additionally, he had always had a strong relationship with both Morris and Marvin Rothenberg. He thought they would be able to work well together.

“Yes,” Milton said to his father-in-law, and to his future. “I would be willing to give this a shot.”





During happy times: a young and handsome Morris Rothenberg with his beautiful bride Anne.



## Chapter 3

### Brothers-In-Law

This was an intense, exciting time in the life of Milton Somberg.

“Mind boggling,” he called it. He gave notice to Warner Brothers. He had been there nine years and had made many close friends. He left on good terms. And now, with one decision based on one conversation in his father-in-law’s den in 1953, everything in his professional life changed.

One of the factors that contributed to Milton’s decision was the strong relationship he had with his brother-in-law, Marvin Rothenberg.

Marvin was now living in Puerto Rico full time. He was thriving, personally and professionally. On an early business trip to Puerto Rico he met a beautiful woman named Sara. It turned out she was the runner up for the Miss Puerto Rico beauty competition.

She and Marvin hit it off. Their initial dates had to be chaperoned, as was the Spanish tradition in the country. Marvin was more than willing to accommodate the cultural requirements of what was becoming his adopted home country. The love between Marvin and Sara quickly blossomed and they were married. Children soon followed.

Milton, his wife Marilyn and their children would fly down to Puerto Rico to visit every Christmas time. Marvin, always generous to his family, would fly Milton and the family down. At the time, it was an eight hour flight via a propeller plane. They had wonderful times as their families

and children treasured the time they were able to spend together.

This was the beginning of the most fragile sort of relationships, an incredibly positive familial relationship which became a mutually beneficial business relationship as well. The respect and love the families had for each other was not in any way undone by their business endeavors: rather they were strengthened. And the mutual respect and trust Milton Somberg and Marvin Rothenberg had for each other enabled the business to thrive.

In all the years they worked together and all in their years as brothers-in-law, Milton Somberg could not remember a single major conflict between the two men. Their relationship was indeed extraordinary, both personally and professionally.

This was a pivotal time in the history of Morris Rothenberg and Son. Now Morris Rothenberg was stepping aside. Milton Somberg was becoming an intricate player in the company's future.



Standing from left to right:  
David Rothenberg, Morris Rothenberg (called  
Morey in childhood), Susan Rothenberg and  
Marvin Rothenberg  
Sitting:  
Phyllis Rothenberg, Sara Rothenberg

It is at times like this that businesses are often at most risk of losing their way. A change of leadership could mean a void of leadership. That was not the case here.

Initially, Milton Somberg worked under his brother in law Marvin. Marvin Rothenberg was running Morris Rothenberg and Son and Milton was an employee. His responsibility was to run the New York business.

Morris was still able to give guidance. While he physically could not contribute to the company, mentally he was still sharp. Morris worked with Milton to explore new avenues of business, and how to open those new avenues of commerce.

Marvin's main base of operations continued to be Puerto Rico. Milton Somberg's primary responsibilities entailed being a supplier of goods to Marvin. He would provide the merchandise that his brother-in-law would then sell down in Puerto Rico and the nearby Islands.

Marvin decided his brother-in-law needed a home base of operations to store his merchandise prior to it being sent down to Puerto Rico. So a warehouse was rented for this purpose.

This was the first warehouse under Milton's supervision.

A modest 2500 square foot loft was rented at 55 Great Jones Street in New York City. It was located on the Lower East Side. It was an old type warehouse building with

elevators. The space was located on the fourth floor. There were no offices: the loft was one large room. In order for Milton to come up with office space within the loft, several bales of clothing were pushed together to delineate the 'office space' from storage. This became Milton Somberg's first office with Morris Rothenberg and Son. Two bales were pushed together and an old drawer they found was placed on top of the bales, and this became Milton's first makeshift desk.

And how did Milton Somberg feel at this time? He had left the comfort of his job at Warner Brothers, a job he held for nine years. He was nervous, but excited. He was starting anew. He felt that now it was time for him to get to work.

One of Milton's first jobs was the sale of "white clippings". These came up from Puerto Rico. In Puerto Rico, they were making white sailor hats to be sold to the government. But in the making of the hats there were often "white clippings", the extra cloth that was not used in the actual hat. Marvin Rothenberg had accumulated quite a bit of this product. The plan was that it would then be sold to a middle man who, in turn, would sell it to the paper mills.

It was Milton's first sale. Marvin had accumulated over 20,000 pounds of the clippings and sent them up to the loft on Great Jones Street. These bales were different than used clothing. These were heavier, pure dead weight. They

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were sent up for storage until a purchaser could be found. Finally Milton was able to find a customer around the corner, the Gerofsky Brothers, who purchased the clippings to sell to the paper mills.

It was Milton's first transaction, and it was a success for the novice businessman.



The building on Great Jones Street

It was a wonderful feeling for Milton. He had been given 20,000 pounds of merchandise and had found a buyer. It was a start for Milton, a first step in what would be his lifelong career of purchasing goods and then selling them. He had become a “middle man”.

Down in Puerto Rico, Marvin felt it was important that Milton have some more guidance in his new role. He was not only new to the company, he was new to the industry as a whole. So a man was hired on to assist in the New York operations. His name was Joe Fish, and he was brought in to help Milton Somberg make the transition to running the New York warehouse and office.

From 1953 to 1956, Joe Fish worked for Morris Rothenberg and Son. It was the responsibility of Mr. Fish to find and purchase the used shoes and clothing that would then be delivered to Marvin Rothenberg in Puerto Rico (they mended it and Puerto Rico). It was shipped to Marvin Rothenberg who would then sell the product to his buyers in Puerto Rico and the Caribbean.

Another important addition occurred during this time for Morris Rothenberg and Son. Morris Rothenberg continued to think of ways to expand the company. He came up with the idea to sell industrial wiping cloths down in Puerto Rico.

Puerto Rico was being bootstrapped by the United States government in the 1950s. The federal government



was sending a great deal of money there to develop industry. Factories were sprouting up throughout the country. No one was supplying the company with wiping cloths for the factories to clean their machines. This became an important part of the Puerto Rican operation and a successful avenue for more cash flow, and this aspect of the business remained that way for many years.

It should be noted that during this period the name “ROTHCO” had not appeared on any company letterhead. It was not a recognized name for the company, nor was it a way for the employees to refer to the company in short hand. The company was, and continued to be, known as Morris Rothenberg and Son.

In fact, Milton Somberg had a heartfelt meeting with Morris days before Morris was to succumb to the physical ailments that had driven him to retirement.

Morris was in the hospital. He called Milton to him as he lay in bed, weak. He was a relatively young man but he was deathly ill.

“Milton, there is something I need you to do for me,” Morris said.

“Yes,” Milton said to his father-in-law.

“I know that you are going to be running the business now, but I want you to promise me you will keep the name ‘Morris Rothenberg and Son’.”

Milton gave him his word.

This brought Morris, who had worked so hard to continue the family business despite the occasional familial squabbles that arose, some peace.

And the name remains. While eventually the short handed “ROTHCO” was used for business purposes, to this day ROTHCO is under the umbrella of “Morris Rothenberg and Son”.

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In the beginning, Joe Fish and Milton Somberg worked closely together. Joe took Milton out to show him the different avenues to purchase the shoes and clothing. He showed him the difference between a number one grade and number two grade. Milton was learning all the different facets of purchasing the merchandise: making the necessary connections, learning the skills to grade the product.

Each item purchased had to be graded according to the quality of the merchandise. This was crucial in determining the appropriate price to pay out for the used garments, to insure that after mending and cleaning a suitable profit could be procured.

The working conditions on Great Jones Street were far from ideal. The elevators did not always work. There were no set offices. The working space soon got overcrowded with merchandise.

The nonworking elevators would become most troublesome when it was time to move the bales out of the office.

What was a bale? The bales were solid blocks made up of condensed merchandise. Cloth and other objects would be put into a baling press, which would condense the cloth into cubes which were thirty inches high and twenty four inches wide. Used clothes, old rags, everything was placed into the press to get it into a manageable size. The baling press was a manual hand press.

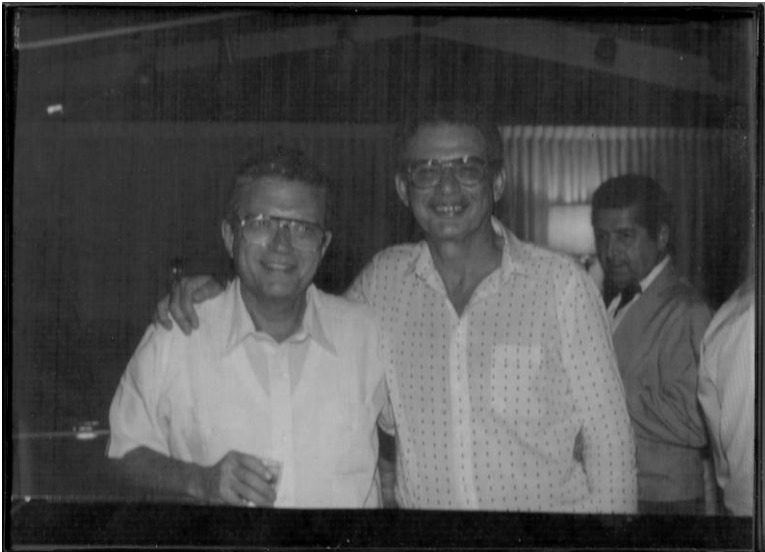
It was physically demanding work. For a time Milton Somberg did this himself. After a while additional staff was hired on for the express purpose of handling this physically challenging work.

Once the product was condensed into these bales, they would then be taken out of the building via the temperamental elevators. Once out of the building, they would be loaded onto trucks, which would take them down to the Bull Line in Brooklyn. Then the bales would be loaded onto ships, which would set sail for the port of San Juan. The bales were picked up via truck at the port and brought to the warehouses of Marvin Rothenberg.

Even at the best of times, it was a difficult procedure. Lifting the bales and placing them on the elevator was debilitating. Getting them from the street onto the trucks

was an equally challenging task. It was not glamorous work. It was difficult and exhausting and physically draining.

Milton Somberg realized readily enough that this was not a sufficient location for the work they were doing. He conferred with Marvin Rothenberg. At this point Marvin was still paying for all the layout of the New York office, and rather than living off profit, Milton Somberg was paid a salary from his brother-in-law. Marvin agreed it was time to move to a larger space.



Milton Somberg and Marvin Rothenberg. They worked together, but they were always family first.

So in 1956 the New York branch of Morris Rothenberg and Son moved to 230 3<sup>rd</sup> Avenue in Brooklyn. It was on the corner of 3<sup>rd</sup> Avenue and 3<sup>rd</sup> Street. Its new location was an old building built in the 1890s for the Eberhard Faber Pencil Company. It had a large floor that was built to accommodate horses and buggies (harking back to the company's original days of Nathan Rothenberg and his horse, buggy and bell).

The company was growing. The new site was 3600 square feet, eleven hundred feet larger than the first warehouse on Great Jones Street. The building was much more convenient. It had a platform on the first floor, which allowed a truck to pull right up. The merchandise could be unloaded via the platform directly into the truck. This was a great advancement for the company and made the loading of the bales, which had always been a tedious and back breaking chore, far easier.

The year 1956 was a big year for Milton Somberg on a personal level as well. Joining his wife and two sons, Howard and Neil, was their third son, Marc.

Business was evolving for Milton Somberg in New York. The restriction for selling only to Puerto Rico and the neighboring islands had long since lapsed and Milton was looking for more places in the continental United States to sell their products. He started travelling down to Southern states more, finding new trading partners and establishing

positive relationships with potential customers. Milton had a natural knack for communicating with store owners, a knack that was based on his honesty and integrity. He enjoyed the process of meeting potential customers, of getting to know them. This enabled him to slowly increase his number of customers. However, a majority portion of their trade remained with Marvin Rothenberg in Puerto Rico as this was still the foundation for their operations.

The base office at this time still worked out of the Puerto Rican offices. Milton and his employees were paid from Puerto Rico. Their primary trade partner remained Puerto Rico. It was still the backbone of the company. Even as Milton looked to expand within the United States, it was always easier with the knowledge that the safety net of his large trading partner in Puerto Rico was always there.

The key to this successful scenario remained familial as well as professional. Milton Somberg continued to have a wonderful working relationship with his brother-in-law, Marvin Rothenberg. They did not even have a need for contracts. It was the strength of their relationship that really was the foundation of the continued development of Morris Rothenberg and Son, and, eventually, the company ROTHCO.





Marilyn and Milton's three boys, from left to right:  
Neil, Marc and Howard Somberg



## Chapter 4

### Two Companies

While the companies were doing well, they were always looking for new avenues of expansion, new markets for them to bring their wares to. Morris Rothenberg and Son was about to open up to a part of the world they had not yet considered.

A thus far, uncharted region of the globe was suddenly opened to them when Marvin Rothenberg received a letter in the mail from a peddler in Nigeria, asking if they would consider exporting their merchandise to the African nation. They wanted used clothing and household rummage.

The term ‘rummage’ is an all purpose word to refer to cloth household items, such as bedspreads, curtains, linens, towels and the like.

This was an unexpected, but extraordinary opportunity. A whole new part of the world was suddenly opened to them. Some men would have been intimidated by a situation like this, but it was just the sort of possibilities and risks that Marvin Rothenberg and Milton Somberg did not shy away from.

The offer was extended to Marvin Rothenberg in Puerto Rico, but he immediately recognized he did not have the capacity to expand in this direction. He was doing quite well with his sales throughout Puerto Rico and the Caribbean Islands, but he did not have the warehouse space or product to also supply the merchants of the African nation. So he took this unique opportunity and turned it over to his brother-in-law.

“Milton,” he said, “this is yours. Run with it.”

Milton Somberg did, indeed, run with it, but he was expanding in other directions as well.

.Now that Milton Somberg had been doing this for three years, he never looked back. He never regretted leaving Warner Brothers, though he had had success there. He was in business for himself, just as his parents had been with Somberg's Housewares. And he had an excellent relationship with Marvin Rothenberg, which was the key to the success in the entire endeavor.

In fact, drastic changes were occurring in the company's infrastructure.

As mentioned, up till this point in time Marvin Rothenberg was still paying for all the expenses of the New York office, including all the salaries. But Marvin made a decision and he spoke to his brother-in-law about it.

"Milt," he said, "you're on your own."

This was not done in a negative light, nor was it taken as one. Milton Somberg was thrilled. Marvin was giving him the opportunity of a lifetime: he was going to completely take over "Morris Rothenberg and Son" New York warehouse. There was absolutely no animosity or distrust in the offer and the business developments that followed. Milton felt like Marvin was giving him the greatest gift he could possibly offer him.

This separation of powers demonstrated the level of trust and respect between the two men. From here on in, the companies were independent of each other. Milton Somberg would sell the clothes and product to his brother-in-law in

Puerto Rico. He would raise revenue, and he would pay his own expenses and keep his own profits.

They did not put this down in a written agreement. There was no binding contract. No written contract was needed. It was an understanding by two men in business, a relationship very rare indeed. It is when a family business achieves the perfect balance that a relationship like this is formed and sustained.

Additionally, while the companies were now financially independent of each other, the two men would often talk about business opportunities. There was an openness between them, and when prospects arose the two men always exchanged ideas and advice.

Additionally, the name of the company that Milton Somberg assumed control of in New York remained “Morris Rothenberg and Son”. There were now two independent companies both with the name Morris Rothenberg and Son, one situated in New York, and one in Puerto Rico.

All this occurred in 1956, indeed an extraordinary year in the life of Milton Somberg.

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The business trade with Nigeria was booming. Soon the office space at 3<sup>rd</sup> Avenue was not sufficient to handle all the exports going to the African nation.

*This is going to be the biggest thing in the world* a young Milton Somberg thought, thrilled at the success of his business. In a few short years he had gone from a novice in the business to running his own office, and seeing a great deal of success.

The business was expanding.

As he so often did, Milton consulted with his brother-in-law Marvin, who was still thriving with his business down in Puerto Rico.

It was in 1960 that the New York branch of Morris Rothenberg and Son moved again. Milton Somberg looked around for a warehouse with appropriate space and finally found the right spot. He moved the warehouse to 2929 Atlantic Avenue in Brooklyn, New York. The building had two stories and had previously housed a Black Buick dealership. The first story of the building had been the showroom, where the cars had been showcased.

It was a much larger area. The former Buick showroom was 7500 square feet, and there was a ramp that connected it to the second story, which was an additional 7500 square feet. It was almost five times the size of the previous warehouse. Finally, Milton felt, they would have all the space they would ever possibly need. It was hard to believe his business would ever have a need for more space than this.

The building had a unique set up. There was no elevator or staircase. The only way to get from one floor to the other was a ramp, which meant taking the forklift up and then taking it down, often with the merchandise that was being transported.

One change in the company was that Joe Fish was no longer employed by the company. Prior to the 1960 move, he had started making demands for some level of ownership within the company. When he was not given the opportunity he left Morris Rothenberg and Son and became a competitor. He went to Puerto Rico and attempted to trade in the same markets that Marvin Rothenberg and Milton Somberg utilized.

At this point in time, Morris Rothenberg and Son was still a fairly self contained company. Milton Somberg handled almost all the business himself. He only had a few full time employees who assisted in the process handling the merchandise. However, his working relationship with Marvin Rothenberg remained tight as the two independent companies, two separate corporations, owned by the two men, bought the Atlantic Avenue building together. The two corporate entities were completely separate, and yet their positive working relationship enabled them to co-buy the warehouse. Often intricate deals and trades were done through conversations over the phone, handshakes, or mere

understandings. Very little needed to be written; there was no conflict between the men.

So in 1960 Milton Somberg was able to expand his business. Milton had greatly improved the size of his storage facility. He began to handle more merchandise. The company name became more well known within the industry.



Original banner from the Brooklyn warehouse

Some changes started occurring in 1960 as the business expanded. For the first time, he started to dabble in new merchandise, rather than used. And he became involved with catering to the Army and Navy trade. He purchased surplus supplies from the Army dealers and

shipped the merchandise down to Puerto Rico. It was Army surplus, government surplus. He bought pants, shirts, shoes.

Originally Milton would buy the surplus from the Army dealers. As he learned the ropes and got more familiar with the trade, as well as the people who dealt in the product, Milton started going directly to the Army bases to buy. That cut out the middlemen and made some more crucial connections for the company.

This was a major experience for Milton Somberg. He became familiar with the whole process: making the connections at the bases, making bids on the product, making the buys. It did not stop there. It was a drawn out and intense process. Once the merchandise was bought, it had to be graded and handled and delivered. These were new challenges, but they held new rewards, as well. Reflecting back to his childhood, seeing the work his parents put it at their store, their 70 hour work weeks, Milton never shied away from hard work and new challenges.

Milton's travels took him to all states throughout the country. He was visiting Army bases all over the nation: he visited California frequently, he was in Fort Wood, Missouri, he was at Fort Hood in Texas, etc. Where ever there was government surplus that was offering the type of product Milton thought he could use, he would be there. He would get to know the people at the bases. He would evaluate the merchandise and make a bid. Once a price was



agreed upon, he would bring the merchandise back to New York, where it would be sold through Puerto Rico or the continental United States.

Dealing with Army surplus became a huge part of Morris Rothenberg and Son, and helped shape the direction of the merchandise ROTHCO would excel in.

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The Army Navy trade sales were independent of the business Milton had developed by trading with Nigeria.

Starting in 1959 when Marvin Rothenberg had advised him to *run with it* Milton indeed had. He was trading large quantities of clothing and household rummage to the African nation. The method of selling was as follows: the purchasers would put down a 20% deposit. The rest of the money would be sent to local banks in Port Harcourt, Nigeria. The money thereafter would be transferred to Morris Rothenberg and Son, paying for the product in full.

In 1959 Nigeria was still a part of the British Empire. Their independence from the nation came in 1960.

