

Business Report

TO ALL EMPLOYEES

For Fiscal Year Ending

SEPTEMBER 30, 1953

CAROLINA MILLS

INCORPORATED

Distribution of Each Dollar of Income

Total Income	\$ 9,205,771	100.00
Cost of Raw Materials, Services and Supplies	\$ 6,410,512	69.64
Paid in Taxes and Donations.....	\$ 97,535	1.06
Wear and Tear on Buildings and Equipment, and Kept for Future Growth	\$ 113,215	1.23
Cost of Wages and Salaries.....	\$ 2,411,435	26.19
Additional for Benefit of Employees.... (Pension Trust, Hospital Insurance, Employee Welfare, Vacation Pay, and Bonuses)	\$ 173,074	1.88
Total	\$ 9,205,771	100.00

<i>Additional Cents per hour benefits for each employee, not including pension trust benefits</i>	<i>7¢</i>
<i>Additional Cents per hour benefits for those covered under Pension Trust plan</i>	<i>10¢</i>
<i>Average cost to mill in cents per hour for extra benefits</i>	<i>9¢</i>

TO OUR EMPLOYEES:

During the past year, there was a decided sell off in the textile markets. In order to keep our plants running more fully, we did a great deal of experimenting in making various new products. We also had our production torn up by installing new machinery and moving old machinery. This resulted in more aggravating work for you and also increased our manufacturing costs materially. Through no fault of yours, our overall operations for the past year have been disappointing. All of the money received from sales was used up in meeting operating expenses. No earnings were realized to help pay for the new machinery which was bought. We also found it necessary to curtail some of our operations.

Our markets have not improved. In fact, they are now at the lowest point they have reached since 1949. This means we will have to tighten our belts, cut out all unnecessary expenses and improve our operations to keep from losing money in the future.

In order to obtain the quickest results in analyzing and improving our operations, we have employed the services of specialists in this field. One or more engineers have been with us constantly since the first of June. A thorough study of our operations has been completed, and a definite work program has been adopted.

First, we must get all of our productive machinery in good operating condition. A great deal of overhauling has already been done in our opening, picking, and card rooms. Additional work has been scheduled for our slubbers, spinning, twisting, and weaving. After this work is done, our standards department, in co-operation with the various plant superintendents, will re-study our speeds, draft and twist constants to determine the procedures that will give best results, and new standards will be established accordingly. Once these standards are established, we will have to follow them closely.

We recognize the fact that no machinery will run good indefinitely just because it was once overhauled. Our program provides for proper maintenance so each machine will stay in good to excellent condition. At frequent intervals, each machine must be cleaned and inspected. Any worn parts will be replaced promptly. This work will be done by the fixers, mechanics, and operators in the various plants. In addition to this, our regular

overhaulers will go over each machine throughly once or twice a year.

By keeping our machinery in top operating condition, we can maintain a high standard of quality on all shipments going to our customers. This will result in being able to sell more pounds at a better price.

By keeping our jobs running efficiently at all times, each operator will be able to handle more pounds per frame per hour. This will result in a lower overall manufacturing cost.

Second, our studies show that there is room for improvement in our waste controls. Each time any of our lap, sliver, or roving waste is sent back to the opening room to be re-run, we lose all of the cost required to process the fibers the first time. In addition, we all know that reworked waste does not run as well as new fibers. We are making our jobs run worse as well as doubling up on manufacturing costs each time we reprocess fibers unnecessarily. In spite of this, the waste that is reprocessed is the least expensive part of our waste production. A substantial loss is suffered when too many good fibers wind up in baled waste.

A program is being worked out to check the quantity of waste produced at each stage of our operations. Good running machinery and good running stock will enable us to substantially reduce the waste made. Careful handling of produced waste by each of you will enable us to reprocess a larger portion and greatly reduce the baled waste that has to be sold at a tremendous loss.

We wish to thank you for the good work that you have been doing and to ask your continued co-operation in carrying out the programs outlined above. These are some of the plans that have been made to give you better working conditions in the plants. They will also result in more consistent operations and higher annual income for you. Please bear in mind that the best of plans are no good until they are put to work. Only through your full co-operation can the benefits of this program be realized.

Wishing you a very Merry Christmas and a Happy, Prosperous New Year.

CAROLINA MILLS, Inc.