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*Hosiery and Textile Report:*

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# TRENDS

Legwear

Fashions

Textiles

*The only monthly publication that offers  
News About The Industry, From The Industry, For The Industry.*

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*The ONLY monthly magazine  
dedicated to the hosiery industry*

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# legislative column

by PAUL FOGLEMAN, Director, Hosiery Governmental Affairs Council

With Republicans in control of the General Assembly for the first time in over a century, the question now is: How will they govern? How partisan will the agenda be?

What sort of give-and-take will occur when it comes to balancing a budget that is \$3.5 billion out of whack?

Republican leaders insist they will be firm in making government smaller and that cuts in appropriations will be deep. If the leadership insists that no new revenue will be added by adding taxes, across the board cuts would come to 15 percent. Extension of a half-cent sales tax that expires in the current fiscal year would cut the deficit almost in half. But insiders say that will not happen.

Education budgets represent more than 60 per cent of the state's \$17 billion revenue. UNC outgoing President Erskine Bowles already has warned that one campus might be eliminated entirely to maintain the integrity of best-performing campuses.

Proportionate cuts to public schools would reduce \$7.1 billion to just over \$6 billion resulting in loss of teachers and teacher aides, larger classrooms, and a reduction in pre-school programs.

The Health and Human Services budget which includes Medicaid will experience cuts that can be expected to provoke outcries for advocates of mental health, home healthcare services, services for children in poverty-level families. This could be the most contentious of all budget deliberations.

If cuts to community colleges are in the 10 to 15 percent range, this means that up to \$150 million will be lost. Some new leaders have suggested eliminating satellite campuses will be on the table

The Manufacturing Solutions Center (hosiery center) and the Textile Technology Center are included in the community colleges budget. Both have strong advocates from the business community and can show how they are preserving and creating jobs.

Making the case for continued state support will require a forceful educational effort to reach new leaders and new members who must balance new jobs against fewer dollars in the state coffers.

♦♦♦♦

The Democratic education chairs in the House were re-elected. They included appropriations for the MSC and Textile Center in the 2010 budget. Rep. Marian McLawhorn of Pitt County and Rep. Ray Rapp of Madison County won by comfortable margins, but Rep. Rick Glazier of Cumberland was leading by only 48 votes. Rep. Doug Yongue of Scotland County, a senior appropriations chair, was defeated after nine terms.

The new education chairs will come from the Republican ranks. The longtime Democrats will be sitting on the back row and out of sight when it is time for the leadership to make recommendations.

A.B. Swindell of Rocky Mount who led the Senate Education Appropriations Committee went down for the county in November. His co-chair, GOP Senator Richard Stevens is likely to guide the education budget in the Senate. Stevens is former Wake County manager and was one of three Republicans who chaired committees under Democrat Marc Basnight.

♦♦♦♦

New leaders in the Senate: Phil Berger, minority leader moves up to President Pro-Tem and appoints committees; Stan Bingham of Denton, businessman and chair in previous session; Harry Brown, Jacksonville businessman; and majority leader Fletcher Hartsell of Cabarrus, former Judiciary Committee Chair; Debbie Clary, longtime member of the House where she served as co-chair of Appropriations; Tom Apadoca of Henderson, new Rules Chairman past deputy minority leader; Jerry Tillman of Randolph, veteran Appropriations member, a new majority whip.

House leaders: Thom Tillis of Mecklenburg, credited with engineering the GOP sweep and new Speaker; Paul Stam, new majority leader; Rep. Marilyn Avila of Wake, new chair of the House-Senate GOP caucus; Mitch Gillespie of McDowell, former House Transportation Chair; Julia Howard of Davie, former Finance chair; Danny McComas of New Hanover, former Finance Chair; Mitchell Setzer, Catawba, former Insurance chair.