Milton reminisced, that when this change occurred it was like “the wild west out there.” It was not regulated, nor was it stable like the trade on the other side of the globe. Rather, there was a tension dangerously close to anarchy.

In fact, as 1960 approached Milton Somberg made a trip to Nigeria. While the trade was still brisk, the process was deteriorating within the tense, almost lawless state. Milton was going to collect some debts which had not been paid. Some of the peddlers had taken the product from the piers without paying the banks, and the banks then did not transfer the money back to the accounts of Morris Rothenberg and Son.

The company was owed about eight thousand dollars. Milton made the audacious trip with two goals in mind. First and foremost, he wanted to collect the owed monies. But he also wanted to get the feel of the landscape, to meet the venders he was working with overseas. Milton had much success with personal interactions with potential clients throughout the United States, and he wanted to see if he could form the same kind of bonds with the sellers in Nigeria.

So Milton went to Africa. His middle son, Howard Somberg, was back home with his mother, and nothing could have excited him more than when he received a telegram from his father. It was Howard's birthday, and Howard proudly brought the telegram to school to read in front of his kindergarten class.

It was quite an ambitious trip. Milton was not only going to Nigeria, but also to Europe. His brother-in-law, Marvin, was still producing bales of white clippings, the

same kind of clippings that had made up Milton's first successful sale back on Great Jones Street. Marvin knew there were vendors in Italy who were interested in purchasing this product. So after his trip to Nigeria, on the way back to the United States, Milton was going to stop in Italy.

Unfortunately, it turned out to be a horrible experience for Milton.

The trip started well. Milton was greeted at the airport at Port Harcourt by one of the dealers, and he was treated very well. His customer, serving as his guide, treated him warmly, like they were old friends after Milton graciously introduced himself.

The culture shock, however, was immediate. Milton discovered that his customer had multiple wives. His customer also insisted that Milton stay at his house.

Milton's customer, in addition to selling the product he purchased from Morris Rothenberg and Son, was also in the cod fish business. Dried fish was a big industry in Nigeria. And while his host was attempting to be hospitable, there were repercussions that followed Milton for the rest of his trip through Africa and Europe.

While the customer and his family were used to the smell of dried cod fish, Milton was not. After spending the night in his host's home, Milton could not get the smell of the fish off of himself, his hair and his clothing. It lingered

with him throughout the rest of his travels. It was not how Milton envisioned the international trip.

Milton traveled north in Nigeria to the town of Abba. This was the primary trading post in the country. Milton met the other dealers he had been working with. He was disconcerted to find they were little more than street peddlers, that they had no warehouse space. In fact, he could not decipher what they did to store the merchandise. It was a rainy country and the climate would wreak havoc on the product if it was not properly stored. Milton never saw any warehouse, he never saw any storage facilities at all. However the peddlers were taking the bales so he assumed they had their own way of keeping it dry and safe from the elements.

There was no bus or public transportation, so to get from Port Harcourt to Abba he needed to rent a car and a driver. During one of these drives the clouds opened up and the torrential rains came.

There were no appropriate paved roads. The streets were all dirt roads, and with the sudden flood the ground became treacherous. Soon it was impossible to travel. Their car became stuck in the mud.

They were trapped. The wheels were spinning, but the car was not moving. Finally, by chance, Milton and his driver saw four men walking in the area. They were paid to

lift the car up, Milton still inside, and carry it forward several feet, where the ground was more stable.

But Milton had also come to Nigeria for another reason: to attempt to collect the 8,000 dollars owed.

At this point Milton was now staying at a government house set up for American and foreign travelers through the region (too late to shed the aroma of cod fish, unfortunately). He contacted the individual who owed his company the money and invited him to his accommodations to try to work the matter out.

It was not a cordial meeting. It was made clear to Milton that the money would not be paid. Milton grew frustrated, irate. He had spent his professional life working with integrity, and dealing with other people who had integrity. Now he was clearly dealing with someone who had a less developed moral code.

Milton felt himself get angry. He raised his voice; the situation further deteriorated. He realized the folly of his mistake: he was in a strange country, in the middle of nowhere. He was thousands of miles from his home in a land he compared to the wild west of old America. If anything were to happen to him, what would be his legal recourse? Would there be one at all? He had three small children and a loving wife at home.

And it suddenly occurred to him he may never get out of this country alive.

Milton relented on his demands. He negotiated a payment of four thousand dollars and deemed the debt paid in full. Then he quickly got on a plane and got out of Nigeria.

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This negative experience, for all extensive purposes, ended the relationship between Morris Rothenberg and Son and trade with the country of Nigeria. Milton Somberg would never return to the African nation. The four thousand dollar loss was not the whole extent of lost income from unscrupulous dealings with peddlers in the fledgling nation. Milton went as far as to appeal to the United Nations to see if the company could get some satisfaction, but there were no remedies available. While it had been a lucrative trade for a time, it was not an appropriate risk to continue dealing with Nigeria.

Milton did make the planned stop in Italy on the way home. He had samples of the white clippings that Marvin Rothenberg had provided him.

However, the frustrations continued for Milton. The trip did not go according to plans. Milton was unable to find the vender who had expressed an interest in the white clippings. For several frustrating days Milton traveled through Italy, attempting to locate the vender. Despite his

best efforts, he was not successful in the endeavor. In the end, he was forced to return to New York without ever having an opportunity to show the clippings to the potential buyer.

Milton had been out of the country for two weeks. He returned exhausted and frustrated, but oh so thankful to be home. It was wonderful to be back with his wife and children, even if the trip had been a disappointment.

Marvin Rothenberg came up to visit Milton. The two men, who were brothers-in-law, friends, as well as business associates, discussed the trip and the ramifications.

After the meeting, the men were as close as ever. Milton felt it was important that he never allow his business partner in Puerto Rico to feel taken for granted. While he was always looking for expansion into new areas throughout the United States, he insisted that his primary trading partner remain Puerto Rico. This had not changed when Milton moved into the larger Atlantic Avenue address. The foundation of his business was not going to change.

Despite the loss of trade with Nigeria, the business was still gradually expanding.

The Atlantic Avenue warehouse had seemed so large when they had first moved in. But now it was gradually filling with the merchandise that would eventually be sold. Milton thought another new avenue for expansion could be the sale of new “wiping cloths” in the United States. It was

one of the more successful ventures in Puerto Rico, and Milton wanted to try his hand at it in the metropolitan area, concentrating in New York and Long Island. So, a portion of the lower level at Atlantic Avenue was dedicated to setting up bins. Just like in Puerto Rico, there were many different grades of rags, and they needed to be differentiated. There were about fifty different grades of rags. Large bales were bought from institutions, cut up, graded and then stored in the different bins.

At this time Milton hired an employee to handle this part of the business. He hired Louis Rothenberg, the first cousin to Morris Rothenberg.

Milton teased him, calling him “the dean of the rag industry.” Louis knew all there was to know about the rag business. He treated the rag business as if it were a scientific laboratory. Everything was very precise, very careful, very deliberate.

It was another wonderful family/working relationship for Milton. He felt he learned a lot from Louis, not only about the handling of rags and that part of the industry, but about the handling of people and general knowledge of business.

Another direction of expansion was the increase in the purchase of used, surplus clothes. These were mostly bought as part of the government surplus—the pants, the shirts, the jackets. Milton hired a number of seamstresses



whose job it was to take the damaged government surplus and prepare it to be resold in better condition.

Three young ladies were hired, and a sewing station was developed for the first time in a Morris Rothenberg and Son warehouse. The women diligently worked through the day fixing the clothes that Milton had purchased.

It was not only clothes that were being repaired to be sold. A prime staple of the used clothing industry continued to be the sale of used shoes and boots. Milton was purchasing a great deal of used shoes.

He discovered a very interesting fact about shoe sizes. Down in Puerto Rico there was a demand for the smaller sizes, and he would sell to Marvin all the shoe sizes up to the size eight. However, in the United States it was the larger shoes that were in such high demand, so the shoes were separated based not on their style or their grades, but rather on their size. The smaller sizes were shipped out of the continental United States while the larger sizes were sold within the states, mostly down in the southern states. Just by differentiating the shoe size trends for the different sales regions created a huge boost to the sale of the product.

The shoes and boots would be bought in bulk. Sometimes they were bought by the pound; sometimes they were purchased from other surplus dealers. Once they had the shoes in their possession, they set about repairing them.

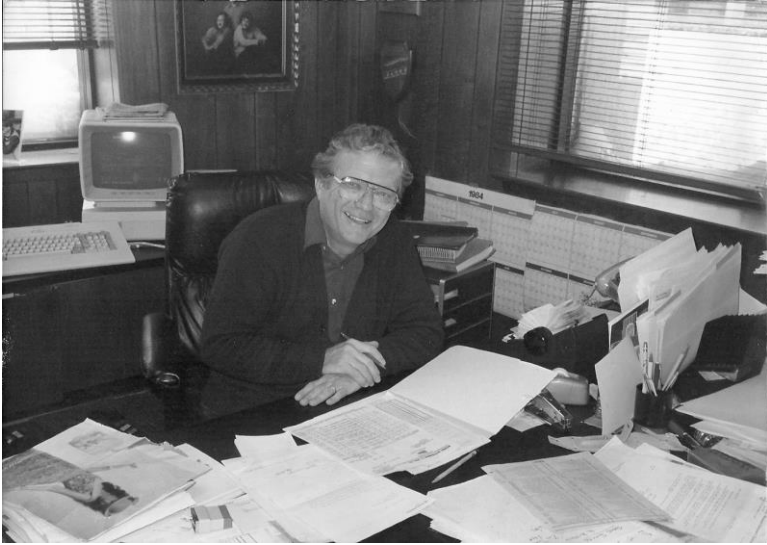
They would place new soles on the shoes. They would place new heels, when it was appropriate. Then they would provide new shoe laces. Afterwards, paper was stuffed into the shoe so it would keep the integrity of the shape.

When this was done, the shoes were ready to be sold. Each pair would be sold individually to shoe dealers for \$1.75 a pair.

In terms of the sale of the finished shoes, Milton only repaired the shoes that were to be sold in the continental United States. The shoes that were being sold in Puerto Rico were delivered in the same condition in which they had been bought, to be fixed in the warehouse in Puerto Rico under Marvin's care.

It cannot be emphasized enough that much of the success during this time was predicated on the strong relationship between Milton Somberg and Marvin Rothenberg. They discovered the trend in shoe sizes together. They continued to have the fascinating business relationship where Milton shipped his products down to Marvin to be resold in Puerto Rico. Milton made a profit on the sales he made to his brother-in-law, but at the same time the price was always equitable and Marvin would then pass the product along to consumers on the island so that he was able to make a profit as well.





Milton Somberg in his office.

## Chapter 5

## A Next Generation

The New York branch of Morris Rothenberg and Son, under the guidance of Milton Somberg, continued to expand into the early 1960s. They began, for the first time, to show their merchandise at trade shows and the surplus shows. Milton traveled throughout the country to show his wares at these shows: he was at shows in Las Vegas, Chicago, New York.

In the beginning, Milton worked the show himself. The very first show was in New York City. It was sponsored by the ISD, the Independent Surplus Dealers.

It was a nervous time. Milton was going to be showing his wares alongside of the other surplus dealers, many of whom had spent years working these same shows.

Milton had recently made a deal to buy Navy wool pea coats from a surplus dealer from Birmingham, Alabama. Milton had bought bales of the pea coats from the southern dealer whose name was Rosenthal. The Rosenthal family had worked for generations in the surplus industry out of Alabama and became regular customers and suppliers to Milton's company.

That show was located at 8<sup>th</sup> Avenue in New York. Milton was tense: it was his first show, and he wanted it to go well. He had Marilyn, his wife, make up a sign. **"NAVY WOOL PEACOATS \$5 PER. ALL SMALL SIZES"**.

The bales were almost universally in "near new condition". Thankfully, this product was an overwhelming success. With a reasonable price and a high grade product, Milton ended his first show by selling out all of his merchandise. It was with great relief and pride that Milton completed his first successful trade show.



Milton Somberg taking an order at a Las Vegas trade show

The shows continued to be a successful venture for Morris Rothenberg and Son. The key was the product and the price, and Milton had a knack with both. He generally used these trade shows to sell the government surplus he acquired.

Trade shows became an important component to Morris Rothenberg and Son's expansion. They became members of Associated Surplus Dealers of America (known in the trade as ASD).

ASD's primary trade shows were held twice a year in Las Vegas, Nevada. They were held at the Dunes Hotel, located on the Las Vegas strip (note, in 2010 the beautiful

Bellagio Hotel and Casino is now located in the area where the Dunes used to reside).

Army and Navy stores were becoming more popular throughout the United States. It was after the Korean War and the stores filled a niche for the working man's wardrobe, as well as the various camping accessories that were often in demand.

One year, Milton brought his then teenage sons, Neil and Howard, to the trade show. The spectra of Las Vegas coupled with the glamour of the trade show certainly left an impact on the two young men. Notably, it was Howard Somberg's first involvement with the workings of the business.

Morris Rothenberg and Son started going to Las Vegas ASD shows in the late 1960s. While they were successful ventures from the start, the positive feedback they received just increased. One great honor came in 1972 when they were named Exhibitor of the Year.

The show had outgrown the Dunes Hotel and was now taking place at the Las Vegas Hilton. Morris Rothenberg and Son was doing well, and Milton had come up with an idea for the show that was met with resounding success. He hired a model, a beautiful young woman, to work the booth dressed in the company's apparel. She mingled with the buyers, and brought a lot of positive attention to the company. This had never been done before



at the trade show. The model added a little pizzazz to the entire show, and particularly to their booth. This became a staple of the company's booths at the trade shows, always getting different professional models to display and wear the clothing being sold.

They were an overwhelming success. The first trade show in Las Vegas they had two booths to display their wares. Then, in consecutive years, they increased to four booths, then six, and then eight, all filled with their merchandise.

ROTHCO reached not only the West Coast with the shows, but overseas as well. ROTHCO made and maintained many good relationships with international and foreign dealers in Las Vegas, and some of those business relations still continue today.



A ROTHCO trade show overseas

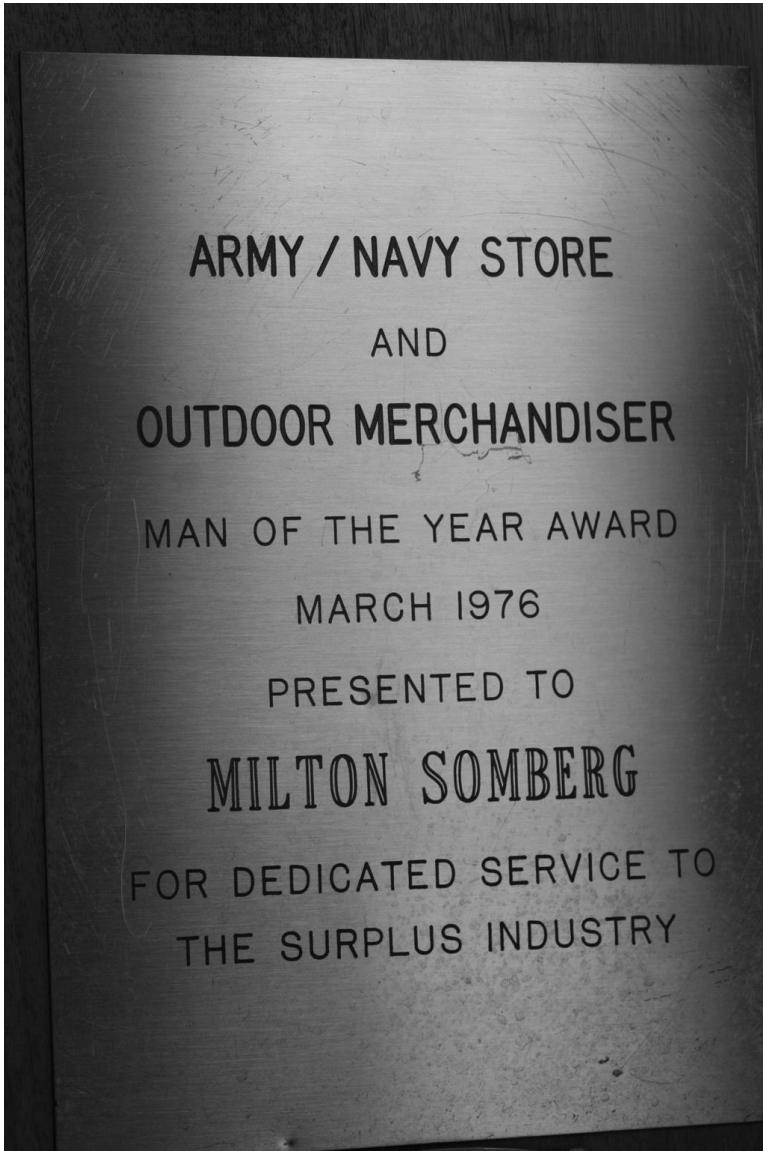
In the early 1970s, Milton Somberg found the trips and the shows to be very exciting. Not only was Las Vegas a fun and exciting city, but Milton loved meeting the customers. It was a part of the field Milton enjoyed and excelled at: meeting the potential suppliers and customers, speaking to them, getting to know them, getting comfortable with them.

In March of 1976, Milton Somberg was given an extraordinary honor. At the trade show there was a banquet. Once a year awards were handed out. And in 1976 Milton Somberg was chosen ASD's "Man of the Year".

It was quite an event. Many family members came to Las Vegas to acknowledge Milton, including his older brother Harold.

A presentation was given. Milton had a speech prepared. As he spoke, he was prompted that he needed to speed it up. The entertainer for the evening was the flamboyant singer Liberace, and he was going to go on promptly at eight. While Milton may have been the Man of the Year, everyone was expected to be accommodating to the diva performer. Eventually Milton, while honored, had to cut his speech short so as to not go into the singer's time.

The trade shows were an excellent opportunity for ROTHCO to continue to expand (the name ROTHCO began to be a shorthand way to refer to Morris Rothenberg and Son, and its use began about 1974, as will be addressed later). This was a way to get a foothold in new markets. Milton knew they wanted to expand further overseas to Europe, and located a trade show being held in Germany. ROTHCO attended, and procured customers in Germany, France, Spain, Italy, and Sweden, to name a few. Another trade show overseas was sponsored by the United States Department of Commerce and was held in Paris. Milton attended this show with his youngest son, Marc.



The plaque earned by Milton Somberg

Milton particularly liked it when his sons could come to the shows. They did not work the booths, but Milton

enjoyed introducing his young children to the clients, and making them a part of the experience. Even into 2010, ROTHCO attends trade shows throughout the United States, Europe and Japan. Additionally, they have expanded so that they are now attending fashion shows, bringing the military look into the fashion world.

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As the 1960s were ending, Morris Rothenberg and Son was definitely following a trend toward newly manufactured merchandise. They still dealt with a great deal of used surplus items, such as a memorable occasion involving the purchase of used mattresses.

Milton had seen Marvin's success in selling most every piece of merchandise that passed through his warehouse. So Milton felt very confident that Marvin would be able to sell the cot sized mattresses he bought on surplus from the military.

Milton called Marvin to tell him about the available mattresses from Fort Dix. He put a price on the mattresses; he put a bid on them, and he was successful in purchasing them. There were two thousand mattresses.



Milton and Howard Somberg at a trade show

This was certainly a big leap from the original days of the company. From the humble start of selling used clothes on the Lower East Side, they had now expanded into all forms of Army surplus, including now Army mattresses.

But the mattresses created a new series of problems: how was Milton Somberg going to get them down to his brother in law in Puerto Rico? The staff at Fort Dix offered no assistance whatsoever in the removal and transfer of the product. Milton did not have anyone working with him at

the Fort. It was up to him, and so he went to work: he hand loaded two thousand mattresses onto a truck outside of Fort Dix.

