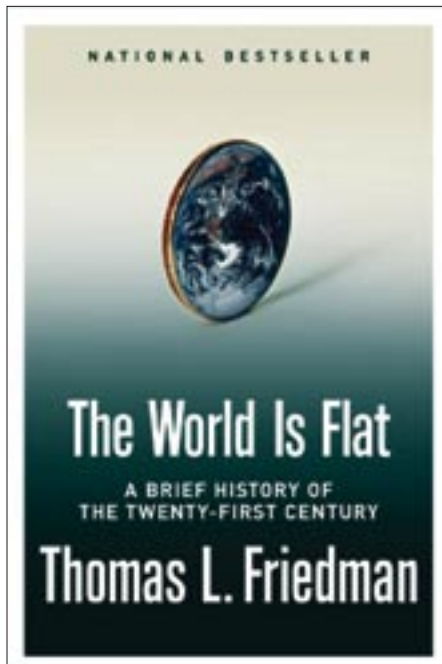


Surviving In Flat World: Run Fast, Think Change



*Every morning in Africa
a gazelle wakes up.*

*It knows it must run faster than the
fastest lion or it will be killed.*

Every morning a lion wakes up.

*It knows it must run faster than the
slowest gazelle or it will starve to death.*

*It doesn't matter whether you are
a lion or a gazelle.*

*When the sun comes up,
you better start running.*

—African proverb.

Tom Friedman, acclaimed author and New York Times columnist has written a new best-seller "The World is Flat." It should be required reading for every business executive who wonders what the future of his company will be.

Friedman visited manufacturing operations in China, call centers in India, and major business complexes in America. His conclusion: people in emerging countries around the world are hungry and willing to run fast. People in America—in the executive offices and in the production departments—have major competition.

That competition is willing to work for wages that are a fraction of that paid to American employees. That competition is willing to work long hours and take chances.

They are innovative and well-educated.

We had better learn to run.

Friedman asserts there is no turning back the clock. Free open trade is here to stay. Traditional manufacturing as it now exists will go to China, India, Pakistan or even eastern Europe. But with a tradition of innovation and creative development, America can maintain a viable economy. But the model for that economy is a work in progress.

The world flattened when the Berlin wall came down on 11-9-89. Friedman argues

the fall of the wall heralded the fall of Communism and opened the door for the spread of capitalism. Along comes Netscape and the internet which enabled visionaries to collaborate. This resulted in computer software that could handle logistics beyond the wildest dreams. That collaboration still is in place and developing free software such as Foxfire.

But visionaries are not confined to computer geeks. Think about the undertakings of the Hosiery Technology Center, especially

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Surviving In Flat World: *Run Fast, Think Change*

from page 5

its new "insourcing" program with MDI's Consolidated Services. Hosiery companies can use the extensive resources of a traditional food distributor to package and ship socks. And enjoy big savings.

The model for this collaboration started with UPS and FedEx. UPS is now re-inventing itself as a supply chain manager. Toshiba computers is a major customer. If you own a Toshiba computer than needs repair, call the company and you will be instructed to ship it out by UPS. But what you are not told is that UPS actually repairs the computer. All the administrative work is done at Toshiba while UPS handles the customer service.

UPS also acts as a fulfillment house for Nike. Order underwear from Jockey and it comes from a UPS warehouse.

Bottom line: companies are "insourcing" services to companies like UPS and upgrading their supply chain capabilities. Think Consolidated Services if you are a hosiery company.

Finally, Friedman looks at the "Steroids" in a flat world –palm-top computers, cell phones, and digital work flow programs. All the known information in the world just minutes, sometimes seconds, away.

Friedman says that being an American, he wants this country to maximize all the opportunities and benefits of a flat world, providing protection for those who have difficulty with the transition. So he offers "compassionate flatism" which entails leadership, muscle building, cushioning, social activism and parenting.

Smart Textiles from page 8

with our North Carolina textile manufacturers to assist them in any way we can," Keith said.

Keith said a lot of textile manufacturers have lost some of the research and development capabilities and their center is ready to step in and help fill the gap with its state-of-the-art testing facilities.

Keith said another primary area in which the center can assist textile manufacturers is with their sampling programs. He said the center's equipment can run samples for companies that would find running those small quantities themselves much less time efficient.

Industry observers, including those that spoke at the forum, all agree that the ability to get sample yarn and fiber products out to manufacturers in the minimal amount of time is going play a key role as more and more manufacturers are trying to secure specialty markets.

"I think that (niche business) is going to be the future in U.S. manufacturing," Keith said.

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Leadership, Friedman insists, must come from executives who are willing to push companies into changing. Change market focus, change product development to add value, change decision-making from vertical to horizontal.

Some negotiated trade relief would be considered a cushion for industries such as sock manufacturers. But an interesting idea is "wage insurance" that would help people when they lose a job and have to take less money in new employment. The insurance would have a \$10,000 cap and would not be paid until the person took another job. But it would help cushion the blow of taking a pay cut.

The transition is going to be a stress to many people. If societies are unable to manage the strain, there will be a backlash that will result in irrational action and bring down everyone's standard of living.

Parents will bear responsibility for how well their children adapt to the flat world.

American parents need to encourage children with a bent toward science and math. In a competitive world, America is falling behind in education and the output of scientists, he concludes.

"The World is Flat" is not for people who believe the good old days will return. But it is a textbook for executives and people who believe anything is possible with the right work ethic and an open mind.

—Paul Fogleman



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