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# The Very Long Road

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Tom Chappell built Tom's of Maine into a \$100 million business. Now he's trying to create the next great made-in-America fashion company. Which turns out to be a lot harder than selling fennel toothpaste

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**By Andy Isaacson**

Photographs by Ben Hoffmann

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**RAMBLING MAN**

After 35 years of running a personal care business, Tom Chappell—on his Maine farm—has returned to his New England manufacturing roots.

**On an icy day in early January, Tom Chappell peers across the rolling pasture of his 85-acre farm in southwestern Maine. He purchased the land 10 years ago, thinking it could be the very solution he needed for Ramblers Way, the idea he had for a new kind of clothing company that would create a performance wool made in America, starting with shirts. Chappell figured he'd have to piece together remnants of a faded manufacturing industry that had long ago**

relocated to Asia, but he hadn't anticipated there would be virtually no U.S. source for high-quality, soft-fibered wool. So the 74-year-old bought the farm with a perfectly logical plan: He would breed the Rambouillet sheep himself.

It's not an uncommon impulse for Chappell, who had spent the previous 35 years building Tom's of Maine, the natural personal care company that proved products like calendula deodorant and fennel toothpaste could become commercial successes. "Tom is an optimist at heart," says his wife, Kate, co-founder of Tom's of Maine. "An optimist is not necessarily someone who looks on the bright side of things, but someone who understands practical ways things can happen and anticipates that they will be successful. Pessimists say there are so many obstacles it's never going to work out."

But even Chappell, who has the presence and baritone of a New England pastor, admits that in this instance, optimism gave way to romanticism. "It was more fantasy than any well-thought-out business idea," he says of buying the farm. Today, there are no longer sheep roaming the pasture (it's now an energy-neutral organic hay operation), but Chappell has managed to persuade a handful of Rambouillet sheep ranchers out West to select the finest wool from their herds and sell him the fibers at a premium, which he uses as the base fabric for Ramblers Way.

Chappell worked his entire adult life to grow Tom's of Maine from an upstart that made hippie toothpaste into a national drug-store-chain staple. The company joined a generation of like-minded progressive brands, including Patagonia, Seventh Generation, and Ben & Jerry's, that made money by questioning business as usual.

After selling Tom's of Maine to Colgate for \$100 million in 2006, Chappell decided to join the emerging movement of entrepreneurs working to resurrect U.S. manufacturing. The son of a textile mill manager, Chappell wanted to help



#### THE MAINE DESIGNER

Eliza Chappell, who leads the brand's clothing and store design, says of her father, Tom, "Business is his ministry."



show the apparel industry that it was possible to bring pieces of American manufacturing back—and pay a seamstress \$14 an hour with a 401(k). "I was afraid that Tom's would be explained by a nice little moment in history," says Chappell. "I said to myself, 'If what we've done here is truly a living evidence that business can be a force for good, then I'd better do it again.'"

**CHAPPELL HAS TARGETED** an industry ripe for a makeover. In areas like New England, where apparel and textile manufacturing was once the economic backbone of its cities, jobs have been gutted by the shift overseas. Apparel is, like the oil industry, widely cited as one of the world's largest polluters, because of the use of pesticides in farming and toxic dyes in manufacturing. And trendy fast-fashion brands continue to fill landfills and contribute to labor exploitation with cheap, disposable clothing.

But apparel is far more complicated than toothpaste. Chappell has spent the past decade burning through some \$18 million just to bring the Ramblers Way product to market. He's figured out how to source what he says is the finest wool fiber grown in America, and process the yarns, fabrics, dyeing, and sewing according to stringent environmental standards, without harmful chemicals, and much of it within 300 miles of Kennebunk, Maine, where the company is based.

Even so, Chappell is now faced with an even trickier task: designing a clothing brand that will take hold. Rather than recruit the best fashion talent out there, he's deliberately made it a family affair, enlisting his daughter to head the company's design, his son to run e-commerce, and his son-in-law to lead the company's supply chain. He's made an expensive bet on



#### LOCALLY GROWN

Almost all Ramblers Way manufacturing—including sewing—is done within 300 miles of Kennebunk, Maine.

traditional retail, hoping he can persuade the public to pay a premium for American-made, when the average consumer expects low prices.

