

# logistics

Close to 75 hosiery industry executives toured the Merchants Distributors Inc. (MDI) facilities in Hickory, N.C., on June 21 to learn how one of the country's leading merchandise distributors may be able to make their manufacturing operations more efficient and profitable.



MDI employees pick 2.5 million pieces of merchandise each week.

Their plan in two words? Efficient logistics.

As executives from North Carolina, South Carolina and Alabama observed during the tour, efficiency and logistics are synonymous at MDI.

Hosiery manufacturers and suppliers got a firsthand look inside the nearly 1 million square-foot warehouse facility located in southern Caldwell County where 2.5 million pieces of merchandise are picked each week. The merchandise is shipped on MDI trucks that run 1,000 loads each week.

If those numbers are not enough to demonstrate the depth of MDI's logistic capabilities, consider the company has close to 50,000 sku's.

Hosiery industry representatives stated they were impressed with the operations they observed and several noted that they could see a range of possibilities for applying MDI's logistical expertise to their own operations.

After the tour, participants were treated to lunch at the Rock Barn Country Club in Claremont and an afternoon of golf.

MDI is owned by Alex Lee Inc., a uniquely diversified food company with headquarters in Hickory, and comprised of Institution Foodhouse (IFH - a food service distributor), Merchants Distributors Inc. (wholesale grocery distributor), and Lowes Foods (grocery retailer with over 100 stores).

MDI began operations 70 years and today has annual sales in excess of \$1.5 billion. Alex Lee Inc. employs some 6,800 people, with 1,400 of those employed at MDI.

Mark Anderson, general manager of MDI's Consolidation Services - told the audience during the lunch presentation that the point of the tour and presentation was quite simple: MDI wants to be hosiery industry's logistics company.

Consolidation Services, a division of MDI, is a logistics services provider: Anderson said MDI has the know-how, the advanced technology and the experience to slingshot the hosiery industry's logistical capabilities to a point from which the manufacturer can become cost effective and stronger competitively.

"Our strength is shipping large quantities quickly, accurately and efficiently so you can focus on what you do best, which is manufacturing," Anderson said. "Let us take care of your logistics."

MDI President Steve Hall gave an example of how his company has made logistics somewhat of a science.

Referencing a time when there was a 16-day turnaround time



Steve Hall, left, MDI president, and Mark Anderson, general manager of MDI's Consolidation Services, speak at the Rock Barn luncheon.



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from the time the order was placed to the time it was shipped, Hall said MDI now operates on a 12- to 24-hour clock. "We may get the order early in the morning and by 3 or 4 in the afternoon it will be delivered."

Hall said that aspect of MDI's logistics capabilities speaks directly to an issue that hosiery manufacturers have identified as a key ally in their efforts to remain competitive in today's global marketplace.

That ally is speed to market.

Hall and Anderson presented an illustration that visualized MDI's plans for hosiery manufacturers who may choose to partner up with the distribution company.



*Hosiery executives view technology used by the fleet of forklifts utilized at the MDI facility.*

The illustration showed the suppliers' materials going to MDI – which gets it to the manufacturer – who sends the finished product back to MDI – which puts it on the retailers' shelves.

And the entire process – with MDI's logistical expertise – will flow as efficiently as hosiery executives observed MDI employees moving the thousands of pieces of merchandise during the tour.

MDI for several years has served as a distributor for several hosiery companies and those relationships have proved that MDI can provide cost-effective logistics for that manufacturing group. With their experience with hosiery manufacturing already established, MDI officials decided it was time to approach the industry as a whole with the concept of MDI becoming a key player in the industry's logistical structure.

The N.C. Hosiery Technology Center (HTC) has been working with MDI during the past couple of months as MDI planned to unveil its plans.

Dan St. Louis, HTC director, told Hilda Simmons, president of Socks and Things, after the luncheon that he is excited about the potential savings that hosiery manufacturers could realize by partnering up with the distribution giant.

"The savings could be huge," he said. "Think about running a program that has several different types of material. What if you could get it all from one place and within 24 hours."

Jim Halverson, with Clayson Knitting Company Inc. in Star, N.C., said after the tour that Clayson officials had met with MDI representatives prior to the June 21 event and that his company are looking at the possibilities afforded its logistics.

"I thoroughly enjoyed the tour of the MDI facilities, and was very impressed with the speed and accuracy with which they do business," Halvorsen said. "We had the privilege of having Mark, Steve and Don (Garvey) visit our mill two weeks ago to make a presentation to our management regarding their capabilities. We envision great possibilities with MDI in pre-packing our special promotions with our customers in multi-sku display units. Depending upon the cost of their doing this, it could relieve our mill of a very tedious process."

For industry executives who could not attend the June 21 presentation, they can contact Consolidation Services at 828-725-6500 for additional information.



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