♦♦♦♦

And the winner is ... Raleigh businessman, former legislator, and GOP strategist Art Pope. Founder and financial backer of the John Locke Foundation and the Civitas Institute for conservative causes, Pope's company and family spent \$2.23 million to unseat 23 Democratic Senators and House members. ■



# TRENDS

## How to get more impact with your sales activity.

Textiles and hosiery industry vendors have used **TRENDS** magazine to open doors. Multi-national, veteran established manufacturers, and smaller niche players all look at market innovations in **TRENDS**. National and state legislation affecting the industries – manufacturing and distribution – are covered in easy-to-read articles. Happenings within the industries and retailers are included to help marketers and purchasing executives.



\* **Paul Fogleman**, a veteran experienced in hosiery and textiles operations, can help you with your advertising and public relations opportunities with **TRENDS**. Contact him at [pfogleman@informinc.net](mailto:pfogleman@informinc.net)

# Milestones

## Two Companies Are Models For 21st Century Manufacturing



*John Ramsey of Smart Wool underscores value of partnership with Harriss & Covington Hosiery.*



*Retired President and CEO Bill Redding Jr. recounts history of Acme-McCrary Hosiery at vendors conference.*

North Carolina manufacturing companies this year have celebrated milestones with events that underscore their confidence in the future.

For Harriss and Covington Hosiery Mill Inc. in High Point, there was a gathering of employees, vendors, customers and government officials to observe the 90th anniversary of the founding.

Later, in Asheboro, Acme-McCrary Hosiery Mill, whose roots go back 101 years and four generations, sponsored a special day of presentations for vendors to map strategies for growth and services.

Having met the challenges of the global era in manufacturing and marketing, the companies are making a statement: we are prepared to adjust, innovate, and expand our vision.

Harriss and Covington Hosiery, which turned 90 in April, held a down-to-earth in-plant celebration which was a complete surprise to CEO and President Ned Covington. The occasion was organized by Vice President and Chief Finance Officer Darrell Frye and Mrs. Covington. Sharing the stage with Covington were Kenneth Litke of the Foot Joy organization and John Ramsey of Smart

Sox. Both stressed the reputation the hosiery company has for quality, service and fairness – essential in the 21st century marketplace.

With 240 associates, Harriss and Covington has an annual payroll of \$6 million. It pays over \$90,000 annually in property taxes to High Point and Guilford County, a fact pointed out by High Point Mayor Becky Smothers.

After the shock of the surprise, Covington looked out over the gathering and concluded: “With a team like this how can you not succeed.” That team includes two sons, Braden and Tyler, who are fifth generation family members to work in the company.

The team concept also was stressed by Larry Small, president of Acme-McCrary at a late summer conference in Asheboro which filled a renovated downtown movie theater.

The history of the socks and activewear company goes back to 1909 when D.B. McCrary and T.H. Redding opened a modest hosiery plant which has grown to an organization with more than 2,000 employees. As former president Bill Redding recalled, from 1960 until 1990, the manufacture of pantyhose dominated the business.

The 1990s ushered in a lifestyle change and the acquisition of Brown-Wooten Hosiery in Burlington brought socks to the core. The decade also saw the acquisition of Phantom, Hampshire, Vision, Glendale, and Shogren companies and new talent. Since the turn of the century, Acme-McCrary has implemented major sourcing initiatives and moved aggressively into seamless business.

Today Acme-McCrary is adapting to the sustainability movement and its emphasis on energy conservation and environmentally-friendly manufacturing. Donnie White, vice president, reminded vendors that priorities for Acme-McCrary extend to those in the supply chain: sustainability, speed-to-market delivery, creativity to improve efficiencies and profit. ■



*All in the family: President Ned Covington, right, with sons, Tyler and Braden, at the 90<sup>th</sup> anniversary event.*



*Right: Acme-McCrary President Larry Small discusses priorities for the future supply chain.*



*Vice President and CFO Darrell Frye introduces U.S. Congressman Howard Coble at the Harriss & Covington celebration.*



*Executives of Acme-McCrary participate in the conference for suppliers.*

# Textile Center Board Receives Report Of Significant Growth



Increased demand for U.S. textiles products is reflected in the sharp increase of research and development and testing services at the Textile Technology Center at Gaston College.