Milton had now been working in the industry a long time, and he had become more adapt at manipulating both his body and the product. He had come a long way since he had struggled to get the bales down three flights of stairs in the Great Jones building when the choppy elevators were out. He was able to get all of the mattresses onto the back of a truck. The truck then went right to the docks, where the mattresses were loaded onto a boat headed for Puerto Rico.

As mentioned, Milton knew Marvin Rothenberg, in addition to being a good businessman, was a natural salesman. It turned out to be true. Marvin had no problem selling the mattresses to hospitals and other institutions throughout Puerto Rico.

Business continued on Atlantic Avenue. It slowly and steadily increased. Some subtle changes were made. Louis Rothenberg, the proclaimed “Dean of the Rag”, was no longer with the company (he had been there approximately two years) and Milton came to the determination that the sale of wiping cloths in the Metropolitan area was not as profitable as he had envisioned.

The increase in business was generally related to an increase in the sale of newly manufactured merchandise,

rather than the used products which had been the foundation for the start of the company.

ROTHCO started selling camouflage apparel. They also dealt with olive drab colors and khaki attire. These were products that were staples at all Army and Navy stores. Camouflage clothing was also seen as good clothes for the working, blue collar American. These products became staples for ROTHCO.

They still purchased surplus goods from the government. But it was the newly manufactured goods that were starting to shape the future of the company. The New York Morris Rothenberg and Son was finding its new identity.

On a personal note Milton and his wife Marilyn were doing well. Their three sons, Neil, Howard and Marc were excelling. As a family, they were visiting Marvin Rothenberg and his wife and children every year during the December holidays (Marvin did not have to fly everyone down, now). They remained as tight knit on a personal level as they did on the business end of their relationship. Marilyn considered her sister-in-law, Sara Rothenberg, to be like a sister. The children were all close. Milton and Marvin were able to talk business, but they were also able to relax as family.

Sometimes the Sombergs were joined by others during the trips to Puerto Rico. Extended family, including



Milton's brother Harold and his family, would vacation with them in Puerto Rico. Sometimes close friends would join them during their visits.

Marvin and Sara had four children. They were David, Morris (often referred to in youth as Morey), Phyllis, and Susan Rothenberg. All of the children had their college educations provided in the continental United States. They also attended summer camp in America.

The children had a wonderful life in Puerto Rico and had a very close relationship with their Uncle Milton (sometimes referred to as 'Uncle Milty'), as well as the rest of Milton's family.

During the 1970s, Milton's two oldest sons, Neil and Howard, were both in college. They came to work at the warehouse for their father during the summer months.

Milton's boys were not pampered. They were starting at the ground floor, doing the most basic operations of the business. One of their initial responsibilities was the grading of the merchandise. This was the task of taking the used products before it has been altered or corrected, and determining what grade of quality it was. The product at that point in the process could be dirty, or smelly, or just generally unsavory. It was not a prestigious job in the company, especially for the sons of the boss.

Howard spent one of these summers cleaning rusted out old five gallon oil cans.

It was one of Milton Somberg's poorer purchases. He had bought a truckload of five gallon oil cans on the cheap prior to ever examining the items.

*I'll be able to sell these*, Milton thought.

To his horror, when Milton examined the product after purchase, he discovered they were all rusted outside.

*What in the world do I do with rusted out five gallon oil cans?* Milton pondered, other than taking them to the dump and getting rid of them. How could any money be recuperated?

Milton actually rented a storefront on Fulton Street in Brooklyn for the express purpose of the temporary storage of these rusted cans. Then his middle son Howard spent almost the entirety of that summer with oil, rags, and a brush. It was not an illustrious task for the son of the head of the company, but Howard worked diligently to make those cans sellable.

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Howard Somberg, the middle son to Milton, was on occasion shy. He was an avid reader at a young age and a very bright young man. As he went through high school, occasionally working with his father at the warehouse on

Atlantic Avenue, he was trying to figure out what his future was going to be. Howard excelled academically and graduated from Colgate University. He was a Russian History major. After graduating, he considered future occupations outside of the family business. He applied and was accepted at New York University (NYU) Law School. Howard began his formal schooling in the field of law in September of 1974.



Diane Davis (who would become Diane Somberg) and Howard. They had just gotten engaged.

There were early bumps in Howard's Law School career. One memorable evening during his first semester of law school, Howard and his family, along with Howard's fiancée Diane Davis, went to Little Italy for an Italian pastry. His family had bought him several new suits. Milton left his car in an attended lot outside the restaurant. Howard's new clothes, law books and legal notebooks filled the car. While the Sombergs and Diane had a wonderful festive dessert, the car was stolen right off the "guarded" lot, and all his law books were gone, alongside young Diane's books, as well as the research and dissertation of Howard's fiancé.

Howard continued in Law School, despite being upset and severely set back by the incident. However, what did ultimately alter Howard's plans was a lack of passion for the subject matter, a feeling that this was not the future that was meant for him. Howard had a keen intellect, but he did not find the study of law satisfying.

By the end of his first semester of Law School, Howard called his father.

"Dad," he said, "I don't like what I'm studying, I don't like Law School. Would it be okay with you if I joined the family business and worked with you?"

Milton was delighted to hear this, and he immediately agreed that his middle son would join him at Morris Rothenberg and Son.

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Soon thereafter changes were occurring in the Puerto Rico's office of Morris Rothenberg and Son as well.

Morey Rothenberg was getting involved with the family business in Puerto Rico. He was actually named Morris Rothenberg, after his paternal grandfather. Morris graduated from college and returned to Puerto Rico to work with his father, in the Puerto Rican corporation which shared the named Morris Rothenberg and Son (ironically, at this point Morris Rothenberg was now the son, to his father Marvin Rothenberg).

It was 1980 when Morris joined his father in the company. He had attended American University in Washington D.C and graduated with a degree in Marketing. By then Morris Rothenberg and Son was known as "ROTHCO" and, indeed, while the company evolved over the years one thing that did not change was the emphasis on family throughout the business. Milton and Marvin continued to have a close business relationship. Marvin would be working closely with his son.

The family business that was Morris Rothenberg and Son was making another crucial step. From Nathan

Rothenberg to Morris Rothenberg. From Morris Rothenberg to Marvin Rothenberg, and his brother-in-law Milton Somberg. Now, from Milton Somberg to Howard Somberg, from Marvin Rothenberg to Morris Rothenberg. Now was the next step, as Marvin and Morris, and Howard and Milton Somberg decided the future of the family business.

## Chapter 6

### Changes at ROTHCO

Milton Somberg continued to slowly, but steadily increase his business. As the 1970s moved on, the Atlantic Avenue warehouse, which had been so huge when they had

first moved in, was becoming less and less adequate for storage space.

And as they needed to expand, another important event occurred for Morris Rothenberg and Son. It was 1974. Milton Somberg always remembered the promise that he had made to his father-in-law when Morris had been near death: he had promised to not change the name of the company. In the year 2010, the name of the company remains Morris Rothenberg and Son.

But there was the practical consideration of the name regarding the company. While “Morris Rothenberg and Son” continued to remain the company’s formal name, a decision was made that a shortened version of the name would also be used for promotional purposes.

So in 1974, for the first time, “ROTHCO” became a shortened name for “Morris Rothenberg and Son”. In their catalogue released that year, the two names for the first time appeared in conjunction with each other: Morris Rothenberg and Son and ROTHCO.





Howard and Milton Somberg

Changes were coming faster for ROTHCO. Howard Somberg was innovative and insightful and was starting to put his stamp more and more on the company. For one thing, ROTHCO was dealing with more and more newly manufactured merchandise. Not only clothing, but the warehouse was filled with camping goods and other outdoor supplies.

It was time for another important change. Howard Somberg advocated they move their warehouse out of the city, further east. There were personal matters contributing

to this decision, as well as professional: the company was expanding faster and he desired more warehouse space. Land was cheaper, and available for building and expansion. In 1977, for the first time, ROTHCO looked to move out of the limits of the five boroughs.

This was not an easy decision. It was a move that Milton was nervous about. He was concerned being so far from the city, so far from the center of commerce. But Howard felt strongly that the additional space was important, and eventually Milton agreed to the move. Additionally, a friendly competitor, named Jack Rubenstein, assisted in orchestrating the move.

Jack ran his own surplus business, called Academy Broadway. He was a major distributor and importer of camping goods. It was Jack's vision that the Hauppauge Industrial Park area of Suffolk County would become a sort of hub for many surplus dealers. Jack had already been out there for eight years.

Milton and Howard Somberg began looking for the right spot. It was an enormous change for the company and they searched diligently. They finally found a tract of land off the Long Island Expressway. It was important for trucks to have accessibility to their warehouse, as well as for customers to be able to get to their location. Like much of Long Island, the land had previously been a potato farm.

A new warehouse was designed and constructed by ROTHCO at 25 Ranick Road in Hauppauge, New York, about one hour outside of the city. The company used a Smithtown, New York post office box. This warehouse was often referred to as the “Smithtown warehouse”.

It was a large one story warehouse with a high ceiling. The move was comparatively easy, as the new building was set with bins and shelves, created for the exact merchandise that was being transferred. The Sombergs had carefully planned out and designed the warehouse, putting a great deal of thought into it. The planning paid off.

The original warehouse on Great Jones Street had been 2500 square feet. The eventual move to Atlantic Avenue had been a large step up, with the two stories able to accommodate 15,000 square feet. The new warehouse on Ranick Road in Hauppauge was almost triple the size, at 40,000 square feet.



The Smithtown lot as it was when purchased, then the same land with the ROTHCO warehouse

In the mid 1970s, some of the merchandise remained the same. There was still the sale of used goods, clothing, the odds and ends of camping and outdoor equipment. New avenues had been explored, of course. But the company had remained stubbornly true to its roots, even as it had moved forward into newly manufactured merchandise.

ROTHCO had approximately seven seamstresses working on sewing machines to mend and repair the clothes, which they would turn around and sell to the Army and Navy stores.

Additionally, Milton still did a tremendous amount of trade with Morris Rothenberg and Son in Puerto Rico (note, they also adopted the abbreviated name “ROTHCO” for public relations purposes). This had always been a backbone of Milton’s business, and he felt that even as he expanded in other directions, he could never take this part of his business for granted.

By the time Morris Rothenberg and Son moved to Smithtown, Howard Somberg was taking an active role in the direction of the company. He foresaw not only the transition from used merchandise to newly manufactured goods, but he had extraordinary vision as to how profitable this market could be.

He had been one of the driving forces for the move of the company out east. When ROTHCO moved their warehouse from Atlantic Avenue, Brooklyn to Long Island

there were about fifteen employees working for the company. But it was an immediate period of expansion, and ROTHCO hired additional employees. At the new warehouse they had approximately twenty five employees, including a sales staff.

The family business was thriving, with Milton and Howard Somberg working together in New York, Marvin and Morris Rothenberg working together in Puerto Rico.

Milton wanted to make sure his other children understood the opportunities he had afforded Howard were open to them as well.

Milton had made it clear to all his children that the business was open to them. Before Howard had joined the company Milton had spoken to Neil and asked, “do you want to join the company?”

Neil responded, “Thank you dad, but that’s not what I want. I want to be a teacher, and I want to be a good teacher.” And Neil Somberg has done just that, working in Connecticut and winning numerous awards and accolades for his teaching performance. By this time Neil had married Jackie Baum, with whom he would have three children: Mathew, Jennifer and David.

As mentioned via Howard Somberg’s oil can experience, Milton felt strongly that anyone who came in, whether it be a regular employee or his own son, had to start in the very beginning, on the warehouse floor, to learn the

ins and outs of the entire industry: receiving merchandise, packing and shipping.

And this is just what Howard Somberg did. Howard had no complaints. He learned and he learned fast all the different aspects of the business. Milton also sensed his son liked what he was doing. It may not have been the most glamorous work, but Milton sensed his son was feeling the satisfaction he himself had felt as he learned the business.

Howard began travelling to the military bases, to handle the bidding on the surplus merchandise, another crucial facet of the workings of the business. This had remained Milton's expertise. If you mentioned a small town in the United States, Milton would tell you the name of the store he sold to, and the store owner he had worked with.

Milton found a great joy working with his son. Howard began the process of buying, and this Milton felt was always the key to the industry. If you bought at the right price, there would never be a problem turning that product around and selling it at a profit. Howard started to develop a knack for this.

The business was continuing its steady expansion. As was Milton's philosophy, he was not looking for the next 'get rich quick' idea. It was a slow but consistent expansion into new venues, into larger fields. For the first time, as the 1970s moved toward the latter part of the decade, the emphasis on trade partners veered away from Puerto Rico.

They were still actively working together, and Milton and Marvin Rothenberg continued to have a wonderful professional relationship, but the company's focus started to shift to the continental United States and the sale of newly manufactured goods.

They concentrated their business on the Army Navy stores throughout the country. Their used and newly manufactured goods were well represented throughout these stores.

A big change that began at this time was the advent of the catalogue. For the first time, Morris Rothenberg and Son was utilizing a catalogue to display its wares. Howard thought it was an important marketing idea to use the catalogue.

And here was a relationship that would take the business to the next level, a relationship that continues into 2010: the relationship between Milton Somberg and his son Howard Somberg.

New ideas were being presented for growth, marketing and a new direction. Howard's life was changing too, with the birth of his twin daughters Andrea and Rachel. And as his life changed drastically with their births, so changed the shape of ROTHCO.



As the 1970s moved toward the 1980s, Milton Somberg watched proudly as his son Howard took more and more of a leadership position. It was not only his role within the company, it was his vision for the industry, for the future of the company.

The trend to newly manufactured goods changed the very foundation that the company had been built on. ROTHCO, under the leadership of Milton Somberg with his son Howard, was now working more and more exclusively with new merchandise.

While ROTHCO's origins were shaped by the surplus industry and the resale of used merchandise, this was now in the company's past. It was the selling of newly manufactured goods which was now serving as the lifeblood of the company.

ROTHCO made another leap when, for the first time, they decided to try to manufacture their own goods. They wanted to produce their own jackets and pants with the olive drab and camouflage and khaki colors. They were some of the trademark items of ROTHCO and Milton Somberg wondered how much additional profit could be procured by manufacturing the merchandise themselves.

ROTHCO reached out to a manufacturing plant located in a town in the Appalachian area of Tennessee. It was a small plant in a very depressed town which had previously manufactured uniforms for the United States

military. When they lost their contracts with the military, they had closed down, but they indicated they were interested in working with ROTHCO. Primarily, ROTHCO wanted to increase profits, but they also saw this as an opportunity to help a town that was struggling. So Milton and Howard decided to go into partnership with them. This was the first time ROTHCO had ever manufactured its own clothes to sell.

This arrangement went along for a number of years, and the late 1970s passed into the 1980s. Unfortunately, there were problems throughout the manufacturing partnership in Tennessee. Milton attributed most of the problems to the absentee management. It was difficult for them to supervise and monitor what was happening in this plant in Tennessee from their offices on Long Island. As a rule, Milton felt that absentee management always leads to problems.

Howard and Milton, as well as other employees from the New York warehouse, made numerous visits down to the factory, checking the inventory, checking the product and the production levels. In point of fact, the product that ROTHCO received from the plant they were able to readily sell. However, without the leadership situated in Tennessee, many problems persisted.

It was a dramatic time in the industry, a time of wholesale change based on the changing economic

landscape of the world. China and Taiwan were suddenly producing the kind of merchandise that ROTHCO had been manufacturing itself, as well as purchasing from other manufacturers in the United States. The flood of goods suddenly available forced ROTHCO's competitors to look for cheap and reliable sources. They looked at South and Central America to find factories and sources for inexpensive products. Strategically, it was a huge shift for the industry as a whole.

It was a difficult decision, but after approximately five years of manufacturing their own goods in Tennessee, ROTHCO had to sever its relationship with the Tennessee plant. Milton and Howard did not enter into this decision lightly. The town was depressed, and it upset them that the plant closing would end some opportunities for employment. However, ROTHCO's competitors were now purchasing their goods cheaper from South and Central America, and it would be economically devastating to ROTHCO to not adapt to the changing world economy. In typical ROTHCO fashion, not only did they adjust, but they found sourcing in Asia, and were able to have their products imported from China, Taiwan and India.

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Over these years from the mid 1970s into the early 1980s Milton leaned more and more on Howard. Howard put his heart and soul into the company. He was an extraordinary asset to ROTHCO, taking part in all stages of the company. In fact, one of the only flaws Howard had in his managerial role was his desire to do everything, to oversee everything. Like many successful businessmen, it was often difficult for him to delegate responsibilities to his employees.

Howard's work ethic was unparalleled, as was his vision for the future. Milton had always emphasized slow and steady growth, and under his leadership Morris Rothenberg and Son had evolved and grown. Even as it adopted the shortened name ROTHCO, it consistently increased its product, its sales. But Howard saw immediate avenues for expansion, in fields Milton had not earlier considered.

There were some lessons Howard took from his father. In his workings with his employees, and with the trades people, he always treated them with respect. He was honest and forthright. Like his father, he sought to treat people fairly. Business was built around relationships, and while Milton had made many wonderful and strong business relationships over the years, Howard continued in his father's shoes and expanded those relationships both in the United States and internationally.

In 1986 Howard's family expanded as well, with the birth of his and Diane's third daughter, Emily.

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Milton Somberg had a third son, Marc Somberg, who also joined ROTHCO.

Marc attended the University of Rochester, and then went to graduate school at Northeastern University where he studied business. As his older brother Howard did, after one year of graduate school Marc decided he would rather join the family business rather than continue his studies and seek an alternative career.

So in 1979, Milton was pleased to welcome his youngest son, Marc, into ROTHCO.



Marc and Howard Somberg

Marc did not have the propensity toward business leadership that his brother Howard did. He worked more in the creative aspects of the company, as well as working with sales. He worked on putting together some of the earlier catalogues. He also attended trade shows.

His work on the early catalogues was invaluable. When the decision was made to create a catalogue, ROTHCO's advertising had consisted of monthly ads in the ANSOM trade magazine, a large program of listings in the Thomas Register and a few scattered ads in various export publications. That was all.

The catalogues were a tremendous way to get word to the merchants of the kind of merchandise ROTHCO carried. Marc was able to use his artistic temperament and vision to assist in making an informative as well as ascetically pleasing catalogue.

Marc was not as excited about the prospect of the actual running of the business as Howard. He had always envisioned himself in Washington D.C. in the field of politics. But as the years passed Marc found his niche in the company. Besides using his artistic vision to work on the catalogues, he attended trade shows, domestically and abroad. He attended a trade show in Paris as well as one in Germany with his father. Milton and Marc set up the entire exhibit at the German trade show. Marc was well received

at the trade shows and involved in making new contacts and new clients.

As Marc continued in his niche, Milton watched as his son Howard took the business to a higher level. As ROTHCO entered the 1980s, there came a period of great growth for the company. They were hiring more staff, they were expanding faster into newly manufactured merchandise they were bringing in from overseas. At this time, Milton began to realize that Howard's work ethic and vision were needed to ensure the future survival and success of the company.

It was Howard's vision into the development of so many different kinds of new products that was increasing ROTHCO's place in the industry. They were selling new products in the area of camping and work wear. Anything an outdoor's man would need for camping and outdoor work. And they continued to expand in different directions.

They developed a relationship with the Police Department and the Fire Departments as well as the EMT. They provided apparel and work products that were necessary to these industries.

The company continued to expand. But changes were also occurring down south, in Puerto Rico.

One aspect of a family based business is the delicate tight rope walk that is often navigated by the family members. When business partners disagree on decisions, it



is often a difficult situation to resolve. It is a much more complicated and convoluted situation when those partners are members of the same family.

From the start, going back to N. Rothenberg and his horse pulled buggy, there were situations which led to disagreements, some that lead to the business itself being splintered. Of course, on the other end of the spectrum, when a trusting relationship is fostered it can bring a business to the next level. This was the kind of relationship Milton Somberg had with his brother-in-law Marvin Rothenberg, who was stationed in Puerto Rico.