Chappell might be an expert when it comes to personal care products and American-made supply chains, but in fashion and retail, he's still learning. Recently, while meeting with a prospective Ramblers Way investor, the septuagenarian was reminded that he may be running out of time to get it right. "What I liked about you at Tom's of Maine is you were very deliberate about everything, and you did it all very well," the investor told Chappell. "But right now," he said, "you're a man in a hurry."

**IN 1966, TOM CHAPPELL DISCOVERED** he was a natural at selling life insurance. Fresh out of Trinity College with an English degree, he got a job at Aetna. He quickly outperformed his entire class of nationwide recruits, earning an \$800 raise. Then he found out the worst performer was given \$600. "Not my idea of differentiating top performance," Chappell says. Realizing a talent for persuasion could generate him some wealth, he decided the corporate structure was impossibly constraining. "I wanted to break out, be myself, and do my own thing," he says.

Two years later, Chappell moved from Philadelphia to Kennebunk to help his father start a company. George Chappell had spent his career managing textile mills in New England, many of which were shuttering by the 1960s as the industry migrated to Asia. After a failed attempt at starting a wool-manufacturing business, George decided to create low-impact



#### REROUTE TO RETAIL

After years as a wholesaler, Ramblers Way recently pivoted to retail, with its third new store—this one in Portsmouth, New Hampshire—and 14 more in the pipeline.

cleaning products that would serve the remaining textile and tanning factories, as well as a treatment for industrial wastewater. "Forty-five million gallons of pulp paper waste were going into the Androscoggin River every day. It was a sewer," Chappell says. "The governance of those corporations felt they couldn't compete with something that was made with dirt-cheap prices in manufacturing facilities that paid no heed to environmental controls." All of this began to shape Chappell's view of what kind of entrepreneur he wanted to be. "There was nothing wrong with business itself," he says. "It was just the moral agents who were the problem."

By the late 1960s, Tom and Kate had thrown themselves into organic gardening and started an alternative school. "We weren't hippies or free-love types," says Kate, but the couple shared the era's concern over modern methods of farming, manufacturing, and education. Chappell, using what he'd learned about formulation chemistry in his father's business, got the idea to make natural cleaning products. Their first, Ecolo-Out, was a phosphate-free compound for disinfecting dairy equipment. A consumer version, ClearLake—a biodegradable laundry detergent—came in a plastic container along with a shipping label so that customers could mail it back to Kennebunk for reuse. Tom's of Maine soon branched off into personal care, developing the product that would eventually make the company famous—toothpaste.

Through the Erewhon Trading Company, a natural-foods wholesaler co-founded by environmentalist Paul Hawken, the Chappells' products found their way into specialty health-food stores. Their folksy messaging ("Dear friends, write us back

and tell us what you think”) and insistence on listing ingredients before there were federal labeling requirements resonated with an emergent consumer consciousness and earned them a small but loyal following. But Chappell had bigger ambitions. In 1981, he hired consumer specialists from Gillette and Procter & Gamble and stocked the Tom’s board with veterans from Booz Allen Hamilton and Harvard Business School. Tom’s of Maine was soon doing a few million in sales, and had become one of the first natural products to land in national supermarket and drug-store chains, reaching shoppers who wouldn’t be caught dead in a natural-food store.

The company was growing at an annual rate of 25 percent, yet in Chappell’s view something had been lost. “I wasn’t living on the edge of something creative. I felt dead inside,” he says. In 1986, the practicing Episcopalian enrolled part time in Harvard Divinity School. He continued running Tom’s while pursuing a four-year master’s degree in theology, immersing himself in philosophical teachings during his commute to Boston twice a week. The experience helped revitalize his core values, along with his company’s mission. Chappell began inviting philosophy professors to speak with his board of directors, he committed 10 percent of Tom’s of Maine’s pretax profits to charity, and he encouraged workers to spend 5 percent of their paid work time doing volunteer service. “Buber, Kant—these are my dead mentors,” says Chappell. “Business theory all comes out of philosophy anyway.”

