



A Chat With The Chairman

We often hear it said.

"I am one. I am only one. What can I do?" That's not an unusual lament. We have big business, big government, big institutions and big organizations. What can one solitary person do? Does one human being really count? We say with certainty. "Yes, one person does count." One human being counts more than all the bigness in the world.

America's system of government was founded on fundamental human dignity, assuring the right of the individual to precious freedoms and God-given liberties. As Alexis De Tocqueville put it, "America is great because America is good." And America is good because her people are good.

Our system is called "free enterprise" because it is a method of conducting business through private ownership which, coupled with our democratic form of government, allows the individual to benefit from his own efforts, his own ingenuity and his own desire for risk taking, and to achieve those goals in life which he alone has set for himself.

People, as individuals, have rights to individual freedoms; personal, social, political, economic, religious. But freedoms are not free. Every freedom has a responsibility - the greater the freedom, the greater the responsibility. That responsibility - and those freedoms - don't reside mainly with groups or institutions, but with individuals.

We believe in the power of one, "I am one. I am only one. But I will do what I can do." The power of one is awesome. And the more people know it, the stronger America will become.

In order to work, our economic system must be freed of all but the minimum of government control. It must allow men and women to work as they see fit and to do those things they want to do and do best. Only with these basic freedoms has the free enterprise system been able to develop over the years, beyond any doubt, into the greatest economic system on the face of the earth. Are we taking it for granted? Are we about to lose it? If it is to be preserved, whose responsibility is it to fight for its preservation?

It all begins with the power of one ... You. "Why me?" you say. Why not? You're the best there is, aren't you?

J. H. Millis



The President's Corner

As we start the second quarter of our fiscal year, I would like to share with you our picture of the economy at this time. It is no secret to many of you that business conditions have been slow for the past several months. To understand the current conditions, it is perhaps beneficial to review the last two years.

Coming out of the recession of 1982 retailers found their inventories depleted and had a very difficult time having the proper stock to satisfy consumer demand. Business was very strong for them and for us throughout the entire year 1983. Because of the success of 1983 most of our customers planned for sales increases in 1984 in excess of 10 percent over 1983. Some of them even planned for increases in the range of 15 percent and made purchases during 1984 to support these sales plans.

In the Fall of 1984 it became evident to most of them that the sales increases would range only in the area of 6 to 8 percent, and they would be overstocked. At that time they slowed their buying, and many of you will remember that they dramatically cut their prices to move this inventory out of their stores. This was the cause of many of our customers having disappointing earnings for 1984.

Unfortunately this price cutting done by them for Christmas of '84 did not completely reduce the inventory bulge that had been created at the retail counters. Throughout the first quarter of 1985 they have continued to cut inventories. Although some of our customers have done better than others, in general their sales have shown a modest increase during this period of time. To reduce their inventory, they have had to curtail their buying a great deal more so that intake could remain less than their sales.

It is our belief that the end of this inventory reduction is near. Although it is never possible to pick an exact time that conditions will improve, it is our belief that there will be some noticeable improvement around May or June of this year. Even with this improvement expected, it is my belief that the turnaround will not be sudden or dramatic, but will be a gradual, moderate pickup through the summer months.

Many economists are predicting an overall growth rate for the U.S. economy of 3 to 4 percent for 1985. Although this is growth, it is slower than 1983 or 1984. If the economists are correct, what we may have in the long run is a rather steady business without the violent ups and downs of the past, with very little inflation.

In the meantime, it is our job as suppliers to these customers to be more aware than ever of our service, our quality, and our productivity. In these extremely competitive conditions, there will still be successful companies and they will be the ones who perform those three things the best.

Elsewhere in this paper is an announcement of our 1984 earnings, with which combined with Silver Knit's earnings, give our Corporation all-time record profits for last year. It is important that we understand that these profits will be part of the funds we utilize to do some heavy investing in new equipment in the next few years to make us even more productive and competitive.

An entire new generation of hosiery equipment is being made available to our industry. It is very expensive, but those companies who wish to remain in our business will have no choice but to invest in this new technology. As we go forward with our plans for the new equipment, I will share with you more information about it in future columns.

Robert M. Bundy

\$ What Profits Do \$

*Amco News
Introduces*

The "bottom line" or the profit picture is something which all businesses must watch closely. But who profits from profits?

People do!

Let's look at the record:



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Jackie Barnard, Editor

1. EMPLOYEES PROFIT. If employees make a good product that people want to buy, and it is sold at a price they are willing to pay, sales go up and good jobs are assured for those who want to work.

2. OWNERS PROFIT. American businesses are mostly owned by individuals who buy shares of stock and expect to get a return on their investment. With their money, the "company" is able to expand its facilities, increase its sales activities, conduct research and more. When companies make profits, more investors will want to buy their stock. There'll be more money to expand and more jobs created.

3. SUPPLIERS PROFIT. When suppliers sell more of their products or services to companies, they create more jobs for their employees and the process benefits everyone.

4. NEIGHBORS PROFIT. Profitable companies pay taxes to support local, state and federal governments. Profits are distributed through taxes to schools, highways, recreation, the needy, etc.

5. CONSUMERS PROFIT. A healthy company, making a reasonable profit, is able to improve products and offer better products for less money. So the consumer benefits. Then, who profits?

Five sets of people: employees, owners, suppliers, neighbors and consumers.

A profitable company creates jobs, which create more sales for suppliers, which mean more tax money for the community, which means more people invest in business, which results in a better product...and so the wonderful circle continues.

The system works! Profits benefit everyone.

Without profits, businesses shrivel and die. So do companies. And so do communities.

People and profits...Together they make business possible.

Reprinted from CAI Management News letter



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