But as ROTHCO continued its ascent to new business heights, family tragedy occurred. At the age of sixty two, in May of 1987, Marvin Rothenberg passed away.

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As mentioned throughout the history of ROTHCO, Milton and Marvin were not just business associates. Milton married Marvin's sister, Marilyn. They visited every year down to Puerto Rico with their families, spending holidays together. Marilyn considered her sister-in-law, Sara, like a sister to herself. So first and foremost was the tragic loss of a loving brother and brother-in-law, as well as an Uncle to Milton's and Marilyn's three sons.

This would then lead to the next question: how would this affect the business between the two companies?

When Marvin Rothenberg and Milton Somberg had split the company in half, they had both continued under the name “Morris Rothenberg and Son”. Now, they were both known by the name of “ROTHCO”. Throughout the years, Milton and Marvin had a relationship that went beyond business. How was Marvin’s death going to affect the business dealings and relationship?

Just as Howard Somberg had become Milton’s right hand man, there had also been a transfer of power within the company in Puerto Rico’s ROTHCO as well. Marvin Rothenberg had a son, named Morris Rothenberg, after his grandfather, who in his youth went by the name Morey. Just as Howard was leaving his stamp on the company in New York, the second Morris Rothenberg was leaving his stamp on the company in Puerto Rico.

Morris was an athlete, and he started moving the company in the direction of sporting goods. So while ROTHCO in New York was moving in the direction of camping goods and outdoor products and apparel, ROTHCO in Puerto Rico was moving more into the sale of newly manufactured sporting good products.

Sports are held in high regard in Puerto Rican culture. Morris tried to take advantage of this with his influx of sporting good equipment and apparel.

When Morris joined the company in 1980, the company was not computerized. They were working with a manual system. Morris Rothenberg oversaw the implementation of computers into the Puerto Rico warehouse. This started a period of growth for ROTHCO in which new employees were hired and sales were increasing. ROTHCO in Puerto Rico was selling sporting goods under their own line, as well as merchandise manufactured by Rawlings, Molten and Etonic. In 1992, the sale of these products was over five times what it had been when Morris Rothenberg first joined the company, and just as ROTHCO in New York was moving to a larger work space, in Puerto Rico they also moved into a brand new 40,000 square foot facility in San Juan. All the time ROTHCO, Puerto Rico, was expanding into sporting goods, their sister company, also in Puerto Rico, "New York Wiping Products", continued to sell the wiping rags which Marvin Rothenberg had originally brought to the island for sale to Puerto Rico's early industry decades before.

Just as the trade changed for Milton Somberg with the influx of cheaper Asian products, Morris Rothenberg had his own adjustment thrust on him by the changes in the marketplace.

In 1995 the business conglomerate "Walmart" came to Puerto Rico, upsetting the entire industry. Suddenly,

shopping centers and giant stores were opening up all over what had once been an isolated locale.

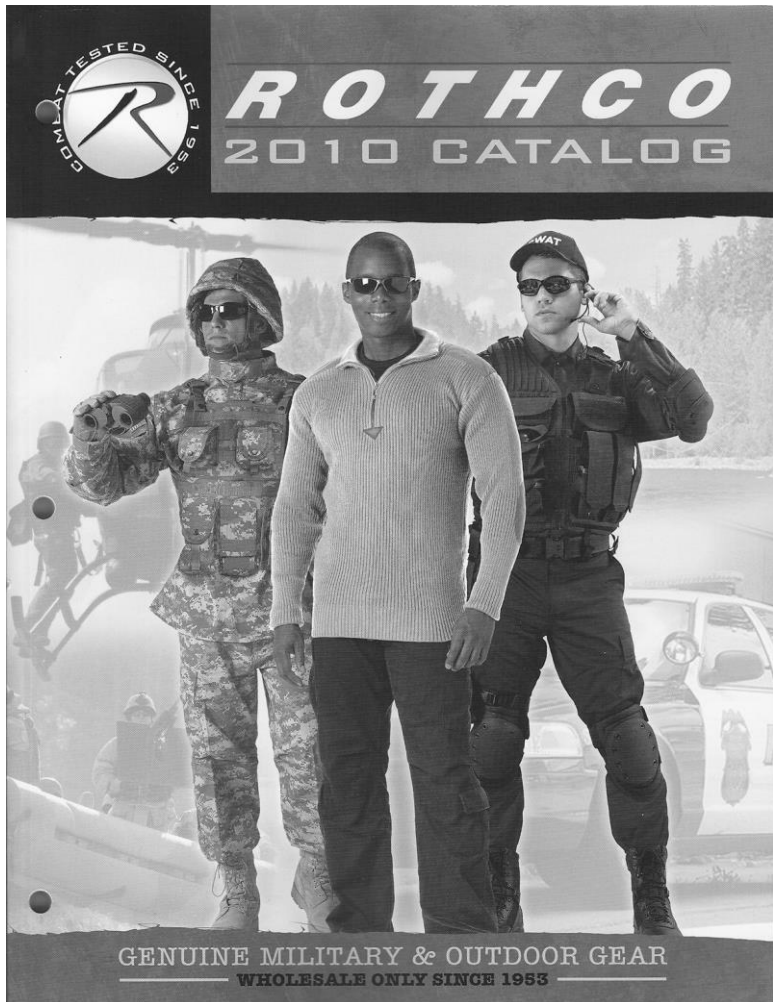
Fortunately, Morris Rothenberg had seen the writing on the wall as the large competitors opened all around him. He rented out the giant warehouse he had built and moved his merchandise to smaller warehouses in San Juan. He separated the sporting goods part of the company under the name “ROTHCO Sports” from the inventory of industrial type products under the sister company “New York Wiping”, and increased its product line to include personal safety products as well as the wiping rags.

Today “New York Wiping” is known as “Safety Zone”. It is the largest safety footwear distributor on the island. ROTHCO Sports remains a wholesaler of sports equipment and in 2001 added a retail sports derivative, known by the name MVP Sports.

In some ways, the two “ROTHCOs” had gone in different directions. Out of New York, ROTHCO continued to sell the same sort of outdoors equipment and clothing which had been its staple for many years. In Puerto Rico, “ROTHCO” had gone in the direction of sporting goods and safety footwear.

However, one thing had remained consistent: the relationship between the people. Morris Rothenberg continued to represent the New York ROTHCO military apparel, earning a commission from the New York branch,

rather than selling it wholesale to the customers on the island. The two companies continued to have a positive, cooperative relationship. The difficult dynamic of a family business had evolved to the next generation: from Milton Somberg to Howard Somberg, from Marvin Rothenberg to Morris Rothenberg.



The 2010 catalogue for ROTHCO

## Chapter 7

# Surviving and Thriving

When ROTHCO moved to Smithtown, the warehouse seemed huge. They had left the fifteen thousand square feet, two floor warehouse at Atlantic Avenue, Brooklyn and moved into the building they had custom designed in Hauppauge, a 40,000 square feet, one story building.

But under Milton and Howard's leadership, and with Howard's vision of expansion into new products and markets, the building that was supposed to last forever was soon not big enough. For a short time they rented additional space which had become available next door to the warehouse, and by doing so, they were able to utilize an additional fifteen thousand square feet. But it was very inconvenient, having their merchandise separated between the two different locales, though they were on adjacent lots.

And they were not slowing down. They continued to expand in all facets. Many competitors went out of business, giving ROTHCO a bigger share in the market. There were always more trade shows, more potential clients. Additionally, as computers became more prevalent in American and World economics, ROTHCO was not left behind. They began putting web sites on line and reaching out through the internet to generate more business and showcase their wares.

They were now buying a tremendous amount of merchandise from overseas. This became Howard



Somberg's responsibility. He was doing extensive travelling and making important connections overseas. He was in charge of the pricing and the purchasing of the imported goods, which was becoming the lifeblood of the company.



Howard Somberg experiencing culture overseas

Milton, as always, was impressed and proud of the diligent work put in by his son. But there was personal tragedy as well.

Marc Somberg had stayed with ROTHCO throughout its rapid expansion under the leadership of his father and his older brother. He had thrived himself, carving out his own niche. He used his artistry in helping develop the company's catalogues, as well as in sales, at trade shows, and in the warehouse. Tragically, Marc passed away in 1995.

ROTHCO is a family business. This atmosphere permeates through the entire staff of ROTHCO. When Marc was lost at such a young age, it was a tragedy not just for the Somberg family but for the ROTHCO family as well.

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ROTHCO continued to flourish under the leadership of Milton and Howard Somberg. Howard was frequently traveling overseas and finding important sources for products. While ROTHCO had researched potential suppliers overseas, it was Howard who was really putting his stamp on their imports. He was introducing himself to the markets and establishing important business relationships. He was doing this, undaunted by the language barrier and the cultural differences which presented as obstacles.

From his visits to China, Taiwan and Korea, Howard established footholds in the regions. He made buys from suppliers, and he made many business acquaintances throughout the region. He not only made business associates, Howard made close family friends as well. One close friend Howard made was Roland Su.

Roland was a supplier living in Taiwan. Every time Howard traveled there Roland insisted that he stay in his home. They became close friends. Roland's children, his son Gene and his daughters Judy and Berry, would practice their English with Howard.

The Su children all attended graduate school in the United States. Gene attended school at Boston University, Judy at Columbia University in New York and Berry at the University of Pennsylvania in Philadelphia. Every school break they spent in the Somberg's home on Long Island. The Su children became close friends with Howard and Diane Somberg's three daughters, Rachel, Andrea and Emily.

This family friendship continued through time and it only deepened. The Sombergs attended the Su children's graduation ceremonies. Then the entire Somberg family, including Howard's mother-in-law Eleanor Smyth, flew to Taiwan to visit the Su family for several weeks.

It was another example of the overlapping of the business of ROTHCO with family.

ROTHCO was flourishing. There were new markets and new opportunities. Additionally, Howard Somberg enjoyed the challenge of going overseas and opening new markets for the company.

But there were rough waters approaching, much rougher than anyone at ROTHCO could have possibly imagined.

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In the mid 1990s, ROTHCO suffered through a crisis which would have put most companies out of business.

Through a combination of unsophisticated technology, too much expansion too quickly, and a lack of export regulations knowledge, the company made some export mistakes. As difficult as these subsequent events were, they were a catalyst for the growth that came afterwards.

During the mid 1990s ROTHCO's export business was growing. But its IT systems were still unsophisticated, and its knowledge of export regulations was limited at best. Mistakes were made, that included altering items descriptions on invoices to allow customers to clear their goods more easily, as well as shipping goods that required a license from the United States Department of Commerce without obtaining or applying for those licenses.

These were mistakes, mistakes ROTHCO admits and takes responsibility for. Had ROTHCO attempted to flout the law? Absolutely not.

Regardless, on a horrible day in June of 1995, Howard and Milton Somberg were arrested for Customs violations. It was a shocking and disturbing turn of events for men of morals and scruples, who had spent their professional careers treating their customers and even their competitors with respect. Suddenly their faces were on local television, on the cover of local newspapers. It was suggested they were “aiding terrorists” based on their actions.

As mentioned, ROTHCO had expanded quickly, perhaps too quickly, and they did not keep up with all regulations involving exporting items. But to suggest they were working with terrorists in any capacity was patently absurd.

Howard and Milton Somberg were conducting business the way most people do. They created a product, they sought out buyers, and they sold that product. That was and remained their intentions.

The penalty for their ignorance of the law was incredibly severe. They spent over five years in litigation and negotiations, they spent almost a million dollars in legal fees and a similar sum in fines. Worst of all was the embarrassment to Howard and Milton and to their family.

They were particularly sensitive as to how this affected Howard's three young daughters, who were forced to watch their father and grandfather stand up to this nightmarish ordeal.

It would have been easy to close up shop, to close the curtain on the company that had been started almost a hundred years before. This surely would have been easier than struggling to keep the business afloat under these impossible conditions. Banks were now refusing them financing, employees were nervous and upset, customers were reading malicious stories about them in the local papers.

Howard and Milton were suffering on so many different levels. Their reputations, their respect within the industry, things which had taken decades of hard work and honest dealings to build, were being destroyed. It was a difficult time for ROTHCO, the darkest time in their history. But darkness is followed by dawn, and ROTHCO's future would be very bright indeed.

The simple question was: how could ROTHCO survive this ordeal? How could any company survive the negative headlines, the controversy, the complex emotional exhaustion of working and living in these conditions, with these accusations constantly hanging over their heads?

Under different leadership, this could have been the demise of ROTHCO. Instead, under the careful leadership

of Howard Somberg, the company not only survived but it thrived. Howard installed a state of the art IT system, and with the help of some experts he made some major changes in ROTHCO's management structure.

Howard was always a very hands on boss, not delegating authority or decision making to others. While this is the perk of running one's own company, this can be the detriment as Howard was also solely responsible for making those decisions without counsel from others. This was a hard lesson to learn. But often lessons learned in this fashion are the most valuable.

Being so frequently on the road, Howard had developed a knack for evaluating his employees. He had insight as to what his employees could handle and who could accept responsibility while he was overseas. Now he utilized this talent to create a new management level at ROTHCO. He needed to be able to delegate responsibility, and to depend on the skills of a newly developed management team. He needed to insure a mistake such as what ROTHCO had endured would never happen again.

Howard created a level of middle management for ROTHCO. Each department had its own director. These directors had a great deal of responsibility at ROTHCO.

There was Mike Cestare, the Director of Purchasing. There was John Ottaviano, the Director of Sales and Marketing. There was Rich Fleishman, the Chief

Financial Officer. There was Anthony Prossi, Director of IT. There was Ginger LaLumia, the Director of Human Resources and Export Compliance. Finally there was Jeff Py, the Director of Operations. There were seven departments in all. Each Director was an expert in his or her field, and they had the ability to make decisions for their own departments. They also had the responsibility to participate in weekly meetings that would chart the course of ROTHCO.

On a personal level, it was very difficult for Howard Somberg to delegate responsibility to his directors. This was his family business. It had always been a Rothenberg or a Somberg making all these decisions.

But Howard knew it was time for ROTHCO to grow up, as a company. He had chosen excellent people, and while difficult, Howard had to sometimes learn to step aside and let them help move the company forward. This was a critical business decision, and one that would prove to be especially fortunate for ROTHCO.

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The Purchasing Department grew out of necessity. Initially the Director of Purchasing worked with only one assistant, but as ROTHCO grew so did his responsibilities. By the year 2010, ROTHCO was bringing in over 500 containers a year from overseas. Over 85% of all products



are manufactured outside the United States. Purchasing, pricing, and managing inventory on over 4,000 different items is a monumental task.

When selecting his Director of Purchasing, Howard chose someone who had been hired to work in the warehouse years earlier. Mike Cestare had no formal experience in purchasing, but he had street smarts, intelligence, and an uncanny ability to understand ROTHCO's needs immediately. Under his leadership, the Purchasing Department has incorporated new methods, implemented new ideas, and flourished.

The warehouse is large and diverse. Each product line requires a level of control, specifications, hazmat information, and inventory management. The Director of Purchasing oversees all these functions.

Ordering from overseas requires a knowledge of import laws, as well as a familiarity with trademark and copyright laws. It also requires being aware of stock requirements, transit times, and purchase order specifications. ROTHCO maintains an in stock level of over 99%. This cannot be maintained by accident or coincidence. It is the result of very talented people working very hard.

Prior to 2010, the Purchasing Department had recently split into two sections. One is for purchasing and one is for quality and inventory control. The staff of the Purchasing Department has doubled, from four to eight

people. The director of this department has to know how to multi-task. He has to travel around the world. He has to attend trade shows and meet with vendors, and get along with all types of people.

Howard Somberg saw something in Mike Cestare that went beyond formal training. And because of this astute selection, ROTHCO now has someone with the skills and talents to succeed at all these responsibilities.

The other departments needed to evolve, as well.

In 1989 the sales staff consisted of only four people. At that time Howard was guiding the warehouse desk and was responsible for most of the purchasing and Marc Somberg dealt with many of the export orders as well as most of the marketing. Milton Somberg still guided the ship and oversaw all the operations. The total office staff was comprised of 16 people and the staff of the warehouse was comparable. The catalogue was just 84 pages and had just 35 pages of clothing and related products. It was still stapled rather than professionally bound. Nylon fanny packs were featured on the first page (a hot seller at the time) and the Cable and Telex addresses were still listed.

At the time ROTHCO felt like the family owned business that it was. Everyone dealt directly with one of the Sombergs relating to all decisions. To call any member of the sales department a salesperson at this time would be a bit of a misnomer. All the sales staff was involved in buying,

returns, even helping out on the warehouse floor when needed.

For John Ottaviano, who would become ROTHCO's Director of Sales and Marketing, creating relationships with customers as a young salesman was particularly challenging. This was because many of them had been in business with ROTHCO for 20 to 30 years already.

Back in the late 1980s ROTHCO's marketing was very limited. At Marc Somberg's urging, ROTHCO began to create postcards with their monthly specials and developed one of the first ANSOM concept advertisements with the arrival of their M-65 field jackets. These ads mocked some of the overpriced offerings of a ROTHCO competitor and caused a bit of a stir within the industry.

With the creation of a Sales and Marketing Department, John Ottaviano has been involved with the expanding of the catalogue, as well as marketing through other forms of media. ROTHCO has now grown where it has a catalogue that is 268 pages long, and over 150 of those pages dedicated to clothing.

ROTHCO moved away from catalogue houses and a big ad agency and went to a smaller one man agency, and eventually created the catalogue fully in house. A graphic artist was added to the staff, doing almost all of the photography.

Marketing has moved from print to digital with all ROTHCO products available on ROTHCO's website. It supports a state of the art b to b ordering system that in 2010 handles over 42% of all orders and generates a majority of new accounts. ROTHCO sends several e mail blasts to customers each week, and created a page on Camobloge, Facebook and Twitter. The advertising dollars that once went to print now go to Google's Adwords Program.

The product line has changed profoundly over the years. ROTHCO now sells things like Women's Booty Camp Shorts, Vintage Vantage Clothing, Pink Camouflage, and Vintage Washed Canvas Bags. These were expansions into items ROTHCO had never dreamed about selling in the past.

ROTHCO sells to nearly every army navy store in the country, and many overseas. ROTHCO products are sold on hundreds of websites all over the internet. Through all this time, they continue to sell to dealers only, never attempting to sell to the public or end-users.

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One of the greatest investments ROTHCO made was in Information Technology. This is indeed an ongoing investment, as ROTHCO continues to keep up to date with the latest in order processing.

In 1995, when the ROTHCO Information Technology Department was first established, the company was using an old Unix based system with 20 – 30 users. The Director of the IT Department was the only person in the department, and it would remain that way for almost five years.

In 1996, ROTHCO started its first website. It consisted of approximately 25 pages of products. This certainly did not include all the products carried by ROTHCO at the time.

By 1998 ROTHCO started implementing the Third Wave accounting system, which is still used in 2010. A Windows based design, it is significantly more robust than previous systems. This was expanded in 2000 to include applications that consisted of sales order entries and purchasing and inventory applications.

Shortly after moving to their current headquarters in 2001, ROTHCO designed a database that would display the more than three thousand products they carried in their inventory. This was also the year the IT Department expanded, and Anthony Prossi, the director, hired an assistant for a PC Support/Help Desk position. ROTHCO also set up direct integration with the UPS World Ship Computers, so orders could be pulled right into the software by reading a barcode label. Orders could now be shipped very quickly and efficiently without having to rekey any

data, and customers could now retrieve tracking numbers themselves. ROTHCO entered the twenty first century prepared to grow, and the IT department was providing the necessary tools for that growth.

By 2004, a dealer login site was created, which allowed ROTHCO customers to create shopping carts and place orders directly. In 2007 the web applications continued to meet customer demands and on line order increased. A Shopatron site was set up to allow consumers to order ROTHCO products which would then be satisfied by ROTHCO dealers. The company was not only investing money in its own growth, it was creating ways to increase sales for its customers.