During the mid-November meeting of the center's advisory board, Executive Director John Anderson said that earned income is reaching \$85,000 a month and is on track to approach \$1 million for the current fiscal year. This has almost quadrupled the revenue picture four years ago.

The largest sources of revenue for the center involve services for yarn and fabrics: development of new products, producing samples, and market rollout. Important income also comes from analytical testing and identification of defects. Fees for microscopy, polymer and training programs round out the earned income part of the center's budget.

Located on the Duke Kimbrell campus, named for the Chairman of Parkdale Mills, the Textile Technology Center is reaching out to all facets of textile manufacturing, from alpaca community mill to knitting, weaving and non-woven fabrics. Customers are operating in all areas of North Carolina.

In 2011, the center will pursue capabilities to support dyeing operations which entails acquiring additional equipment. The Flammability Testing Advisory Committee has recommended the acquisition of equipment to expand services in this area, member Ed Wilburn advised the board.

Among the initiatives for the next several years are leadership for military projects, more research with soy and bamboo, and more involvement with the alpaca community mill in the Asheville area.

Anderson said the center has added Textiles 101 courses to introduce new personnel in textiles, apparel and retailing and these will be expanded he emphasized.

The advisory board heard a report from lobbyist Paul Fogleman of Inform Inc. Fogleman said the new Republican majority in the General Assembly will emphasize jobs and party leaders recognize the importance of community colleges in putting people back to work. The board agreed that an effort will be made in the upcoming session to reach out to the new leadership. ■

# Announcing The New **TRENDS** Publication For



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# When You Only Need A Little Material To Work With...

By *John Anderson,*  
*Director, Textile Technology Center*

One of the greatest challenges that textile innovators face is to obtain working samples and prototypes to prove their concepts work. As the industry has responded to global competition and trimmed its cost structure, many research and development departments have been downsized or eliminated entirely. Major fiber and yarn producers have responded in a similar fashion.

The Textile Technology Center at Gaston College has worked continually to help innovators address that problem, and today the Center is in an optimum position to assist when just a little polymer, fiber, yarn or fabric is standing between an innovator and success.

## IF you just need a little polymer...

The Center has a 2 liter batch autoclave (shown at right) which can polymerize raw materials in 1-2 pound batches. The autoclave is equipped with a chip cutter and water quench system. Charles Reid, the Center's Polymer technician, has a "can-do" attitude.



2 liter batch autoclave



The MDTA 3 and some slivers awaiting drawing

He has assisted several innovators in creating new raw materials at the polymer level. Charles also has a vacuum oven, lab scale solid stating system, a sample film line and a monofilament spinner at his disposal to quickly turn polymer concepts into useable materials for further evaluation.

## IF you just need a little filament yarn...

The Center has the ability to extrude thermoplastic polymers on a melt spinner. With as little as 30 lbs of polymer in chip form, the Center can produce partially oriented filament yarns.

Those yarns can then be drawn on the spot, or taken to a staple draw line and turned into cut fiber for spun yarns. The Center has recently developed a process for taking textured yarn and cutting small quantities into spinnable staple as well.

**IF you only have a few ounces of staple fiber...**

Textile Center staff members Dan Rhodes and Emily Berrier have become very proficient at taking just a handful of fiber and using the Uster MDTA 3 rotor ring to produce sliver which can be drawn and spun into yarn on ring, open end, air jet or vortex equipment at the center. :

**IF you only need a few pounds of yarn....**

The Textile Technology Center recently purchased a very flexible roller top card from Carolina Specialty of



*John Fowler*



*Linda Beck*

Goldston, NC. The system can process both short and long staple fiber and neatly fills the gap between the few ounces required for the rotor ring and the 30 or so pounds that are traditionally required as a minimum for the conventional cards that the Center uses to produce sample yarns on the cotton spinning system.

