

Building Customer Profits Builds SLSC Profitability

If Sara Lee Sock Company can increase the profitability of its customers, the company will receive a payback in terms of profitable sales growth.

That's the premise of SLAMDUNK, a customer relations program being implemented by SLSC. SLAMDUNK, an acronym for Service, Logistics and Administrative Management, was organized in response to a challenge from SLSC Chief Executive Rich Noll to accelerate the growth of sales.

A cross functional team including Sales, Marketing, Finance, Information Services, En-

SLAMDUNK

gineering and Customer Service/Distribution began working on the program in March. The team will continue to function until its recommendations become part of SLSC's regular operating practices and procedures.

"Our goal is to align SLSC practices and procedures with the practices and procedures of our customers so that we become a preferred supplier to those retailers," says Chuck Allen, director of Distribution and Customer Service, one of the project leaders. "We also want to slash time

from the replenishment cycle and eliminate waste in logistics and administration."

Telephonic surveys are being conducted with a wide range of customers — the larger customers like Kmart, Wal-Mart and Target and the smaller national and regional chains — for each of our product lines. Team members say the reaction from customers has been very positive, that they're very pleased that SLSC is taking this initiative and they're eager to share their input.

Customers like Kmart have scorecards that they use to rate the quality and efficiency of their sup-

pliers. "We like to think that we do a good job in customer service, but when we look at the way our customers rank us against their other suppliers it's obvious that we have a long way to go before we become a preferred supplier."

Kmart's ranking of SLSC includes factors such as error-free cases, on-time deliveries and fulfillment performance. The scorecard makes it easy for SLSC to know the areas in which work is needed, team members say, and those areas are receiving attention. To improve the accuracy of shipments to Kmart, SLSC has in
(Continued on Page 11)

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Noll Looks Into the Future

A Challenge to Make History Repeat

Twenty-five years from now when historians look back on Sara Lee Sock Company (SLSC) they will see that actions taken in the 1990s shaped the future of the company.

"We are working from a rich heritage, and we have a clear vision for the future," says Rich Noll, chief executive officer. "Building brands is our future. We will be doing that for the next 25 years."

Noll sees a distinct parallel between the future of SLSC and the history over the last 11 years of the Hanes underwear brand. SLSC's goal is to repeat that history.

"Today, Sara Lee Sock Company stands on the same threshold of growth where Hanes stood with its underwear brand 11 years ago. Our market share, size and competitive environment are almost identical to where Hanes underwear was in 1985.

"Hanes emerged from a pack of competitors in which no one had more than 10 percent of the underwear market. It was one of the leaders at 8 to 9 percent market share, just as we are today in the sock market," Noll says.



NOLL

"Between 1985 and 1990 Hanes doubled the

sales of its underwear brand, and from 1990 to 1995 Hanes doubled sales again. The focus was on growing the brand, and most of the growth occurred internally rather than through buying other companies. Hanes now has the largest share of the market with around 35 percent, and Fruit of the Loom is its only real competition in the mass market.

"At SLSC we have doubled our sales of

branded socks over the last five years. We can double them again in the next five years and again in the five years that follow. That would put us in a similar market position in 10 years to where Hanes' underwear brand is today."

Noll says that Hanes positioned itself for the growth by focusing first on becoming the most efficient and therefore the lowest cost producer of underwear. "That allowed them to in-

vest in building the brand," he says. "When you have lower costs you have more funds available for investment, and when you invest wisely you can keep bringing your costs down. The two go hand in hand."

The long-term strategy for SLSC will remain the same for the near future: pursue lower costs and build brands, Noll notes. He points to the installation of new finishing equipment in Barnwell which will reduce costs by 15 cents per dozen and to the testing of the company's first television advertising campaign (see separate story, page seven)."

Noll expects the competitive arena in the sock market to change much as it did in the underwear market. As Hanes strengthened its position as the low cost producer the composition of the competitive market changed dramatically. Instead of a large number of smaller competitors, two or three companies emerged as leaders in the mass markets with a small number of manufacturers surviving in specialty or niche markets.

(Continued on Page 8)



Torch Bearers

Three Sara Lee Sock Company employees had the honor of participating in the Torch Relay for the 1996 Olympic Summer Games. The runners (from left), Rich Noll,

Cindy Wells and Bob Hoots, share a moment after the run at SLSC's headquarters in High Point. See page six for their comments.