In 2006, having run Tom’s of Maine for 35 years, Chappell felt it was time to sell. He was tired of being a manager, and Kate had returned to her previous work as an artist. He was also concerned that competitors would get bought out by bigger companies, eroding the market share of his \$45 million business, which lacked the distribution and R&D assets necessary to grow. “We had run out of energy,” Chappell says. He sold his life’s work to Colgate for \$100 million.

**THE DAY AFTER SIGNING THE PAPERS**, Chappell and his son Matt flew to Wales for a two-week trek. Hiking eight hours a day through sun and rain, he was irked that the various base layers of clothing he’d packed—cotton, polyester, and wool—did not keep him at once warm, dry, and smelling fresh. From his dad, Chappell knew his way around the wool textile industry. What would it take to start his own company?

When he returned home, Chappell immediately began schooling himself in wool. The natural fiber had a reputation of being warm but itchy, and had fallen out of favor with outdoorsy types, who preferred the synthetic base-layer performance materials that emerged in the 1980s. More recently, however, a number of brands, such as Icebreaker and SmartWool, had revived some excitement around wool by employing a softer merino imported from Australia and New Zealand. Wool has the unique ability to wick away moisture, prevent germ growth that causes body odor, and insulate the body from both heat and cold. It didn’t take long for Chappell’s research to morph into his next big business idea: Make a lightweight, comfortable wool performance shirt, in the U.S., and free of chemical additives.

## FASHIONABLY SLOW

“Slow fashion” is countering the cheap, disposable fast-fashion industry with sustainably minded apparel startups.



**EVERLANE** Former VC Michael Preysman recruited talent from J.Crew, Gap, and Marc Jacobs to design a men’s and women’s apparel e-commerce company that turns “radical transparency” into a brand experience. That \$88 silk tank dress? You can learn about the Hangzhou, China, factory that created it—or any of the other 17 manufacturers where the San Francisco-based company’s clothing and accessories are made.



**NAADAM** To make its plush cashmere hoodies and sweaters, the e-commerce company founded by Matt Scanlan, Diederik Rijsemus, and Hadas Saar cuts out the middleman, directly paying Mongolian desert herders 50 percent higher prices than wool traders for the luxury fiber—a model the NYC-based company plans to replicate in Peru, New Zealand, and Egypt.



**AMERICAN GIANT** Bayard Winthrop made a splash in 2012 with his 100 percent domestically made \$89 cotton sweatshirt, created by a former Apple designer and hailed “the best hoodie ever.” The e-commerce company pays premium wages at factories in North Carolina and California, which it owns or has exclusive contractor relationships with, and will be branching into new categories, including knit dresses, chinos, and denim.



**AMOUR VERT** This San Francisco-based fashion retailer founded in 2010 by husband-wife team Linda Balti and Christoph Frehsee designs zero-waste women’s clothing and accessories. Its proprietary fabrics, made from recycled polyester, wood fibers, and organic cotton, use nontoxic dyes; they are milled in L.A. and manufactured in San Francisco and Oakland.

“My goodness, all over again?” Kate recalls thinking when her husband told her his plan. “This was even harder than making toothpaste.” This time around, Chappell wanted to build a company that had his ethos woven through every detail. The wool-manufacturing process—from raising the sheep to creating the fabric to sewing the apparel—would take place in the U.S. and adhere to the highest environmental and labor practices. In building this company, he’d also create a business for his children to carry on. “It had the emotional dividend of honoring my father,” says Chappell. Within weeks, he had committed nearly \$5 million of his own capital to hatch Ramblers Way.

Chappell anticipated a challenge, but not that it would take him seven years to build a supply chain. At Tom’s of Maine, he never had to look far to find a source of peppermint oil for flavoring toothpaste, or a humectant, an ingredient to keep it moist. But after making calls to the American Rambouillet Sheep Breeders Association (like merino, Rambouillet is a high-quality, soft-fiber wool), as well as textile mills and knitters from South Carolina to Maine, Chappell discovered that a domestic supply for what he wanted to make was practically nonexistent.