By 2009 it was time for the IT Department to expand again. A third person was added, a System Administration and Application Specialist. This has enabled ROTHCO to design a system where data tables would be copied. This results in even faster ordering for the dealers.

ROTHCO continues to look toward the future. It continues to appropriately utilize the changing technology of the day to improve its business. It is vision like this that keeps ROTHCO at the forefront of the industry.

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The crisis of the 1990s also led to changes in ROTHCO's Finance Department.

Originally, the Finance Department at ROTHCO consisted of a comptroller. The comptroller also worked in Human Resources, handling health insurance renewals along with other finance tasks. And as most of the purchases ROTHCO made were paid by letters of credit, the duties of import processing was also encompassed by this position.

The export legal crisis greatly affected the financing of letters of credit, since banks would no longer accept ROTHCO as a viable credit risk. For all businesses, money management is critical for survival; for ROTHCO, skills in this field became the key to how ROTHCO would overcome all these new challenges.

With the new management system, all these areas were separated and could be managed and controlled more efficiently. Payroll was moved to an integrated ADP system, to avoid errors and efficiently process payroll for an ever increasing number of employees.

Accounts payable and accounts receivable are also under the umbrella of the Finance Department. The department boasts that ROTHCO had debts from customers range at the extraordinary rate of less than one quarter of one percent.

As ROTHCO continued to grow, money management became more sophisticated. Each department

head is responsible for working with the CFO to create and maintain an individual department budget. This helps keep expenses down, but also allows for expenditures that will enable growth and innovation. Departments can budget for seminars and expenses for office materials. They can also budget for capital expenses, larger costs that may only arise infrequently through the years. This allows for a better control of finances, and a more efficient operation as a whole. Budgets are then created and revised twice a year to allocate resources as they are needed.

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For the first time ROTHCO had a Director of Human Resources, someone with the education and knowledge to make sure ROTHCO remained in compliance with state and federal labor law.

Before 2000, ROTHCO did not have a Human Resources Department. But as the company grew, the Human Resources responsibilities to its employees needed to be more fully addressed.

In 2010, the Director of Human Resources has numerous responsibilities for ROTHCO. The director oversees the benefits, the job descriptions, the worker's compensation, the employee evaluations, the short term disability, and the day to day interaction of well over one



hundred employees. The department consists of only the Human Resources Director, with valuable assistance from the Assistant Comptroller, who handles the payroll.

In addition, the Director of Human Resources at ROTHCO is also the Director of Export Compliance. Export compliance is of the utmost importance in dealing with the intricate laws of import and export. ROTHCO had been burned once, it would never happen again.

The Director of Export Compliance is responsible for reviewing all items before they are brought in. It is the Director's responsibility to determine if they require a license, or any other form or regulatory control. This position maintains and controls ROTHCO's export management system, and categorizes a database of restricted controls that prohibit the shipment of any item to any prohibited final destination. Export compliance requires a knowledge of government regulations, and the Director of this department uses many resources to maintain compliance.

ROTHCO's export management system controls items that are regulated for export. Obviously there is no tolerance for any mistakes in this field. The Director of Export Compliance has the authority to over-rule any sale.

The Director of Export Compliance, or the Assistant Export Manager, attend regular conferences and training seminars to make sure they are thoroughly abreast of any

changes in regulation. The Export Administration Regulations sit on their desks, and are regularly used. Sales personnel are trained to ask questions and to refer to the Export Department. The standard for processing an export order is very high.

ROTHCO is making sure that the crisis they endured in the 1990s will never happen again.

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Being able to fill orders faster than the competitors has always been a goal for ROTHCO. To give customers what they need more efficiently, faster, and more economically feasible than anyone else. In 2010, the Director of Operations manages a 155,000 square foot warehouse facility. In 1980, ROTHCO's operation facility was the Smithtown warehouse, where there were eight packing stations and six pickers. There were fifteen total employees. In 2010, the warehouse of the corporate headquarters has 40 packing stations, 20 pickers, and 70 warehouse personnel. Clearly a Director of Operations was needed to monitor and regulate the performance of the warehouse.

In the year 2000, this fulfillment center could process an average of 900 orders per week. In 2010, just ten years later, the warehouse is processing 2,500 orders per week,

over 34,000 line items, and ships over 4,500 cartons every week. In 2001, when ROTHCO moved to its new corporate headquarters, the warehouse had 30 aisles of merchandise. By 2010 that number would increase dramatically, to 85 aisles of merchandise.

Such growth would not have been sustainable under the previous management system. One person would never have been able to juggle such a huge assortment of responsibilities. But with the departments separated, each director just concentrates on making his or her department as efficient and productive as possible.

Weekly meetings between all directors help keep everyone working toward the same goals. These meetings have resulted in the creation of a Graphic Design department to produce in house ROTHCO catalogues, as well as packaging all its art work. They also created a Digital Marketing department to create and oversee e-marketing potential, and Export Management System that does not allow for human error, and a Purchasing department that is responsible for making sound buying decisions based on ROI and inventory needs.

The meetings are productive and informative. The Directors are encouraged to share ideas, information, to offer as well as seek assistance, and to support each other's departments.

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Howard Somberg made a tremendous improvement in changing the structure of the company. This gave ROTHCO the opportunity for growth at an exponential rate. But Howard never lost touch with ROTHCO's roots. He always understood and had an appreciation for the extraordinary resource he had in his father, Milton Somberg. Their relationship was instrumental to the further development of the company. Even as Milton raved about how Howard's ideas took ROTHCO to the next level, Howard lavished praise on his father for his input and his insights that Milton is still able to provide the company in 2010.

Years have passed for ROTHCO since the crisis of the 1990s. To some companies, a difficult time is not to be mentioned. It is in the past, not to be relived. That is not the approach ROTHCO has taken. Rather, each time a new employee is hired, Howard Somberg takes that person into the conference room and tells them the story of the darkest days in ROTHCO's history.

Why? Why relive this traumatic time, when two honorable businessmen were actually handcuffed? This time when these men had to stand up to groundless accusations?

ROTHCO does this to insure that nothing like that ever happens again. All the new employees are aware of the standards of ethics and integrity which are stringently enforced at every turn. This applies to export policies, but it is not limited to this field. This standard of excellence is expected in everything that happens at ROTHCO, every order, every transaction, every decision.

During the time of the crisis it would have been easy to close the doors to ROTHCO forever. A family business that had been started eighty years earlier with a man walking through the Lower East Side buying used clothes for pennies could have closed its doors for the last time.

But instead ROTHCO matured. It became a grown up version of its former self, improving in every way. It is still a family business, closely held and run by the Rothenberg/Somberg family. It is also a major force in the industry, without peers. The reason it has reached these new heights is the determination of the new generation, and the willingness of ROTHCO, under Howard Somberg's leadership, to face adversity and adapt.

Because of their strong work ethic and the respect they always display, customers and employees were loyal to ROTHCO. The company has continued to expand. It became necessary to look for a new location, for a larger headquarters. They started looking further east on Long Island. They looked at a parcel of land right off of Veterans

Highway, a major intersection in Suffolk County. It was part of an industrial complex and the space was appropriate. ROTHCO procrastinated—was the spot big enough, was it too big...and while they debated, Federal Express bought that tract of land.

Finally, they found an appropriate tract of land in the town of Ronkonkoma, about ten miles further east than Hauppauge. It had some frontage on Veterans Highway. As they had in their previous move, they constructed a building to fit the unique needs of the business. This new building had private offices for each Director of the separate departments. There was a large area for the expanding sales staff, a photography room for in house catalogue photographs, two kitchens for employees to use, lots of space for expansion of each department, and most importantly, a huge warehouse. The warehouse had plenty of room for expansion. All areas were designated for specific merchandise, located in clearly marked bins and shelves. The new warehouse was over 100,000 square feet.

One hundred thousand square feet. The first warehouse Milton Somberg had was twenty five hundred square feet. Surely this would be the largest space ROTHCO would ever need.



The Ronkonkoma ROTHCO headquarters and warehouse

But within ten years of moving to the Ronkonkoma warehouse, ROTHCO expanded again. They enlarged the building, fully utilizing the entire tract of land they owned, and now had a warehouse that is 155,000 square feet. The building was at full expansion. It had a ceiling that was thirty feet high.

It took about a year from the time the tract of land was bought to get the building constructed. When the new building opened in Ronkonkoma, ROTHCO celebrated with a party to commemorate the event. Not only did customers come to the festivities, but dealers from overseas came to the celebration. They all spent the evening in the new cavernous warehouse.

ROTHCO hosted another memorable event to introduce the new facility. They rented a ferry. They took a select group of clients on a boat ride around Long Island. They followed this with a walking tour through the new warehouse. Many speakers from ROTHCO, including Howard Somberg, spoke to the guests, and they showed off one of the jewels of the new warehouse, a beautiful show room where much of ROTHCO's popular merchandise was on display.

The company continued to sell newly manufactured clothing, camping goods, apparel, and any product an outdoorsman might need. They had a catalogue of products which was over two hundred and fifty pages, and in 2010 it included a supplement with an additional 20 pages. Over one hundred and fifty of those pages were devoted fully to clothing.

From a 2500 square feet room to an enormous, state of the art one hundred and fifty thousand plus warehouse. From small ads in trade magazines to a two hundred and fifty page catalogue. But ROTHCO did not sit back on its laurels: it continued to expand in different directions, in new fields.



Opposite page: Marc Somberg posing in a ROTHCO catalogue



## Chapter 8

### ROTHCO: Family Values

ROTHCO, during the 1990s, once again made an attempt to get involved in the direct manufacture of goods.

ROTHCO was purchasing a great deal of its merchandise from the Far East, particularly from China. As they had in Tennessee, ROTHCO decided to attempt to manufacture their own goods. So they purchased a factory in China for this purpose. The factory manufactured the clothing that had been a staple of ROTHCO's catalogue: the khakis, the camouflage attire, the olive colors. Now, once again, ROTHCO was manufacturing its own product for sale.

ROTHCO continued to look for other avenues to expand into. Now that they had the additional space at the Ronkonkoma warehouse, they found another previously unchartered field to move into. ROTHCO expanded into disaster relief.

In the ROTHCO warehouse, they now held everything that was necessary to address natural disasters. They had hundreds of beds, cots, blankets, MRE emergency rations. All things that were needed for immediate survival in the face of tragedy.

In August of 2005, Hurricane Katrina, a devastating category three hurricane, swept through New Orleans. The levee system tragically failed and 80% of the city was flooded. It was a horrific sight as the American people

watched the tragedy unfold in an American city. New Orleans, a tourist haven with the legendary French Quarter and Bourbon Street, home of a professional basketball and football team, an American city of almost half a million people, was flooded.

Behind the scenes, government contractors were looking for emergency relief to rush to the troubled city. ROTHCO put a bid in and soon it was rushing beds, cots, blankets and rations to the suffering people of New Orleans. People who had been made homeless and were staying in giant makeshift shelters were lying in beds provided by ROTHCO, were eating rations provided by ROTHCO, were surviving until their lives were back on track with items provided by ROTHCO. This was only one of the numerous natural disasters that ROTHCO responded to.

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ROTHCO always felt it was important to take care of its employees.

Milton had taught his son Howard about how to treat employees, and Howard continued in his father's vein.

They had family Christmas parties every year, in catering halls and restaurants. Additionally they had elaborate picnics during the late summer. The picnics were open to all employees and their families, and it was always

a fun filled day of food and activities for everyone. On the side of the Ronkonkoma building is close to a dozen picnic tables where on nice days the employees can sit outside and have a pleasant lunch.

Howard instilled an employee of the month award, which includes a bonus check. Employees also enjoy a profit sharing program in which they can draw loans if needed. A garden in the front of the building was dedicated to an employee who had died suddenly from cancer.

Milton has always felt some of the most important relationships made over the course of his career have not only been with clients. They have been with his employees. By treating his people with respect, ROTHCO has received loyalty and respect from their employees.

In preparation for this book many current employees of ROTHCO (as of 2010) were asked to give their views on working for ROTHCO as well as for Howard and Milton Somberg.

. The overwhelming theme of all the employees of ROTHCO was consistent with the values instilled by Howard and Milton Somberg. The theme was one of respect. Howard and Milton treated people with respect, and this sense permeates throughout the entire company.



ROTHCO continues to have family picnics for all employees and their families.

It is why this business has thrived even as economic times have taken negative spirals. It is why clients have stood by ROTHCO for not just years but for decades. It is why employees remain with the company for ten years, twenty years, thirty years. ROTHCO has always felt it was more important to treat people with respect—clients, competitors, employees alike—than to make decisions strictly based on maximizing the immediate profit. This is why ROTHCO has continued to not only succeed, but to expand and thrive.

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Milton Somberg could not have been prouder as he watched his son Howard continue to take ROTHCO to the next level.

Milton always emphasized the slow and steady expansion of the company. He did things in an “old fashioned” manner. He never could have imagined the leaps and bounds ROTHCO would make under the leadership of his son.





Howard's ROTHCO family congratulates him on the birth of his twin daughters.

Between the years 2000 and 2010, as the country went through the worst economic crisis since The Great Depression (that Milton Somberg had been born into!), ROTHCO's sales increased over 20%.

ROTHCO has continued to stay attuned to the times. It can be found online through popular websites like Facebook and Twitter. Its computer system is top of the line.

As is the rest of the equipment. The forklifts in the warehouse, all the equipment needed to maintain its warehouse in an efficient and safe manner, are all state of the art. No one is dropping heavy bales down flights of stairs to be manually loaded onto the back of trucks, as Milton Somberg had done many, many years before.

In every way, ROTHCO, the business which had started with a man renting a horse, a buggy, and a bell, continued to flourish.

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Along with ROTHCO's progressive vision of the future, the company has always felt an obligation to give back to the community. Under Howard Somberg's guidance, ROTHCO established a scholarship program that provides two year scholarships for disadvantaged high school graduates who would otherwise not have the opportunity to go to college.

In addition each year the employees of ROTHCO, now counting well over 100, adopt families. They buy those indigent families gifts to help welcome in the holiday season.

ROTHCO collects food for Long Island Cares. It also donates money, clothing and gifts to several Long Island shelters. It appropriates a portion of their profits from their “pink” line to Breast Cancer Coalition. It also makes an annual financial gift to a local home for at-risk teenage boys.

These charities are an important part of what ROTHCO is all about. They are all chosen by ROTHCO employees, with the primary criteria being that they all must aid in efforts to improve the lives of children who have overcome obstacles or are at-risk due to their familial or economic conditions.

True to its family values, ROTHCO has always been committed to children. During the summer on any given day you can find 2 or 3 young teenage children of employees filing, stuffing envelopes, entering dates on the computers; they are earning money for themselves and learning as they go in a family friendly environment. Most companies have “bring your child to work day”, but at ROTHCO it’s “bring your child to work summer!”

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At the beginning of the new millennium, on September 11, 2001, the United States was struck by a terrorist attack which shocked the nation, and the world.

Less than sixty miles from ROTHCO's headquarters, the World Trade Center fell.

ROTHCO responded. It donated cots, blankets, clothing and disaster relief supplies by the thousands.

ROTHCO is a citizen of the community. ROTHCO understands that it has a responsibility to its customers, its patrons, its employees. It also understands its responsibilities reach out far beyond the walls of the company, but to the community and to the nation.

As the company grows, there is still an open door policy. Anyone can find Howard walking in the warehouse, getting his tea in the kitchen, sitting in his office. He is accessible and always ready to listen. ROTHCO may no longer be a small family business, but it is still a family business.

ROTHCO and family will always go hand in hand. Howard Somberg has made incredible friends through his work in ROTHCO. While Roland Su continued to trade with ROTHCO throughout the years, this took a backseat to the close family friendships that had formed. Roland, his wife Shirley, and his daughters, along with Judy Su's daughter Pon-Pon, all flew to the United States to attend Rachel Somberg's wedding.

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In 2010 Milton Somberg's title is "Chairman of the Board". His son Howard is "President" of the Company.

Born in early 1924, Milton turned 86 years of age in 2010. It was only in 2009 that Milton stopped coming to the office every day. He was still maintaining many of the same duties he had done over the past fifty years of working with the company.

At this point, Howard is making the chief decisions about the direction of the company. However, the cooperative and respectful relationship between the two men continues.



Howard in the warehouse

Howard relied on his father's wisdom and experience. He consulted with him on almost all decisions about the future of the company. In fact, once his father stopped coming to the office as frequently as in the past, Howard wanted to insure his father was still a part of the process. Howard called Milton daily to talk about the business, and to bounce ideas off his father, as they had done for the thirty five years they had worked together.

Howard's desire to keep his father involved in the process of running ROTHCO went beyond phone calls. He installed a SKYPE system on his father's home computer as well as the office's computer systems. Now, when ROTHCO has its Thursday morning meetings, Milton Somberg, from his home and in front of his computer, can see and hear everything being discussed at the meeting, can continue to add his insight and his wisdom to the running of the company.

ROTHCO is still in Milton's blood. He not only continues to work with his son from his home, but is still, even at eighty six years of age (and thankfully in good health!) putting in hours at the warehouse office on a part time basis. It has been over fifty years of relationships, of insight. And to watch his son Howard take the company over, and see it succeed beyond his wildest imagination, has been one of the true treats of his life.

And in Puerto Rico, Morris continues to successfully run the company. Recently his nephew Michael Hardy started to work for him. Morris, his wife Catarina, his son Adam and his daughters Talia and Camille continue to thrive.

It had not necessarily been the future Milton foresaw for himself. He had a period early on when he tried to find his place, his niche, and he felt like he was in limbo. He seemed to find his place with Warner Brothers, and his years there were good ones, productive ones. But then the opportunity to join Morris Rothenberg and Son came to him. Milton took it, and the rest, as they say, is history.

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ROTHCO continues to thrive today. A true family business. It has seen the hardship that can occur when families in business together do not see eye to eye on business matters, and how it can spill over into personal lives.

But much more significantly, ROTHCO demonstrates what happens when family members work together. When a brother and a brother-in-law can rely on trust and respect rather than contracts and greed. When a father and a son can take a company and complement each

other's skills, abilities, and personalities to bring that company to higher plains than either could have done alone.

And that sense of family, of respect, is prevalent throughout ROTHCO and the people who work there. It is seen in the close friendships that have been made with business partners, suppliers and clients. It is seen in the relationships between the staff and the employers. It is seen in the values shared by those people who started this small family business, and watched it grow and flourish.

It is ROTHCO, a family business.





ROTHCO 2018:

TODAY...AND TOMORROW

Many years have passed since the first publication of *ROTHCO: A Family Business*, and as the world has moved forward ROTHCO has moved forward with it. As 2017 moves to an end and 2018 begins ROTHCO has made many changes to meet the needs of its customers, its staff, and the changing world around it. These changes can be seen throughout the company, and while their core values have always remained the same, these changes have helped shape ROTHCO and what it can accomplish moving forward into the future.

## **ROTHCO Expands its Brand Digitally**

ROTHCO has kept up with the times when it comes to the rise of social media. With more and more people communicating and getting their information from social media and the web, ROTHCO knew it needed to get involved...and it certainly has.

ROTHCO is a constant presence on their very popular Facebook page, where in 2017 they have over 150,000 followers! They are always updating their page, providing the most up to date information about the company and its inventory. But they have done more than just use this social media giant to advertise their wares; ROTHCO is constantly putting up videos to help people use their products, or to offer survival tips in emergencies. Videos range from showing how to properly prepare for emergencies to more basic principles like how to maximize the uses of duct tape. ROTHCO has not limited itself to just

posting videos; they have gone live with representatives from the company, making them available to answer questions and solve problems.