In addition to the new card, the Center has added the capability to spin natural and synthetic fiber on the modified worsted system. The new card, pin drafter and modified worsted system sample frame have been consolidated into a new area

*(continued on page 13)*



*The Air laid simulator and the resultant discs*

# *Post Recession Advice:* **Be A Game-Changer**

The supply chain for hosiery and activewear were advised recently that its most important link – retail – is broken.

Marshall Cohen, a principal in the NPD Group which specializes in retail trends, insists that except for online shopping, retail has changed in hundreds of years. His remarks were part of the presentations at a conference for the vendors of Acme-McCrary Hosiery Co. in “Asheboro, NC.

“It’s back to the future ... we are now in normal times,” Cohen observed. The 2001-2007 era was not normal, he added.

Still Cohen said the recession is over and there are “post recession opportunities galore.” Example: online shopping is up 144 percent from pre-recession days.

According to Cohen, this is an era of “calculated consumption.” Wealthy and middle class consumers are thinking about what they are buying. Gone are the days of impulse buying.

The post-recession era will be marked by continued 9-10 percent unemployment, he allows. Trends that support this: self-checkouts will eliminate 20 percent of the 3.5 million cashiers in retail; ATM machines will reduce the need for bank tellers.

Among the new rules in retail cited by Cohen:

Less is more. Retailers and shoppers will be doing more with less.



Core products will drive growth.

Multi-tiering in the market ... growing business by having multi-levels for different segments of consumers.

Service means a lot more work, changing the dynamics in meeting the expectations of customers.

Women are back in retail shopping ... as go women, so goes the market. Retailers will go through women to grow their business.

Cohen said 2011 will see a “brand renaissance.” Major brands will hype

marketing as frugal fatigue is replaced with frugal pride. Other trends cited are growth of health and wellness products and the continued support for the “green movement” and sustainable products.

Supply chain companies were urged to be game-changers. “Basics maintain a product, but innovation spurs growth,” he asserted.

It was a message Acme-McCrary wanted the suppliers to absorb. ■

# New ILG Management Team Includes Williams, Sheely

A new management team of hosiery industry veterans is in place at the International Legwear Group (ILG) in the Hickory area.

Jim Williams, former CEO of Gold Toe Inc. and later with Gold Toe/Moretz, is the new CEO at ILG with William Sheely, former vice president of Gold Toe and now owner of Four Star Hosiery in High Point, as chief operating officer.

Other members of the management team include Dianne Warren, formerly with Kayser-Roth Hosiery as marketing director, and Denise Yow, widely respected in the area of product development and design and merchandising. Ms. Yow's career has

included tenure at Kayser-Roth, Ellis Hosiery Mills, and Gold Toe/Moretz.

ILG was formed 10 years ago when a management group acquired Ellis Hosiery Mills Inc. and Neuville Industries Inc.

Ms. Warren said the new team will be focusing on growth in all classes of trade: mass merchants, department stores, and specialty stores. Williams is directing the sales program for the new ILG.

When asked if ILG might expand its domestic manufacturing capabilities, Ms. Warren said "We are open to every avenue in the supply chain that makes sense for us."



Sheely said ILG is in negotiations to acquire Four-Star Hosiery which has a successful niche in university and college campus stores. ■

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## When You Only Need A Little Material To Work With ....from page 11

dedicated to the modified worsted system as shown at top right.

### **IF you only need a little fabric...**

The Center has the capability to knit sample hose legs, 22cut jersey fabrics or flat bed knits. One of its key capabilities is the sample weaving system which can produce a woven fabric 20 inches wide and 72 inches long from as little as a single package of yarn.

The computer driven warper, shown below can precisely construct a warp from up to six different components. Fabric forming process Specialist John Fowler is about to take a lease on an experimental warp and wind it onto a beam

Once the yarn is beamed, Linda Beck draws the warp into the harnesses and prepares it for weaving.

The computerized sample weaving system has 20 harnesses and with planning, several different fabrics or variations can be produced from a single warp.

The Center has recently increased its ability to take samples and dye them using an Ahiba Nuance, a Laundrometer or a pad dye system.

