

Process Optimization and Leadership Transformation in a Specialty Textile Distributor

Background

A third-generation specialty textile distributor, founded in the mid-20th century and headquartered in New York City, built its reputation supplying both stretch and non-stretch fabrics to the activewear, dance, and costume industries. The company sources primarily from Asia, with select products manufactured domestically.

After decades of consistent success, the organization faced a series of challenges following the COVID-19 pandemic. Revenues and margins declined sharply, and in early 2025, its largest and most profitable customer declared bankruptcy and closed all retail locations. Shifting tariff and duty regulations further complicated pricing, while high cost-to-serve and an unfocused mix of retail and wholesale operations strained profitability.

Objective

Empirical was engaged to develop a strategic plan that would restore profitability, support the new leader's transition through executive coaching, identify and prioritize operational and financial improvement opportunities, and establish data-driven tools and processes to enable sustainable growth.

Methodology

Empirical deployed a comprehensive approach addressing leadership, operations, and financial management simultaneously and took the following steps:

From those initial stakeholder discussions, Empirical developed:

- **Leadership Development** – Provided executive coaching to support the new leader's transition and expand leadership capacity to focus on strategic growth initiatives rather than day-to-day operational challenges.
- **Operational Restructuring** – Transitioned employees to a Professional Employer Organization (PEO) to streamline HR functions and improve efficiency. Outsourced warehouse order fulfillment to a third-party logistics (3PL) provider, creating additional capacity for the sales team to focus on profitable growth and improving scalability.
- **Financial Tools & Analysis** – Designed a dynamic pricing tool to adapt quickly to changes in tariffs and import duties. Conducted monthly customer transaction analyses to identify low-margin accounts and at-risk customers, enabling proactive decision-making.
- **Business Model Refinement** – Refocused the business model on wholesale operations with clear minimum order quantities (MOQs), reducing labor and inventory costs while improving overall profitability.

Results

- **Reversed a six-figure monthly loss** and stabilized operations.
- **Achieved profit margins exceeding industry benchmarks** through operational improvements and strategic pricing.
- **Expanded leadership capacity by removing operational burdens**, enabling focus on growth initiatives and strategic customer relationships.
- **Established a structured debt repayment plan**, strengthening the company's long-term financial health.



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