

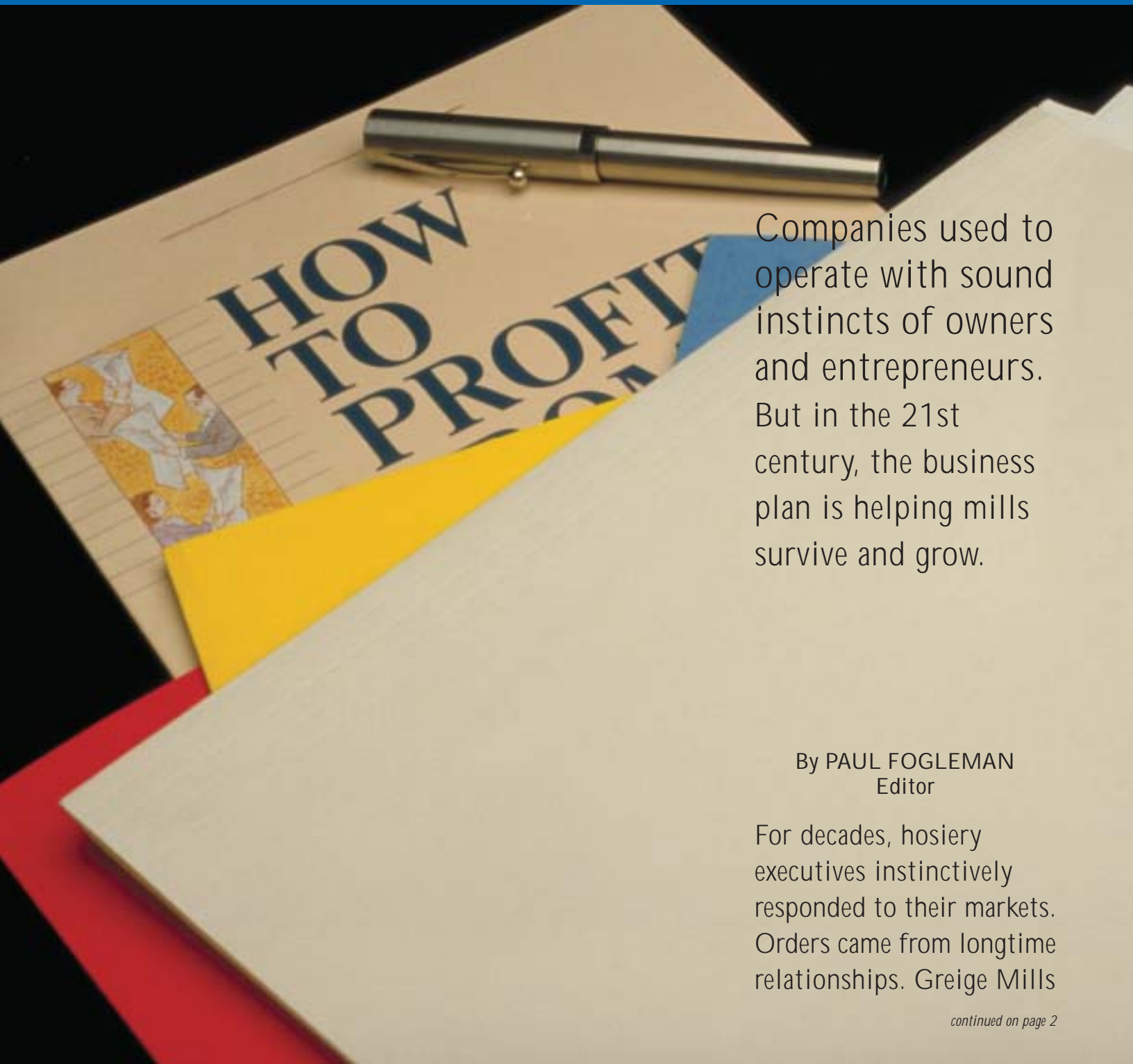
LEGGWEAR

TRENDS & FASHIONS

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A Publication for the Hosiery Industry

Creating Hosiery Awareness



Companies used to operate with sound instincts of owners and entrepreneurs. But in the 21st century, the business plan is helping mills survive and grow.

By PAUL FOGLEMAN
Editor

For decades, hosiery executives instinctively responded to their markets. Orders came from longtime relationships. Greige Mills

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COVER STORY

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Companies used to operate with sound instincts of owners and entrepreneurs. But in the 21st century, the business plan is helping mills survive and grow.

had customers they could count on. Retailers bought months ahead of the seasons. The routine was predictable.

But that was before mass merchants took control of hosiery production and distribution. In-house marketing and sales operations were still in the future. Now that has all changed.

The era of the business plan is here.

Carolina hosiery personnel participating in the annual CHA strategy sessions were introduced to the process in the 1980s (see *Roots* story). And some learned that the process works for individual companies. Building the plan puts the marketing and sales people in the loop with top management. The roadmap for the future of the company is in front of the team.

"Without a business plan, you're dead," commented Hosiery Technology Center Director Dan St. Louis recently. He was referring to the shifting sands in the marketplace, including competition from China and other Asian resources. St. Louis is pursuing his own business plan that includes helping manufacturers develop new products for new markets.

Participating in the new global market--buying goods from low-wage non regulated offshore companies--is included in the business plans for some larger mills.

The "strength" is to be able to save relationships with large U.S. retailers. The "weakness" is the threat down the road--retailers bypassing U.S. mills and going directly to foreign sources. This is happening in the furniture business.

The business plan includes long-range planning for production: investment in new technologies, more efficient use of personnel, opportunities to cut costs and grow the business. Goals are adopted for one or two years duration. Specific steps to be taken and the anticipated results are matched to each goal.

And while the plan is the roadmap for the company, management is advised to be flexible. Be prepared to take detours. Market issues can change overnight and they can bring problems and opportunities that were not envisioned when the plan was created.

The companion to the business plan is the marketing plan. Trends that are affecting the relationships with retailers and their customers, opportunities to "partner" with retailers, and sales goals are in the marketing plan. So are the strategies--the promotions, the advertising, the public relations and media relations. Development of new products and the niches they will fill are included in the plan.

And then there's the budget. Here the test to commitment is confronted.

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Companies used to operate with sound instincts of owners and entrepreneurs. But in the 21st century, the business plan is helping mills survive and grow.

Return on investment may not be immediate and this is worrisome in an industry with shrinking margins. Marketing costs can be significant, especially when brand integrity is involved. Point of sale expenses, including packaging, hooks, and premiums, can be expensive for initial presentations.

"It takes money to make money," sighed a Catawba Sox Inc. executive as preparations were made for a promotion to support the Field & Stream brand. But technologies and a competitive printing market have lower costs in some areas.

Some hosiery executives will say their business plans are in their heads. Owners of small companies still rely on instincts that

deep down have acknowledged trends and new issues. But more and more, companies of all sizes are developing business plans that can be shared with associates and financial institutions.

The master plan for the hosiery industry in North Carolina was developed in 1995 with the title "Preserving Hosiery Manufacturing in North Carolina." It was the first strategic plan for an industry produced in the state with funding from the N.C. Alliance for Competitive Technologies.

"We still use that plan," say St. Louis.