Most American sheep ranchers don’t focus on raising sheep for wool, which generates less revenue than their primary business, meat production. An average flock of Rambouillet yields wool with micron counts (a measure of how fine and well-combed the wool is) between 23, which is still course, and 17, the finest. To make a wool shirt soft enough to wear against the skin without being scratchy, Chappell needed to find wool under 19 microns. “No one could tell us how much of it there was,” recalls Chappell’s son-in-law Nick Armentrout, who had a farm outside Kennebunk and knew a thing or two more than Chappell did about ranching, which was nothing. That’s when Chappell decided to buy that 85-acre farm and hatched the ambitious plan to breed 1,000 Rambouillet sheep. He ended up purchasing 125 of them, but soon pulled the plug—ultimately convincing ranchers in Montana, Nevada, and Texas to sell him Rambouillet wool fibers at a premium.

Next, Chappell needed to figure out who could process the wool. He began searching for manufacturers, most of which had moved overseas decades ago. Thanks to a World War II-era rule stipulating that the Defense Department give preference to American-made or -sourced clothing, he found a few that produced blended wool items for the U.S. government. But when Chappell reached out to them—including a large textile maker in North Carolina—he hardly found willing collaborators. “I said, ‘We need it to be knitted into extremely lightweight fabric,’ and they said, ‘That can’t be done.’ I said, ‘Why?’ They said, ‘Let us tell you how it’s done,’” he recalls. Chappell, who had recently started taking hand-spinning lessons, was learning to speak to the intricacies of wool textile production. He also had more than three decades’ worth of experience persuading people to do things that were unconventional at the time. “I had to be a bit of a hard ass so they knew I wasn’t another crafts guy,

but that I had business in mind,” he says. Within three months, the North Carolina manufacturer did Ramblers Way’s first fabric run and Chappell finally got to hold the wool he had been imagining all this time—so light, it was almost like a second skin. “There was no going back,” he says.

Ramblers Way’s first product, launched in 2009, was a lightweight wool jersey. The early shirts were neither fashion-forward nor even that commercial—because the dyeing process in apparel manufacturing is so toxic, Chappell insisted they come only in “blond,” the natural off-white color of sheep’s

wool. Soon customers were asking for more colors and styles—pants, button-down shirts, sweaters—which got him thinking that Ramblers Way could become more than just a performance wear business; it could become a full-fledged apparel brand.

To do this, Chappell spent the next several years cobbling together more pieces of a supply chain. He enrolled in a program at North Carolina State University to learn an environmentally friendly commercial dye process. Unable to find a domestic sustainable dyeing facility, he built his own in Kennebunk. Since there was no organic certification for treating American wool to be machine washable, Chappell came up with a system of shipping raw U.S. wool to a certified-organic fiber-cleaning facility

in Germany, and then re-importing it to a certified-organic yarn spinner in Maine. He located a weaver in Worcester, Massachusetts, who could produce herringbone wool fabric, and a couple in New York City’s borough of Brooklyn who possessed a machine commonly found in Italy that can knit fine-wool sweaters. Chappell even doubled as Ramblers Way’s own environmental-impact assessor, drawing from the knowledge he’d gained working in his father’s wastewater-treatment business. “We had to keep putting pieces together just to get an American-made solution,” Chappell says.

With all the technical hurdles behind him, 2015 should have been the year Chappell could finally take a deep breath. He had put so much energy into assembling the supply chain; he now had to actually get people to buy the garments. His strategy had been to sell Ramblers Way clothing through independent stores. To reduce risk, he’d given retailers his product to sell on consignment. But many of them were getting hit by the shift to e-commerce and weren’t particularly motivated to educate consumers about an expensive, no-name organic-wool brand. “I knew that with Tom’s of Maine we could make little mistakes

“The percentage of consumers willing to pay more for made-in-America apparel is small, yet the majority think it’s a good idea. What’s the problem? Price.”

but were saved by a health-food industry that was growing rapidly,” says Chappell. “But good retailers around for generations were going out of business.” Those shuttering weren’t paying Ramblers Way or sending back product. Sales were lackluster. By the end of that year, the company was on the verge of going out of business. “We didn’t have a winning proposition,” concedes Chappell, who at that point had personally invested \$14.5 million in the company. “I knew I was about to lose all we had built and gained. I asked myself, ‘Do you pack it in, or is there another way?’”