In addition to these helpful posts ROTHCO has kept up a sense of fun, which also explains their huge following. They select specialty items as the gear of the month, they post pictures and request suggested captions. All in all, they have created a fun site that is as informative as it is entertaining.

ROTHCO has not limited itself to Facebook in the world of social media. Their Instagram page has over 16,000 followers. It has posted almost 1,500 pictures of their gear and inventory in use. And ROTHCO is not done: it has continued to expand into other popular social media sites. In addition to sites like Facebook and Instagram, ROTHCO also has a robust presence on Twitter, Snapchat, Pinterest and YouTube.

There are also people who want to get information about ROTHCO who don't belong to social media sites. ROTHCO has prepared for this contingency as well with

their frequently updated blog, ‘Camobloge’. On it, they post the most up to date information about ROTHCO. They also repost some of the videos and some of the posts from their social media pages, so even people who don’t belong to social media sites can have access to some of ROTHCO’s informative and entertaining posts.

Their ‘Camobloge’ is constantly providing much needed information to its readers. Just as ROTHCO has provided aid to areas hit hard by natural disasters, the blog has many posts dedicated to survival through difficult circumstances. ‘Learn to Prepare for an Emergency’, ‘Equipment Needed for an Emergency’, ‘ROTHCO’s Summer Guide to Insect Protection’ and ‘Blizzard Survival Tips’ are highly read, informative (and maybe life-saving) posts...and this is just a small sample of the kind of information provided through the blog. There are other issues which its vast number of readers can learn about; things like supplies needed at a campsite, essentials to get through a hot summer, or essential items to have in your car in case of emergencies. All posts which both entertain but

also give incredibly vital information to their readers. These are just a small sample of the kind of posts and information that can be found on Camobloge. All this is mixed in with information about the newest gear the company has to offer, the humanitarian efforts ROTHCO is making to create a better world, and always some lighter fare, like ‘How Many Camo T Shirts Can 1 Person Wear at Once?’ (the answer: 76) or addressing how to REALLY survive a zombie apocalypse. ROTHCO’s ‘Camobloge’ was one of their first online channels and for over ten years it has been a great source to get its product information to its customers.

ROTHCO has made sure that as the way people get their information changes, they changed along with it. It is this constant adherence to changing culture and changing times that has allowed ROTHCO to continue their success.

Social media is just the tip of the iceberg when it comes to ROTHCO’s on line presence; since the early 1990s ROTHCO has led the way in wholesale e-commerce, offering their dealers the ability to view all 4000 pieces of merchandise, and the ability to place orders from anywhere

in the world at any time. In recent years with the re-launch of ROTHCO's updated website, they have expanded their online offerings to include time saving tools for dealers, making ordering even easier. Online tools that are offered to dealers include the Direct Ordering System, Instant Order Upload via CSV File and a fully integrated API (Application Programming Interface). In addition to their online tools, ROTHCO also has every catalogue they produce digitalized. The unique online catalogue allows everyone to not only view the printed catalogue online, but also makes the catalogue interactive so that when you click on the image of the item you are brought directly to the item on the website.

Like ROTHCO, their website continues to evolve; in 2015 ROTHCO released a fully updated mobile site with a mobile direct ordering system for dealers. ROTHCO's website hosts all the information you would ever need to know about their product offerings, online and marketing tools, and company history. In 2018, ROTHCO's website is expected to see over 2.5 million visitors...and it is growing every year.

## **ROTHCO Giving Back to the Community**

ROTHCO has always tried to give back to the community. Of course, they have provided emergency equipment to areas hit hard by natural disasters—in addition to providing videos for people to help them prepare for and survive disasters. ROTHCO has always felt it was important to take a more hands on approach to helping people in the community directly around them.

2017 made it the fifth year in a row that ROTHCO provided a Summer Camp Program for deserving children in the community. The goal of ROTHCO's Summer Camp Program is to give those children who otherwise would not be able to participate in camp programs due to financial hardships a true camp experience filled with activities and



fun. In 2017 fifteen children were selected and given the opportunity to attend local camps, paid for by ROTHCO. While ROTHCO is a business, the entire company takes great pride in the opportunities it has afforded children who normally would not be able to have experiences like these. Every year ROTHCO wants to make sure children like this are given opportunities which will help shape positive childhoods and give them memories they will hold onto for a lifetime.

ROTHCO continues to back up its ideals with actions. It also makes sure to financially contribute to the community. While in the past ROTHCO did a fundraiser during the holiday season, now they have decided to do it all year long. A community board in the lunchroom makes the employees aware of the opportunities to do good work. In 2016, ROTHCO employees set a goal to raise money for local charities...and when they set a goal they look to reach it.

They exceeded their goal by raising almost \$370,000 for local grassroots charities on Long Island. Not only did

they beat their goal for the year, a full 100% of employees contributed. That's correct, every one of ROTHCO's 133 employees donated during the year. This generous spirit had been seen more and more from ROTHCO and its employees over the last three years, in which it has raised a whopping \$820,069, and every dime has gone to local grassroots charities.

Some of the charities that have benefitted from the generosity of ROTHCO include organizations like Angela's House, which provides residential care and home health care to critically ill children in Suffolk County. Also Hope House Ministries, which provides housing and support for at risk male adolescents, and Gerald Ryan Outreach Center, which provides counselling, food pantry and assistance to local families in financial crisis. ROTHCO has also made significant contributions to other organizations like Long Island Against Domestic Violence, Suffolk County United Veterans, A Mother's Kiss and Witness Housing. These are just a few of the organizations ROTHCO has donated money to over the past ten years.

ROTHCO has made it a practice to donate goods when they see a need for it. Thanksgiving of 2016 ROTHCO made sure to fill the local food pantries with sixty turkeys to make sure some Long Islanders struggling financially would have a special treat for the holiday. And ROTHCO has also felt a special degree of gratitude for veterans going through a hard time financially. In addition to financial donations to Veteran's Organizations, in November of 2016 ROTHCO remembered the sacrifices of these brave men and women by also, in partnership with General Needs, donating over 700 boots to help them get through the winter.



ROTHCO takes great pride in giving back to the community

While ROTHCO has been extraordinarily generous with contributions to these wonderful organizations, they

have not limited their help to money and goods. In Camobloge, ROTHCO employees wrote about their meaningful experiences volunteering at Angela's House, in Smithtown. After getting a tour of the facility and meeting the children who live there, the ROTHCO volunteers got their hands dirty in the yard, planting flowers and trying to warm the spirit of the home. ROTHCO has time and time again not only shown a willingness to help with financial contributions, they have shown a willingness to give their time to help people in the community. Over the year many employees are given this humbling opportunity to work with the people their donations help, and it always encourages them, and all of ROTHCO, to continue to make every effort to make the world a better place.



ROTHCO remembers the sacrifice made by Veterans

ROTHCO has also given opportunities to young college students to get a taste of what working at a place like ROTHCO is about. They have an internship program in which usually 10-20 college students get an opportunity to

intern with ROTHCO, getting hands on work experience as they continue their collegiate education. They reach out to local colleges on Long Island and it has worked both ways—students get a great work experience, and in return several were able to show off their promise and procure employment at ROTHCO upon graduating.

ROTHCO is also thinking of the future as it moves forward on its ‘Going Green’ initiative. To celebrate Earth Day, April 22, 2017, ROTHCO moved forward on the next stage of its initiative with an ambitious solar project. It will be a massive undertaking spanning at least the upcoming year, but by the time it is done ROTHCO will be the largest corporate facility on Long Island collecting solar energy. Phase one has already been completed, and by the end of 2017 the final phase is expected to also be completed, giving ROTHCO the ability to generate full solar capability. It is not just about solar power. ‘Going Green’ is also the practice of creating structures and using processes that are environmentally responsible and resource efficient. It goes from the installation of the solar panels to the recycling

program in the office (including a paperless billing system since 2015) to taking their 205,000 square-foot warehouse and lighting it with energy efficient lighting fixtures. ROTHCO has upgraded to all LED lights throughout its warehouse and office space.

ROTHCO has gotten more involved in throwing charity events as well. They first took part in the Pace Golf tournament for charity, donating money and having some members of the ROTHCO team play in the tournament. However, as they have gotten more involved they have become co-sponsors of the event, and it is now the ROTHCO/Pace Golf Tournament for charity. ROTHCO has also teamed with Pace's to take part in a charity cook off to raise money for Suffolk County Veterans (ROTHCO/Pace chili has won every year).





ROTHCO installing its solar panels as part of its “Going Green” Program

All this work for the community has not gone unnoticed. In 2017 Pronto, a Long Island based community outreach center, honored ROTHCO for their contribution to their community with the Community Engagement Award at their 48<sup>th</sup> Annual People Helping People Gala. It was a wonderful event and all of ROTHCO, took great pride in the achievement...especially because 100% of the employees had made it their priority to contribute to make the world a better place and to help the people in the community.

While ROTHCO has always felt it was important to give back, a great supporter of this has always been Howard Somberg's wife, Diane. She has always emphasized giving back, and while it was always a part of ROTHCO's identity, under the guiding hand of Diane Somberg it has even become more a part of what ROTHCO does. Indeed, this is a part of both ROTHCO and the Somberg family. One of the things that Howard has taken great pride in is that his three daughters, Andrea Somberg, Rachel Nilsen and Emily

Hopper, all are now a part of the charity committee and use their influence to try to make the world a better place.

ROTHCO takes great pride in the work it has done in the community, and it has no intention of stopping. Every year ROTHCO tries to push forward, to give more, to help more. Giving back to the community has been a cornerstone of ROTHCO for not just the past decade, it has been a cornerstone for 60 years, and ROTHCO has every intention of continuing to make that a priority moving into the future.

## **ROTHCO Keeps Getting Bigger**

Some of the challenges ROTHCO have faced over the years have been keeping up with the increasing demand for their merchandise and their desire to offer more options to their loyal and devoted customers. ROTHCO has strived for excellence and that is why they have continued to grow. In 2000 there were fifteen companies that worked in wholesale army navy goods. In 2017 there is one—ROTHCO. That is because ROTHCO has never been satisfied with their inventory, with their customer service; they have always wanted to do more. This has included expanding their size so they can move more merchandise and give their customers more options. Between 2012 and 2013 ROTHCO made steps to expand their office and storage space to insure they could continue to meet their customer's demands.

The first step was an extension to their warehouse. In 2006 ROTHCO had added 27,000 square feet to their warehouse space. This brought them to a total of 145,000 square feet.

Then, in 2012, they addressed their office space. They were able to increase the space to add 29 new desks for their staff. They also updated their packing area, which allowed them to run 44 packing stations simultaneously.

A much more ambitious project was started in 2013. They had already moved and expanded their warehouse space numerous times, and going into 2013 they had 145,000 square feet of space in their warehouse. But with more products and more demands for their products it was time for another expansion—and not a small one.

ROTHCO broke ground on the additional warehouse space in March of 2013—on the 60<sup>th</sup> anniversary of the company. It was a huge endeavor as they sought to add 60,000 additional square feet to their warehouse. The work stretched for much of the year, but by November 2013 they were done. With the completion of the project ROTHCO

now had 205,000 square feet of merchandise in their warehouse.

Under the supervision of Warehouse Director Chris Brosi, ROTHCO was able to add this extra space without ever slowing down business. In fact, ROTHCO never took a day off or even a breath as they continued to fill orders and run business as usual even as the giant project was underway. During the entirety of the expansion ROTHCO continued to operate, insuring that all customers were given the same care and service they were accustomed to.

While this was done under the supervision of Chris Brosi, work like this isn't done by one person. An entire team worked under him to make sure the project was successful. With the special assistance of his right-hand man Warren Sudler and the entire warehouse staff working with the rest of ROTHCO, they came together to make this beautiful and necessary expansion without ever slowing down the work ROTHCO does.



The start of the construction which was completed in 2013

In addition to the increased warehouse space, they created a beautiful conference room which would give the Directors a chance to sit down around one large (exceedingly large) table and discuss ideas for how the business was running and ways to improve. Almost daily, they fill the room with constant banter, exchanging ideas for the future; how to improve current operations, ideas for future products. ROTHCO believes that communication is key to running a business not only for today, but for the future. This even includes input from customers. ROTHCO has found over the years that its customers are a great source of information about the kind of products they want, and ROTHCO works hard to incorporate their ideas into the meetings as well. When other suppliers can't fill customer's orders they will turn to ROTHCO to see if ROTHCO can manufacture it; they know that if ROTHCO can make it, 98.5% of the time the product will be there when they need it.

The increased size of the warehouse didn't only mean an increase in merchandise—it meant an increase in the number of people it takes to work that warehouse. In



fact, the warehouse now has two shifts for its employees, one that starts earlier in the morning and one that goes later in the afternoon, to insure there are always sufficient staff to handle the increased demand for ROTHCO merchandise. The warehouse staff has grown immensely, and with the increased warehouse space the warehouse staff can even get higher than one hundred employees during the busy seasons!



Howard Somberg stands around the giant conference table

## **ROTHCO's Operations Adapted to Fit the Size of the Growing Company**

ROTHCO's humble beginnings harkened back to one man buying, mending, and then selling clothing. As ROTHCO has grown they have needed to adapt based on their larger share of the market and their growing workforce.

Howard Somberg was always fully aware of all the different facets of the operations. But as it grew larger and larger, he realized the importance of sharing the responsibilities of leadership, of delegating some of the work at the highest level. This was the first step in creating the hierarchical system that has redefined how ROTHCO has done business...and it has been intricate to their exponential growth and success. Simply put, as hands on a manager as Howard could be, he knew the company was simply getting too big for him to take on everything himself.

So ROTHCO utilized several excellent employees who had been with the company a long time—and brought in some new talent—and adapted a hierarchical structure that has helped elevate ROTHCO to the next level.

One of these people has been John Ottaviano. He has been with the company for 29 years and is the Director of Marketing and Sales. Under his leadership ROTHCO now produces about 30,000 wholesale catalogues a year. Each catalogue has 332 pages of merchandise. In 2017 ROTHCO had a mailing list of about 11,000 former and current customers, with the balance going to trade shows, and prospects, and potential customers who request copies of the catalogue. ROTHCO continues to release a new catalogue every year, highlighting the new material and releasing a supplement every six months.

While much of ROTHCO's orders come from the website, the catalogue still generates a great deal of business. While some businesses are steering away from catalogues ROTHCO understands its importance; that is because it is a wholesale catalogue.

ROTHCO still has a strong presence at trade shows. The two most prominent trade shows they attend are the SHOT Show (a shooting and hunting outdoor tactical show) in Las Vegas in January, and the Magic Show, a men's and women's fashion show also in Las Vegas.

The main thing ROTHCO has done is continue to add to its revenue by looking to shape the company to fit the changing times and to constantly seek new ways to get the product into the hands of the customers.

With brick and mortar businesses receding, ROTHCO is selling more products on line. The number of army and navy stores, the original lifeblood of the company, is receding as well. So ROTHCO has found new ways to get its products directly in the hands of the consumer. The website has been a huge step in making that happen. It is just another way ROTHCO is moving ahead toward the future. ROTHCO has also certainly looked to increase its sales into new stores which previously had not carried its merchandise. Now retailers like Urban Outfitters, Paxson's,

Pac Sun, Zumiez and Tilly's are carrying products supplied by ROTHCO.

ROTHCO has even expanded into places like hardware stores; anywhere that has the type of customer that would buy the products ROTHCO offers. They are also doing business with Pilot truck stores. As army and navy stores have diminished, ROTHCO has made sure to get its product into alternative stores.

ROTHCO has also seen an increase in sales in its promotional product market and the screen printing market. While this is a small portion of the business, it is growing. ROTHCO is the number one resource if a company looks to personally monogram military attire or a military jacket. ROTHCO is a member of ASI, AGE, SAGE and PPAI, the leading promotional products associations in the country. This is now 5 to 10% of ROTHCO's business, and all are new customers.

Another excellent member of the management team has been Mike Cestare; he has been helping Howard do all the behind the scenes work for over two decades (twenty-

five years in 2017). He runs purchasing, quality control, inventory control, product development, and compliance. He insures the high standards that ROTHCO has set for both its products and its treatment of its customers are met on daily basis. He has always been a perfect complement for Howard. While Howard sometimes sees himself as structured and traditional in his thinking, it is Mike he sometimes relies on to be creative; to look outside the box. Howard and Mike are always looking for ways to move ROTHCO forward.

A large step for ROTHCO came when Howard first sent items overseas to be manufactured. This was a huge step for ROTHCO, making the transition from distributor to manufacturer. While that first item was a small, simple one—a whistle—it was this item that showed them that, yes, they could do this.

Mike targets the 98.5% number for available inventory. The inventory control is a complicated process to insure the merchandise ROTHCO offers is always available to its customers. Howard and Mike have perfected this

process over the years as 98.5% does not happen without hard work, diligence, and a long-term commitment to excellence.

Additionally, ROTHCO does not deal with fad items that are popular one day and forgotten the next. They sell products that are tried and true, and there is a demand for throughout the entire year. This is one of the ways ROTHCO has maintained its 98.5% in stock; when products are constantly being bought, ROTHCO knows to keep its factories busy producing more of that product.

Mike also oversees quality control. ROTHCO has evolved over the years to now be a brand. Fifteen years ago this was not the case; it is another way ROTHCO has grown. When the name ROTHCO is put on a product there is an expectation it will be of the highest quality. ROTHCO's customers have come to expect this, but even more so ROTHCO expects this and will accept nothing less.

ROTHCO has reached a place in its growth where branding is a very important part of the company. ROTHCO had started as a distributor who was looking to become a



manufacturer. Now they are doing more manufacturing than distributing, and when the name ROTHCO is on the product, ROTHCO insures it is the highest quality merchandise. Quality control has insured this. What fifteen years ago was one man (and that man was Mike) is now a team making sure that all standards are met for every product that goes out. This goes for everything from properly sizing all its boots and clothing, to all products meeting the exact expectation of the customer. As ROTHCO has continued to provide the top quality, it has led to positive buzz on line, repeat customers, and a demand for merchandise with the name ROTHCO on it.

The ROTHCO name is now on apparel, boots, hats, t-shirts, bags. In fact, 80% of all the products sold in their 300 plus page catalogue now have the ROTHCO brand on it. This trend is going to continue into the future as ROTHCO plans to continue to move toward their own manufacturing, their own branding. More emphasis is also being put on product development, to fill its warehouse and catalogue (and website) with the kind of merchandise the

customers are demanding, and all with the name ROTHCO on it to guarantee the quality will be the highest at a reasonable price.

ROTHCO attributes a lot of their flexibility to the kind of management Milton Somberg used when he ran the company. His attitude was to put the money back on the shelves; ROTHCO was more interested in building the best company it could rather than to try to cash in quickly on its success. ROTHCO has continued this philosophy, and because of this it gives ROTHCO the financial means to honor requests and customer input; to use their resources to expand the ROTHCO brand with new products. The factories that work with ROTHCO know the kind of clout they have on the market and the way they will be treated, so they respond when ROTHCO makes a request.

The factories overseas have worked closely with ROTHCO over the years, building a relationship based on mutual benefit, respect and trust. Mike has supervised this, but a lot of this is based on Howard's travels. He made a point to make annual three-week trips overseas to places like

India, China and Taiwan, to meet the people who would be overseeing the factories making ROTHCO merchandise. Mike has continued this process, and he makes annual trips overseas to maintain and even strengthen these relationships.

At the factories, they would look at the available products to see if any new products interested them. More important than just seeing the merchandise, it was a way to put a face on the company, and to make the relationship more personal (though of course insuring it was financially beneficial for both companies). ROTHCO does not refer to them as vendors; ROTHCO refers to them as partners: their partners overseas. This kind of relationship has created a trust that when ROTHCO needs a product, or needs less pieces of a specific product, their partners will do things for ROTHCO they frankly would not do for other companies. This is because they know Howard, they know Mike, and they know that ROTHCO considers them partners. This is the kind of relationship that took years to build, and ROTHCO is seeing the pay-off to their hard work and commitment, and will continue to in the future.