### **IF you want a fast look at fiber in a nonwoven structure...**

The Center has an air laid non woven simulator which forms discs of fiber on a screen. The discs can be treated with heat on the machine to fuse the fibers together, or they can be flattened using vacuum pressure and then needled or otherwise treated with nonwoven technologies to develop fabric integrity.

Working in partnership with the Center for Manufacturing Solutions in Hickory, the Center can create fibers, form yarns and provide an innovator with sample socks for wear trials in a matter of days.

The Center has physical testing labs for fiber, yarn and fabric on site, as well as analytical chemistry and advanced microscopy and imaging to develop data to back up the prototype materials.

When the North Carolina Legislature chartered the Textile Technology Center at Gaston College in 2005, the Advisory Board from industry directed the Center to develop the capability to do small innovation , and we are proud to say that we have achieved that vision and will continue to add to our growing list of services and capabilities to assist the industry with innovation and growth. ■

# At Retail

New York designer and retailer Meg Kinney has concluded that outsourcing dresses in India doesn't work. So she has returned to North American manufacturers to reduce quality problems and enjoy prompt deliveries.

The irony is that the owner of Megshops in Manhattan is finding a dearth of shops in the New York garment district. They have almost disappeared due to outsourcing.

"The people here know my patterns. They are very conscientious about what they do," Kinney says. She is big enough to be worthwhile for the few New York manufacturers left. She also works with a producer in Canada.

Kinney said that when you do the math, using Indian sources was not cost effective. "You pay for interim services and the shipping. And the quality was disappointing," she concluded.



## Kohl's New Merchandising Chief

Don Brennan has been appointed chief merchandising officer for Kohl's Corp.

Brennan, 50, joined the department store chain in 2001 as executive vice president of merchandise planning and allocation. He previously held management positions with Burdine's which was acquired by Macy's Inc.

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Kohl's announced Brennan will oversee all merchandising divisions and will assume responsibility for product development.

## Happy (Retail) Holidays

U.S. shoppers loosened the purses this year during the first few days of shopping season, the National Retail Federation reports. During Black Friday, the day after Thanksgiving, the average shopper spent about \$365, up 6 percent from a year ago. Traffic reported was up 2 percent.

But the big winners were retailers who captured online traffic on Cyber Monday. Internet sales were up 20 percent over 2009, the NSF said.

Spending over the Thanksgiving weekend and Monday usually accounts for 8 to 9 percent of season sales. Retailers faced fierce competition as a growing number of shoppers checked merchandise sales with their mobile devices.

Mass merchandisers, including Target and Walmart, aggressively promoted discounts to online shoppers and regular customers.



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# ***BREAKING THE SOUND BARRIER***

The Hosiery and Textiles Governmental Affairs Council looks forward to working with legislators in Raleigh in 2011. Republicans with a pro-business agenda will set priorities for state government, including how state finances are invested. Emphasis will be on smaller government and the best return on dollars invested by the state.