**THE RAMBLERS WAY** store in Hanover, New Hampshire, half a block from Dartmouth College, has all the upscale artisan signifiers in place—exposed brick, checkered terrazzo floor, and metal wire baskets. When Chappell opened it in December, it was after a painful year and a half reimagining his company’s business model. His wife and daughter had urged him to expand Ramblers Way into retail. Controlling the entire shopping experience, they argued, meant the brand could become its own pitchman. So Chappell had scrapped it all—dissolving his sales force, pulling out of 150 retail accounts, and ditching trade shows and advertising. “We just abandoned it,” he says.

Over the next five years, Chappell plans to go full throttle into retail, rolling out 14 more stores across the country. He’s recently raised another \$2 million for the blowout, spending top dollar for leases—1,500- to 2,000-square-foot showrooms—in prime markets, and recently relaunched the company’s e-commerce site, all to court a consumer the company describes internally as the younger urbanite who travels “from Boston to Bolinas.” Being a vertically integrated American-made retailer, Chappell argues, also gives Ramblers Way—which now sells everything from a \$250 asymmetrical wool wrap dress to a \$460 men’s worsted wool jacket—a unique advantage, since it controls the inventory down to the wool.

But Chappell’s approach of learning on the fly has left him susceptible to mistakes that might be obvious to veterans of fashion. “We didn’t understand as a company that fit was important. Not just fit, but quality of design,” concedes Chappell of the brand’s clothing, which until this year, he says, fit inconsistently from one season to the next. Instead of trying to recruit the most coveted merchandisers and designers across fashion and retail—arguably the most efficient and effective way to give the nascent brand a boost—Chappell has relied mostly on

his daughter Eliza to lead the company’s design. Only recently, 10 years into the business, has he hired a women’s wear designer to work alongside her, as well as two seasoned designers from Timberland and Columbia Sportswear to run menswear.

Chappell’s bet on traditional retail is risky, and at times he sounds overly confident. “You put a store in Hanover, and all of a sudden it’s a million dollars [in sales],” says Chappell, who’s currently trying to raise another \$5 million. “And if I put a store in Portsmouth, it’s \$1.2 million.” But that calculation is wildly optimistic. “The failure rate of specialties [retailers] runs about 43 percent within the first three years,” says NPD apparel analyst Marshal Cohen. “With the onslaught of internet commerce, that rate is accelerating.”

Chappell also has to convince consumers they should fork over more for local, sustainably sourced clothing that is more expensive to produce—something that many brands have tried and failed to do. “The percentage of consumers willing to pay more for made-in-America apparel is small, yet the majority of them think it’s a good idea,” he says. “What’s the problem? Price. And a lack of knowledge of the cost to the world and other people globally.” He’s hoping to ride the burgeoning movement in “slow fashion” (see “Fashionably Slow,” page 94)—people caring about ethical and sustainable production of their clothes—to help win Ramblers Way the loyal customer base that Chappell once enjoyed with Tom’s of Maine. “You just need to start with a target audience to finance your venture by their willingness to pay 50 percent more,” insists Chappell, noting that in its early days his toothpaste cost twice as much as Crest before he was able to reduce the price.

Chappell has discovered that building an American-made supply chain is never a finished job. The entire endeavor is at once exhaustingly practical and relentlessly quixotic. As his volume of orders grows and new wool upstarts like Duckworth and Voormi emerge, he’s hoping the demand will persuade more American textile suppliers to get organic certification. But these new competitors are also fighting over the same limited domestic supply of low-micron wool, which means Chappell might eventually have to source his from a processor in Germany. If that happens, the cost of Ramblers Way clothing could come down, but it would partially be at the expense of the company’s mission. Meanwhile, a few years ago, the country’s first organic-certified yarn dyer surfaced in Saco, Maine—only 15 minutes from Ramblers Way headquarters—so Chappell has since been able to relocate some of his dyeing process there. “Perhaps it was a naive idea wanting to do textiles in America again,” says Chappell, sipping tea in his farmhouse. “But all the forces are going in our favor now.”

— ANDY ISAACSON is a Brooklyn-based freelance writer.



#### YEARS IN THE MAKING

Top: Before co-founding Tom’s of Maine in the late 1960s, Chappell and his wife, Kate, created ClearLake, a biodegradable laundry detergent. Bottom: Tom’s of Maine toothpaste was one of the first natural products to land in national drug store chains.



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