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ROTHCO is always looking for more ways to bring its merchandise in to satisfy the growing demand and to maintain its own high standards of quality. Sometimes necessity creates opportunity, even if it is the most difficult of circumstances.

September 11, 2001, was one of the worst days in American history. A terrorist attack on the World Trade Center killed thousands of innocent Americans. Like Americans do in the toughest of times, they pulled together. One way they expressed it was displaying American flags in houses all over America.

ROTHCO stepped forward to contribute toward the unity of America during this time. Soon the demand for American flags outweighed those available. Within 24 hours ROTHCO had sold every American flag they had in stock. ROTHCO was faced with a dilemma: what was the best way to get more flags in as quickly as possible?



In the toughest of times, ROTHCO and America pulled together

ROTHCO brought in fifteen thousand flags by using air freight...and then sold them at no profit to the company. It was all about letting the customers know they were there for them, and in a world where price gouging is common during hardships ROTHCO was letting their customers know they were doing the opposite. While it might have been a small thing in the wake of what the country was going through, it really meant a lot to the consumers, who saw that ROTHCO was more than just about profit. It was about doing the right thing, promoting the recovery of our nation.

ROTHCO also learned from this experience, as they had never handled air freight shipments of their products before. Moving forward they realized this was another way to get their merchandise quickly to satisfy the needs of their customers. In 2018 ROTHCO does a great deal of its business utilizing air freight.

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The tiered system ROTHCO has implemented was necessary on many levels. First, with the increase in business it was needed for the company to continue to work at an optimal level. But in ROTHCO there was more to it than that; ROTHCO wanted the people working there to see opportunities for advancement. By creating a tiered system of employment, it helped properly delegate the work while at the same time giving extra motivation to the employees to personally push themselves in providing ROTHCO their best efforts. Young people starting in the warehouse can see advancement and opportunity at ROTHCO. They've been given opportunities to earn more titles, more responsibilities, and even have their pictures in the catalogues. They are even given opportunities to make lateral moves, to go from the warehouse into the office.

Other Directors and staff continue to provide invaluable contributions to ROTHCO.

Rich Fleishman, the CFO, continues to look for ways to maximize the finances of ROTHCO. He has set up a budget for each department, making each department

accountable for the spending in their own departments. While this is a form of oversight, in the end the different departments take pride in working efficiently and working within the budget parameters provided them. Since the publication of *ROTHCO: A Family Business* ROTHCO has seen the financial numbers go up under the steady hand of their CFO.

Darin Kaye, the Head of Global Business Development, has been with ROTHCO over ten years. When he joined ROTHCO he had a background in fashion, and ROTHCO was a huge change for him. In fact, it was so different than what he was accustomed to, that at first he was not sure if ROTHCO was the right place for him. He was continuing to encourage the idea of selling ROTHCO as a brand, and at first ROTHCO was resistant to the idea. At the same time, he wasn't used to the structure and discipline of ROTHCO. However, Darin saw what an extraordinary company ROTHCO was and he decided his best course of action was to learn from the other seasoned employees of ROTHCO.



Darin is extremely grateful he made that decision; he began to understand ROTHCO and why it was able to accomplish such an unbelievable track record of success. He saw how great ROTHCO was at getting things in and out of the warehouse. With ROTHCO now selling to companies like Urban Outfitters and Tilly's, all the merchandise that comes in has to be ticketed and tagged to each customer's requirements. ROTHCO built systems from the ground up to address each and every need of their customers. Watching the way they work, Darin felt more and more that people like Howard, John and Mike were as much mentors as bosses; and their patience with him certainly paid off.

Darin has worked hard to find new avenues for their products. Ten years ago ROTHCO was not at truck stop travel centers; but now there are thousands of them all over the country selling ROTHCO merchandise. With some of their isolated locations, they almost serve as malls for their communities.

Darin has taken ROTHCO products from stock and had them custom styled for himself, so he could wear them

at trade shows and market events. It was another unique way Darin could create a conversation about the products he was selling.

While ROTHCO had a presence in stores like Urban Outfitters in the past, their presence there has grown exponentially. It has been a part of the process of ROTHCO becoming a brand, something Darin has always felt passionate about, that has kept the ROTHCO products in demand. The first Co-Brand Project ROTHCO did was with a company called Good Wood, in October of 2011. Darin also oversaw co-branding with companies like Supra and PONY, further strengthening the ROTHCO brand name. And while a store like Urban Outfitters doesn't often repeat, always looking for the next big thing, ROTHCO has been on their floor continuously and consistently for the past ten years. While in the past fashion markets might reach out to ROTHCO, now ROTHCO is a dominant brand, known for its fashion authenticity.

Over the years Darin Kaye and ROTHCO have proved to be a perfect match. When he walked through

ROTHCO's doors the first day he was a raw talent; under the guidance of ROTHCO's senior management, he was able to shine, and bring his expertise, insight and passion to ROTHCO, and plans to for many years to come.

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The concept of creating a hierarchy within the upper management of ROTHCO was crucial to its growth. But in order to take the next step, ROTHCO realized it needed to implement this system not only in the offices, but throughout all stages of the operation.

The warehouse, under Director Chris Brosi, has applied this theory and it has helped it run smoothly through the transitions and the growths. It was under Director Brosi that the warehouse increased its size from 145,000 square feet to 205,000 square feet in 2013 and ROTHCO took great pride that during this tumultuous time it continued to maintain the exact same extraordinary service to its clients and customers. ROTHCO insures that it has 98.5% of its

merchandise available on the shelves of its warehouse at all times, and that did not change during the expansion.

In order for the company to run so efficiently it relies on the warehouse to run like a well oiled machine. So, under Director Brosi, a hierarchy of employees has evolved in the warehouse as it has in all of ROTHCO. He has a management team beneath him that allows him to delegate some of the different responsibilities of the warehouse to keep the shelves stocked with merchandise and to make sure all orders are filled promptly and accurately. The management team in the warehouse is constantly growing under Chris, to insure the needs are being met aggressively and immediately. Every person there is trained in at least two or three different jobs within the warehouse so that wherever there is a need there is a properly trained employee ready to spring into action.

The warehouse is huge, so with a multitude of things happening at once a strong structure was needed to insure everything is being done up to ROTHCO's standards. In some ways the working of the warehouse is like a wheel,

with constant motion to get products into the warehouse and then out to the customer, and ROTHCO makes sure it runs smoothly with many qualified and well-trained people dedicated to each task. The most important priority of ROTHCO has always been the customer, and it is the warehouse that runs so efficiently to make sure that all orders are being properly packed and shipped as quickly as they come in.

Despite the extraordinary size of the warehouse, its smooth and efficient management team, as well as all the dedicated employees, insure that every order that comes in before one o'clock will be out that same day. The computer system tracks every order as it comes in; it goes from the office to the warehouse, with supervisors tracking every order and every aspect of the order until the merchandise has gone from the warehouse into the hands of the customer.

What ROTHCO's warehouse makes look easy is anything but easy; with the hierarchical system, there are now supervisors monitoring every aspect of the process: a receiving supervisor, a returns supervisor; order fulfillment

supervisor; controlled inventory supervisor; there are machine operator supervisors making sure bins are filled; receiver supervisors processing the orders; security department supervisors making sure higher end items are looked after correctly and a cleaning crew making sure work is done in an optimal environment. A company cannot reach 98.5% of merchandise on the shelves and available for shipping unless everything is running at this level.

ROTHCO calls it the ROTHCO way; while it is a friendly atmosphere where all employees are treated with respect, there is also an intensity in the company. People who come from other companies sometimes have a little bit of an adjustment to the work expected, and the intensity of the operations. But again, that is how ROTHCO has managed to perfect the process, assuring their clients can get 98.5% of their merchandise at any time, delivered on the same day.

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ROTHCO has continued to bring in new supervisors and great employees to make it a more efficient place to work, to thrive. But it is not only about the new supervisors. ROTHCO never forgot that its company started as one man walking through the streets of New York City; a man whose hard work and vision made a life for himself, and laid the foundation for a company that would grow bigger than his wildest dreams. ROTHCO wants to make sure that it gives opportunities for people at different economic classes, people who are at different places in life.

There are people who come to the warehouse at ROTHCO who are not native English speakers, people who had many doors closed on them when they sought employment. ROTHCO prides itself on giving people opportunities. One particular person they hired, Roque Escobar, started at the warehouse. He was hard working and driven. He learned English and was always looking to improve his skills and his knowledge of the company. Over twenty years working at ROTHCO he made himself an invaluable part of the ROTHCO team. Mr. Escobar worked

his way up the ladder and became a full supervisor of order fulfillment. He is also in charge of the grounds, the landscaping, the snow removal in the winter and the building maintenance. He and Chris Brosi have spent many all-nighters in the parking lot clearing the way for the employees the following morning...ROTHCO knows their customers count on them and they rarely close, regardless of the weather. Additionally, Roque's daughters, father, brother and wife have, at different times, worked at ROTHCO.

ROTHCO never forgot where they came from, their humble beginnings. Because of this they see potential in people other companies might miss, and this just leads to making ROTHCO an even stronger company.

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As ROTHCO has moved forward, it has insured that it has hard working people with vision in every facet of the operation. The social media influence and popular blog did not just appear; like everything else at ROTHCO it was a



combination of hard work, insight into the market and the future, and having the right person on hand to implement the plan.

Kristy Dineen, the Assistant Director of Marketing & Digital Media, was not at ROTHCO in 2010...and it was not a position that existed at all. But ROTHCO saw the need to put their name out to their customers (and potential customers) in the changing landscape of marketing and Kristy has led the charge. Under Kristy's direction, more and more customers are getting their orders fulfilled through the website. In 2017, 60% of all sales came from the website.

Every aspect of ROTHCO's social media presence is overseen by Kristy and her department. Every entry on the blog, and every post to social media is overseen by her department. Many people hearing 'digital marketing' and immediately think Facebook or Instagram; while ROTHCO has a huge presence there, they have insured to keep their website fresh and entertaining and most of all informative for the thousands of people who view it every month. In

2013, they updated the website; it had a more minor facelift in 2017 to keep it fresh and relevant.

There are many online ordering tools for their dealers on the website. They help create efficiency that help them save money when placing orders.

ROTHCO has always considered themselves leaders in their industry in digital outreach. Kristy has continued to develop their presence online to insure this remains true going forward into the future.

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ROTHCO continues to recruit assets to their workforce, people who are able to come in and immediately contribute to help make ROTHCO grow. Sean Kelly, Director of Logistics, was brought in full time in the summer of 2017.

ROTHCO had been working with Sean for years; they had a solid business relationship, and ROTHCO saw how much Sean could bring to the company. Sean has a

process improvement background, and while there are many processes at ROTHCO that have been working for a long time, having an outside view point will help to reduce redundancy and to optimize the process and just make the company run more efficiently.

ROTHCO was thrilled when Sean agreed to join them. And while Sean had many employment opportunities, it was the family atmosphere of ROTHCO that attracted him to the company.

Sean's responsibilities include logistics, all aspects of shipping, inbound and outbound. As ROTHCO's annual shipping costs can exceed three million dollars, this is a challenging task. It is one of the essential elements that make ROTHCO such a special company; being on top of every product coming in, and every product going out to fulfill the orders of their customers.

ROTHCO sees Sean as a hard working experienced director, who will have a great role in leading this company in the years to come.

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For the first time ROTHCO now also has a full time HR manager. ROTHCO was thrilled to bring in Gina Favara, whose experience in human resources has made her another invaluable new member to the ROTHCO family. Prior to Gina's arrival there was no full-time employee dedicated to human resources; but as ROTHCO has grown bigger and bigger the need was there, and Gina has made a fantastic transition to understanding the human resource needs of ROTHCO and addressing them.

Gina quickly understood exactly what kind of company ROTHCO is: a place where employees are treated with respect and where everyone knows each other. Gina had previous experience in a huge corporation and seeing the difference was eye opening; she was immediately taken by the family atmosphere of ROTHCO and makes sure to share that message to all the new employees that are brought in.

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As ROTHCO has grown, its needs have grown. ROTHCO had stayed on top of this by both creating a system to address their needs as a growing company, and to bring in (and keep!) an extraordinarily talented group from top to bottom to meet these needs.

### **ROTHCO has More and More Products**

Another way ROTHCO has continued to thrive is by constantly looking for ways to expand: new products, new options, even new sizes that aren't found anywhere else, are

just some of the reasons ROTHCO continues to move forward.

On April 4<sup>th</sup> 2017 the Camobloge announced that with the coming of spring there would be more than longer days and rainy afternoons—there would be over 100 new items available from ROTHCO. And the new items ran the gamut from new clothing options to their most up to date military and tactical products.

Some of the new items included a new lightweight MA-1 Flight jacket, plus new parkas and concealed carry jackets to reflect changes in the law. There are also thin blue line and thin red line items to show support for the local police forces as well as other first responders. And a military trauma kit with over 190 first aid and emergency items—certainly a kit anyone could use in case of almost all emergencies.

And this followed up its 2016 catalogue where, not to be outdone, ROTHCO had added 190 new items! These included some very popular items, like Multicam Pants and

Fatigue shirts, 15 new varieties of canvas bags and packs and new flannel options.

ROTHCO is always looking to add to its repertoire. It is also looking to provide options that can be found nowhere else. In its Big and Tall section, ROTHCO makes sure that anyone can find the size they need in their clothing line, with sizes going up to 9XL. ROTHCO prides itself on insuring that if people want something from their catalogue, they will be able to get it.

ROTHCO never forgot the history of the company, how it all started with one man buying clothes on the streets of New York City. To go from those humble beginnings to a warehouse with well over 100 employees and 205,000 square feet of merchandise only happens when a company has vision. And with ROTHCO always looking to expand its product lines, it is ready to continue to move forward and to continue to excel.

### **Bullet Points**

A repeating post on ROTHCO's Camobloge was ROTHCO BY THE NUMBERS, a summation of ROTHCO's business success and its expanding growth by extrapolating some specific numbers. Over the past years these are the kind of numbers that were highlighted:

For 2016

*246, 009 pairs of boots sold*

*222, 861 cartons of merchandise shipped*

*2.3 million visitors to ROTHCO.com*

*99.23% in stock rate*

*161, 913 social media followers*

*\$369,729 donations by ROTHCO & staff for Holiday*

*Charity Program*

For April of 2017

*17,033 military and tactical boots sold*

*78 color & style options of boonie hats*



223 *A Family Business*

*24 containers of merchandise received*

*23,500 Spring 2016 new products supplements  
printed*

For July of 2017

*12,120 military and tactical boots sold*

*12 AR 670-1 coyote brown compliant items  
available*

*1,010,134 automatic product and inventory updates  
using ROTHCO's exclusive APIs*

*1,047,450 feet of paracord sold*

These numbers are indicative of one thing:  
ROTHCO continues to grow.

**ROTHCO Has Expanded its Technology**

ROTHCO has continued to grow; its staff, its warehouse space, and its catalogue. The growth in part has been fueled by the digital transformation of the organization over time and many years. Staying up to date with technology is a crucial component for many businesses today. Even more so for companies like ROTHCO who operate as a wholesaler, where margins can be squeezed by being the organization in the middle of the supply-chain. It becomes a matter of necessity to utilize computer technology to improve process flows and protect or increase profit margins.

ROTHCO uses dual internet service providers. Internet access is so critical and vital to the continued success of ROTHCO due to both their website and the huge amount of email that is received each day, that it became imperative to eliminate outages, so they needed to setup redundancy with multiple providers. Email is replicated in

a cloud based system outside of ROTHCO's corporate computer network environment and should the need arise like it did in 2012 when Super Storm Sandy washed through Long Island, users can access their email using an emergency email solution with any browser and get email and respond to customer requests. ROTHCO has implemented both virtualization and cloud computing, running many of their own virtualized servers at their corporate location. ROTHCO has made sure to be on the cutting edge of technology to assure the company runs as smoothly as possible, both for the customers and for their internal business operation.

ROTHCO also upgraded their phone system. Prior to 2012, ROTHCO was using an older PBX system which had been implemented almost two decades before. It was converted to a newer technology called Voice Over Internet Protocol (or VOIP). This is basically a network based phone system. The Call Center screen shows the status of all receptionists, back up receptionists, sales representatives and customer service representatives at all times. This

greatly improves the efficiency of the phone system, insuring that all incoming calls will be picked up and routed to an available representative immediately. And this is needed, because unlike every other company of ROTHCO's size, when the phone rings at ROTHCO between 7 AM and 5:30 PM an actual person answers the phone, not an automated attendant that can delay a customer from getting to the person they need to speak to.

To insure ROTHCO's employees have the most up to the minute information on their inventory, ROTHCO's website data is updated numerous times throughout the day. Automated packages are run throughout the day and night to keep the website data in sync with their main ERP inventory database. From 7 AM to 7 PM inventory is updated every hour on the hour. This provides both customers and clients with the most current information about all the products and available quantities for sale.

The main websites are also replicated to a remote location in a different part of the country and kept in sync with sophisticated software 24 hours a day. This solution

allows for the ability to bring up the remote websites and be fully operational within a matter of minutes. This has been used several times over the last few years. Various software monitoring tools are also deployed throughout the networks to help alert technical teams of trouble immediately, so problems can be troubleshooted much more quickly.

ROTHCO also upgraded its main sales order printers. In 2016 all printers were upgraded to High Speed Printers. During certain peak busy times, October and December especially, the printers would have orders in their queue for 20 minutes at certain times of the day. This would push back fulfillment times. These new printers were needed to print all the orders that come into ROTHCO as quickly as possible, so the fulfillment process could begin at once, no matter the origin of the orders, if they were made over the phone or via the website, they all end up at the same printers.

ROTHCO also expanded the size of the computer room in 2016. The expansion resulted in a room more than double the size of the original computer room, with two

additional A/C units, for a total of three, to insure a cool operating environment for all equipment. It has allowed ROTHCO to add several more server racks to keep up with the growing operation.

In late October 2012, Long Island was impacted by Super Storm Sandy, knocking out power to many parts of Long Island and about two and a half days for ROTHCO's corporate offices and warehouse. October is the busiest month of the year for ROTHCO and although it was able to perform some physical work during that outage fulfilling some existing orders that were already received and printed, it caused a major impact to the operation and sales figures for that month. In 2013, expansion began on the new 60,000 square foot warehouse and it was decided by ownership to add a full facility generator to the building. This would insure that similar outages would not occur again and allow ROTHCO to continue to operate if any prolonged power outage occurred again in the future. With the generator sitting on top of an eleven-hundred-gallon diesel fuel tank,

the facility can continue to operate with a full week of run time before any refueling is required.

ROTHCO continues to increase its work with imported goods. CFO Rich Fleishman is particularly excited about an upgrade in their computer system to help efficiently track these goods. In the past they had used Excel worksheets. However, Apprise is putting in a new computer system for ROTHCO, and while a great deal of this is upgrading current algorithms and programs, they will be putting in a new program specifically geared to tracking and logging these imported goods.

ROTHCO is in the process of implementing Apprise software to maximize all of its business operations. When ROTHCO saw a need to upgrade their software they had over ten companies present options, and none seemed right...until they saw what Apprise would be able to do for them. This has been a long-term project, starting in 2015 with an anticipated completion date of July of 2018 (though with Senior Web Development Manager Nick Woodhead working closely with Apprise, they are shooting to have it

up and running by May). The biggest advantage of Apprise is its flexibility; it will make their operating systems run more efficiently and while it will follow industry practices it is designed to adapt to ROTHCO's unique needs. Nick Woodhead has been working hard to make sure the system is implemented and the staff is prepared for the changes ahead. ROTHCO continues to make sure it is growing and adopting to the changing times, and implementing the new software system is just another way ROTHCO is staying on top.