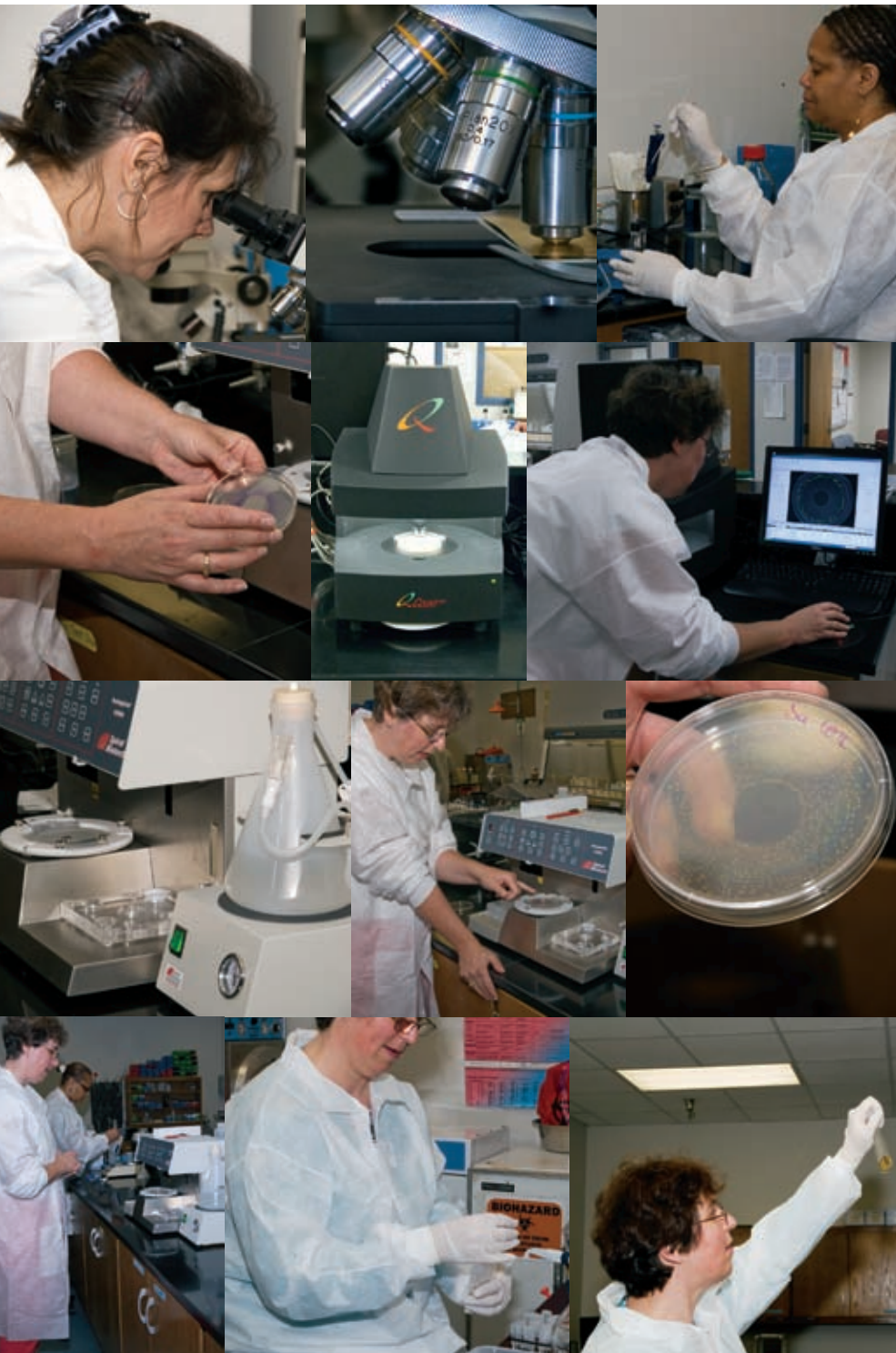
We congratulate the new leaders in the House and the Senate. Also we look forward to working with new members of the General Assembly as we present our case for the continued support of the Textile Technology Center and the Manufacturing Solutions Center with its successful hosiery industry testing and research programs.

There will be a lot of noise with competition for state money. We invite textiles and hosiery companies that continue to employ over 100,000 North Carolinians to join us in support of the value-added services of our centers.

**Hosiery and Textiles Governmental Affairs Council**  
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# *People now call us the 'Manufacturing Solutions Center'*

# **and that's OK.**



Officially we have been the Center for Emerging Manufacturing Solutions. (CEMS). Our mission is to help traditional manufacturing in North Carolina succeed in a changing environment. The Hosiery Technology Center remains a core service. But furniture, packaging, plastics, and other industries that helped build North Carolina's economy are now priorities.

If our official name is too much to remember, just call us the Manufacturing Solutions Center. We are ready to assist you with new products, new manufacturing strategies, new markets.

Traditional manufacturers have an old history with our state. But they are an important force in the new economy.

Dan St. Louis, Director • Catawba Valley Community College

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