# prewett joins large mills

## *in outsourcing production; industry dynamics change*

NEVER SAY NEVER.

Ben Johnson, CEO of Prewett Mills in Fort Payne, AL, publicly apologized for telling employees the company would continue to make all products in Fort Payne. V.I. Prewett and Son is one of the last major sock companies to move to offshore production.

The announcement and Johnson's apology came on Feb. 12 . Bobby Cole, president of Prewett Mills said "Due to pricing pressures from our customers and competition, we have been forced to begin sourcing product offshore." He also disclosed that Wee Socks, a division of Prewett, will close its doors on April 29, putting 82 people out of work.

Cole went on to say "the amount of production needed here is declining, which leaves us no choice but to decrease our domestic production."

In Fort Payne where the hosiery industry is the mainstay of the economy, the news was something like an economic tsunami.

But some industry observers see the news as evidence the hosiery industry may once again come together. Outsourcing has been a divisive issue for The Hosiery Association members . With Prewett joining other large companies, the industry leadership is moderating the "line in the sand" mentality.

Hosiery Technology Center Director Dan St. Louis recently presented an "Outsourcing 101" program at the January and February supplier luncheons in North Carolina. With observations and data gleamed at a recent MAGIC gathering in Las Vegas, St. Louis and Tony Whitener, the center's outreach director, noted the vast growth of foreign companies promoting apparel – and socks – to U.S. retailers.

While it is inevitable that imports from Asia, Africa and the Middle East will continue, this does not spell the end of the domestic hosiery industry, St. Louis emphasized. What will fuel the U.S. hosiery industry in the future are a good supply chain, fast turnaround, innovative products, and reliable delivery, he said.

Bringing in products from offshore has its risks for retailers and manufacturers. Too often products delivered are not the products ordered. Shipments by sea can result in long delivery cycles. St. Louis tells of an offshore shipment that was pulled from a retailer's shelves, resulting in a $1.08 million chargeback to the importer.

The offshore opportunities for cheaper goods will continue to be embraced by mainline retailers, observers acknowledge. As a result, some hosiery companies will close their doors rather than endure the pain. In Fort Payne, Ala., 135 employees lost their jobs when Valley Knit Hosiery closed, citing loss of business to offshore competition.

The final picture is yet to be painted. But the initial sketches suggests: (1) a domestic industry stepping forward to fulfill shipments to retailers when offshore shipments don't make the grade;(2) a domestic industry partnering with retailers looking for value-added socks and sheers; (3) suppliers to discounters and mass merchants with offshore products to meet the low-price demands.

The global marketplace will continue to put pressure on domestic manufacturers in more developed countries. Strategies for their survival are still evolving, and the success eventually could be in the hands of consumers.

In the process, U.S. manufacturers will race to new frontiers in the marketplace, pioneering new relationships and innovation.

— PAUL FOGLEMAN