Under the leadership of Director of IT Anthony Prossi, ROTHCO's technology has kept pace with the changes and growth at ROTHCO...and ROTHCO continues to grow. As the new warehouse was completed it became clear that ROTHCO needed to work on another extremely important area of the business. The need for a new ERP system or Enterprise Resource Planning software had to be addressed.

ROTHCO's current third wave computer system was originally installed in 1999. Enhancements over the years



helped to refine the solution for the organization's needs, but it is not a fully blown ERP system by today's standards, and ROTHCO keeps outgrowing the system.

ROTHCO's management team, along with ownership, the information technology department and ROTHCO's website manager, formed a committee to begin investigating a new ERP solution for the wholesale apparel and consumer goods industry that ROTHCO focuses on. With the expansion of the warehouse, and now, a total facility space of 205,000 square feet, there grew a much greater need for a warehouse management system (WMS) that will keep tabs on over \$40,000,000 worth of inventory stored in the warehouse.

Also, as consumer needs changed, and more and more sales were being shifted from brick and mortar retail locations to online websites, there grew a need for a way to keep track of more detailed information and conversations with ROTHCO's dealers and customer base. That generated the need for a customer relationship management system (or CRM).

ROTHCO is growing, and the only way it could continue to meet the demands of its customers twenty-four hours a day, seven days a week, is to insure its technology is on the cutting edge.

### **ROTHCO Won the Prestigious HIA Large Business Achievement Award**

The success that ROTHCO has maintained has not gone unrecognized. In fact, ROTHCO was awarded the prestigious Large Business Award from HIA-LI in 2014. ROTHCO was thrilled to accept the honor. It was the 20<sup>th</sup> year HIA has been recognizing extraordinary businesses and ROTHCO was a natural choice.

On September 16<sup>th</sup>, 2014, Milton and Howard Somberg graciously accepted the award on behalf of all the hard workers of ROTHCO. The award is given to companies who demonstrate achievement in industry, leadership, creativity, successful business operations, corporate vision and other factors necessary to develop and grow a winning organization.

This was an accomplishment not just for Milton and Howard Somberg, but for all of the hard workers at every level that makes ROTHCO what it is. Many employees joined in the awards celebration. It was a great honor, first to be nominated, which gave them a chance to be a part of the event, and then to be recognized with the award.

While ROTHCO humbly and graciously accepted the award, they have no interest in being satisfied. They continue to look to the future, to keep finding different products to sell and different ways to sell them; to continue to improve and adapt to the changing times so the name ROTHCO will continue to be synonymous with excellence in the years to come.



### **The ‘Family’ Remains in the Family Business**

While there have been many changes in the ‘business’ side of ROTHCO, one thing has stayed constant: the family values that built this company have continued to this day.

Howard Somberg has seen many changes not only in his business but in his personal life since the publication of the first edition of *ROTHCO: A Family Business*. Some of them have been wonderful: all three of his daughters have married since 2010. And the wonderful news kept coming

for Howard and his wife Diane when they became grandparents.

Yes, the Somberg family has been greatly blessed. Their first grandchild, Linnea Nilsen was born August 8<sup>th</sup>, 2013. The Sombergs could not have been happier, and then Oliver Nilsen was born July 30<sup>th</sup>, 2015. And then their youngest daughter Emily had twins (just as Howard and Diane did!) Ainsley and Alexa Hopper on October 25<sup>th</sup>, 2016. The Sombergs humbly celebrated all the amazing blessings in their life.

And now even more family has joined ROTHCO! A fifth generation of family is now working with the company: Howard's son in law, Dennis Hopper, the father of the twins, has been working for ROTHCO since June 1<sup>st</sup>, 2011.

Dennis has had a diverse career before joining ROTHCO. He had worked in a professional capacity in a multitude of fields, including teaching and pest control; these experiences in vastly different fields helped equip Dennis with the flexibility and organizational skills to

perform successfully in all the different areas he has worked in at ROTHCO.

Dennis has been involved in learning all of the different roles of the ROTHCO operation. He has been involved in the warehouse, where Howard himself started years ago. He has also been working in quality control and in customer service. Additionally, he has been working intensively in Purchasing, while branching out into sales as well.

Dennis has fit right in at ROTHCO and he has been working closely with Howard, and many of the other directors at ROTHCO, to learn all facets of the operation. Everyone at ROTHCO is excited to have Dennis there, and see him as being an incredibly important part of the ROTHCO family, today and in the future.

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Howard is still amazingly close to his father, Milton, now 93 years of age. It was Milton whose father in law

Morris Rothenberg passed the company to. He had run the business for decades before passing the baton to his son Howard. There have been sad moments as well, like the passing of Howard's mother, Marilyn Somberg, the daughter of Morris.

Howard Somberg always wanted to make sure ROTHCO was more than just a place where people worked. He wanted to give back to the community and instill in his employees a sense of community within their walls. One of the annual traditions that Milton had started is to gather all the staff together in the spring around the holidays of Easter and Passover and have a toast to all the employees for another good year. These are the sorts of traditions ROTHCO has done to show all employees that they are more than co-workers.

ROTHCO has wanted to continue several of the traditions that made it a special place to work, and create new ones. They still throw a barbeque and party for its employees and their families every summer in addition to the Christmas/Holiday party thrown every December (the



summer barbeque at Heckscher State Park generally has over 250 employees and family members in attendance!). But they have taken more steps to make ROTHCO a special place to work. Some are small but important things that help with the overall morale of the employees; whether it be ‘summer Friday’ (Howard particularly was in favor of ‘casual Friday’ also called ‘shorts Friday’ as employees were encouraged to dress comfortably during the hot months) or the ice cream truck that comes into the employee parking lot to provide treats for the employees, to international cooking day. Many of the new ideas for the morale of the employees were suggested by Gina Favara, in so many ways a valuable asset to the ROTHCO team. ROTHCO also built a gym on premises during its last extension. It is equipped with showers and state of the art equipment and the employees can use it free of charge before and after work, as well as during their lunch breaks. They also have end of the month awards, end of the year awards, to motivate the employees and to continue to show how much the company values its employees. Everyone is encouraged to feel like they are a

part of the ROTHCO team. And they are incentivized; when ROTHCO does well their employees do well. There is profit sharing where ROTHCO pays their employees up to 15% in (the most allowed by law). ROTHCO expects excellence from its employees, but it makes sure they are rewarded as well.

ROTHCO is a family business in more ways than one. The employees see that ROTHCO is a place where hard work is appreciated, and people are treated with respect. Because of this it is not uncommon that other members of employee's families are excited to join the ROTHCO family. ROTHCO promotes it: this is a family business and people take pride that other members of their family work alongside them. Brothers, children, all different members of the families of employees are given an opportunity to join the ROTHCO family. ROTHCO looks out for its employees, and when people have problems or difficulties they know they can go to Gina Favara who will do everything in her power, with ROTHCO behind her, to help anyway they can.

What happens when employees are given an environment like this to work in? Employees become loyal to ROTHCO and they want to see it thrive. They feel that they are a part of the success, and when ROTHCO does well they do well. ROTHCO takes great pride that almost 30 of its employees have worked at ROTHCO for over 20 years.

ROTHCO also prides itself on its landscape. It takes care of the property itself and it is always beautifully manicured with flowers planted by the employees. Everything is done internally; it started out as a small thing just to make the grounds look nice and the employees took right to it. There a great pride in making it a beautiful place to work. They have their own garden growing thousands of vegetables which employees can take home. There is an outdoor pavilion where in a relaxed environment the employees can step outside and enjoy the aesthetic beauty over lunch. They do a company barbeque there every year.

Much has changed over the last eight years. ROTHCO continues to expand its products, its clients, its technology, its operations, its staff, its markets and its way

to reach out and make a meaningful impact on the community and the world around them. But in the end ROTHCO has always been about family, and that is something that will never change.

## Family Photos



ROTHCO in 2018 in Ronkonkoma



Back row: Marilyn Somberg, Milton Somberg, Howard Somberg, Neil Somberg and Marc Somberg

Middle row: Andrea Somberg, Rachel Somberg, Diane Somberg, Jackie Somberg and Mathew Somberg

Front row: Emily Somberg, David Somberg and Jennifer Somberg. Photo taken 1987



Milton and Harold Somberg



From left to right: Morris Rothenberg, Susan Rothenberg, Sara Rothenberg, Marvin Rothenberg, Phyllis Rothenberg  
The young child standing in the front is David Rothenberg

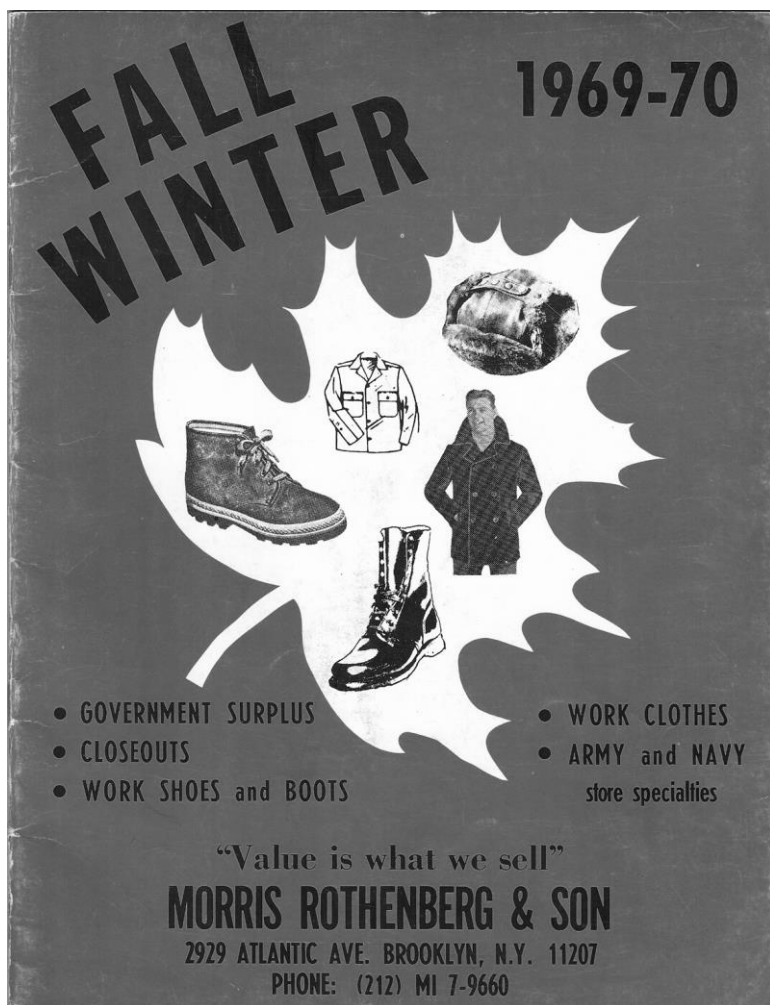


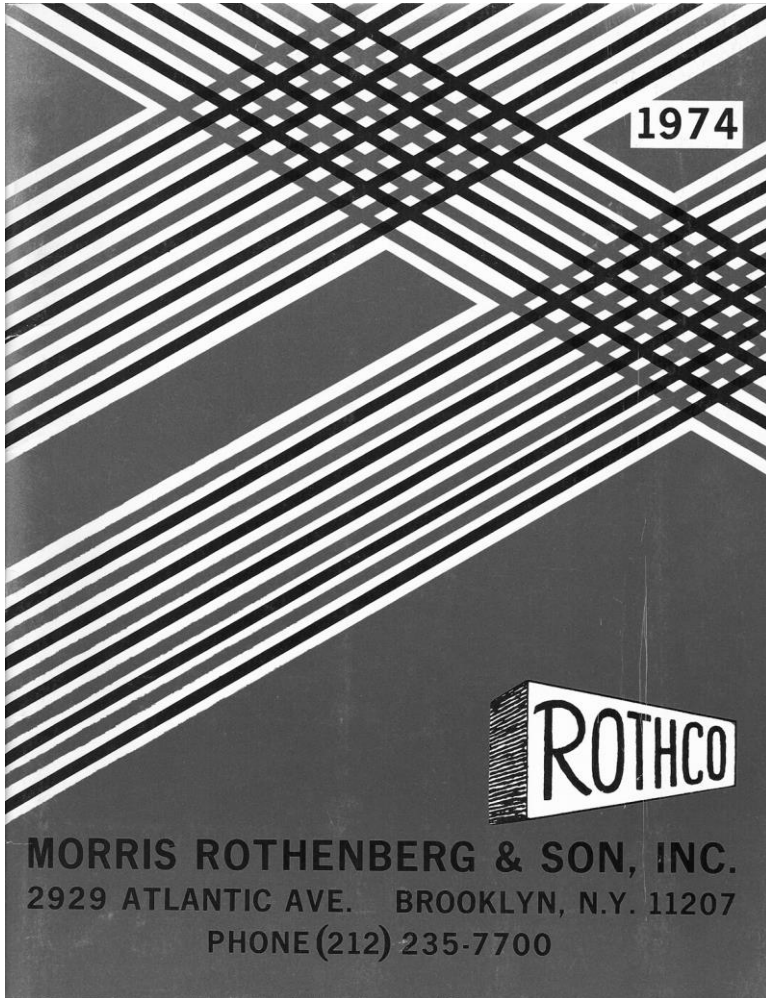




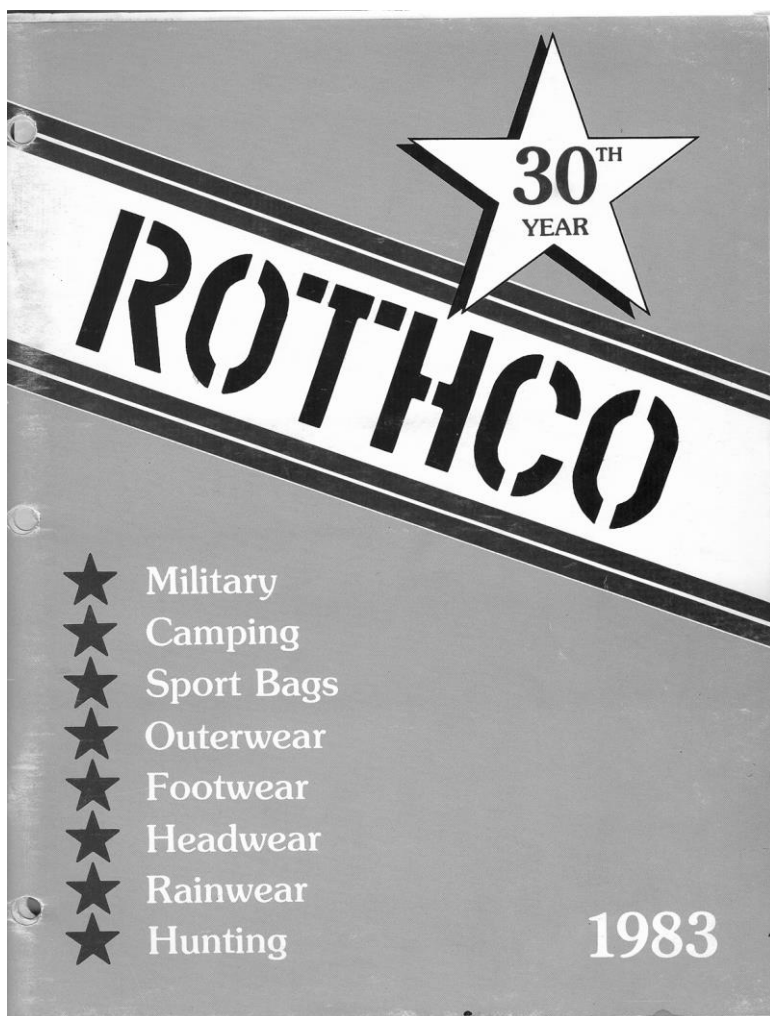
To celebrate the grand opening of the new state of the art Ronkonkoma warehouse ROTHCO had a special day planned for business associates, including a boat ride and tour of the new facility

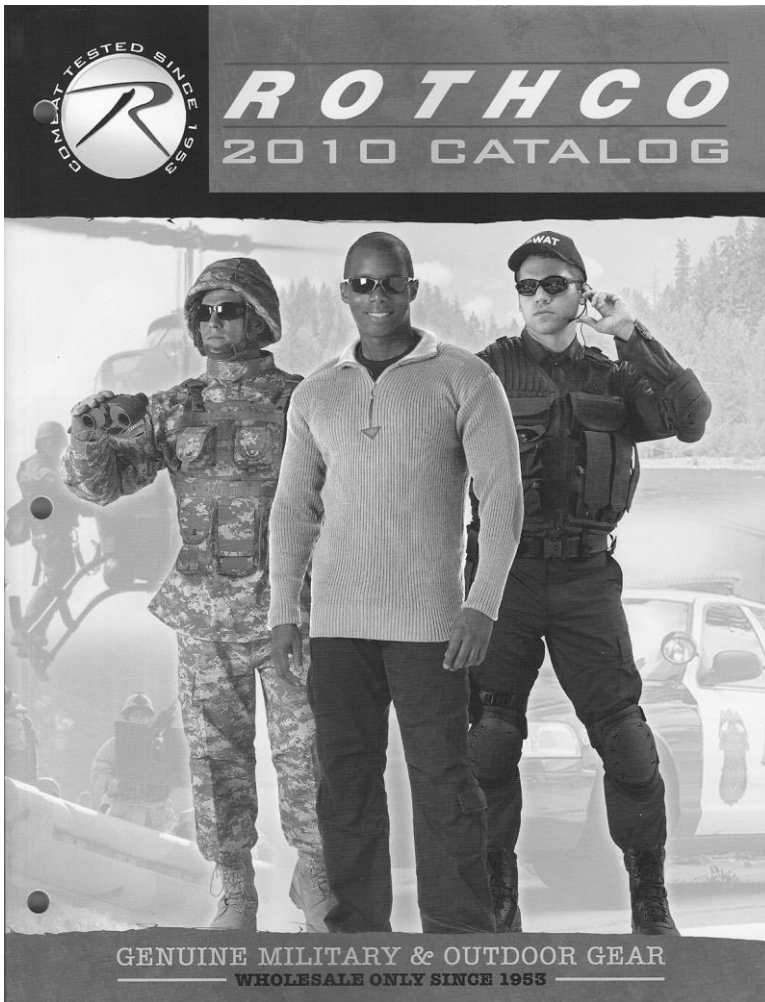
ROTHCO catalogues through the years:





1974 was the first time the name ROTHCO appeared on a catalogue





ROTHCO's 2010 catalogue was over 250 pages.



A beautiful showroom displays much of ROTHCO's merchandise



The huge warehouse in Ronkonkoma





Standing: Marc Somberg, Howard Somberg, Diane Somberg, Jackie Somberg and Neil Somberg  
Babies left to right: Rachel, Andrea, Jennifer Somberg  
Seated: Marilyn Somberg, Anne Rothenberg, Milton Somberg with Mathew Somberg in his lap  
Photo taken in Puerto Rico for the wedding of Phyllis Rothenberg and Douglas Hardy



In Puerto Rico left to right: Michael Lotenero, Andrea Somberg, Diane Somberg, Susan Rothenberg Golub, David Rothenberg, Max Rothenberg, Howard Somberg, Rachel Somberg



In Taiwan: Eleanor Smyth (mother of Diane), Mr. Su, Howard and Diane Somberg. Photo taken approx. 1990



Milton Somberg from Morris Rothenberg and Son was given special recognition by the A.S.D. in 1972



Rachel, Howard, Emily, Andrea and Diane celebrate Andrea and Rachel's Bat Mitzvah in Israel, 1992.



The ROTHCO team in 2018



ROTHCO

Legal note: The book *A Family Business, the Story of ROTHCO* is not an authorized biography but rather an oral history of the extraordinary company. It is based on extensive interviews as well as e mail correspondence with some of the people who made this company what it is. The author is not legally liable for any inaccuracies or legal action.









