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## **The Right Fit: Sock-maker in Mount Airy is flourishing in industry and area where most have fled**

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MOUNT AIRY - The knitting machines at Nester Hosiery run three shifts a day, turning out thousands of high-end socks that sell in outdoor-gear stores for as much as \$17 a pair.

In a town filled with idle sock factories, Nester is bucking a national trend. Where other sock companies have moved out of Mount Airy, lured by cheap labor off-shore, Nester is expanding.

This year alone, the company hired 30 workers - many of them laid off by other sock plants that shut down this year.

"It's such an anomaly that there is a little company that is growing," said Jim Schollaert, a consultant and lobbyist for the domestic sock industry. "In general, this is a very challenging time for the domestic sock industry, but that's not to say that there aren't some exceptions.... Here's one smaller company that is picking up some of the slack."

The company now operates out of the old Brown Wooten Mills, which dates back to Mount Airy's heyday as a textile powerhouse.

The plant is a complex system of automated knitting machines that spin polyester and wool into performance socks. Workers monitor the moving parts and watch for inconsistencies. Very few of the socks are finished by hand.

Nester Hosiery makes socks for about 35 outdoor-gear and clothing companies throughout the country, including such brands as Woolrich and such retailers as REI and the Mast General Store. Over the last eight years, Nester has grown 25 percent each year, company officials said.

As a result, Nester has more than doubled its manufacturing and storage space. Last year, it moved into a 135,000-square-foot building left vacant when Brown Wooten Mills closed in 2002 after 40 years in Mount Airy.

What's more, in a year when more than 1,000 workers lost jobs as five plants closed here, Nester created 30 jobs to bring the number of full-time employees to 175. They operate three shifts, seven days a week.

Industry analysts say that Nester's success could be attributed to being agile in a niche. Available work force

One reason for Nester's success is that they have been able to hire workers left behind when other plants closed, Schollaert said. There was a skilled work force left when Gildan, one of the largest U.S. sock-makers, shut its doors in Mount Airy this summer, leaving more than 500 people without work.

Gildan and others who left Mount Airy now have sock plants in Honduras. Federal officials are due to decide next month on the tariff on sock imports from Honduras, in an effort to help U.S. sock-makers. Gildan and other companies that once had U.S. plants oppose the proposed tariff.

But it's doubtful that the effects of the tariff would be felt in Nester's market, said Hank Spires, a former textile executive with 31 years in the business. He retired in 2000 as president of Cross Creek Apparel in Mount Airy.

Most of the socks made in Honduras are basic ring-spun cotton athletic socks, Spires said, sold in packs of six in discount stores. It's a commodity business. And it's a volume business where the unit cost is very critical.

Not so with the outdoor socks, which are made from performance yarns, said Kelly Nester, the company's president. His company takes great care with quality.

That's why he believes that whatever happens in Honduras likely won't affect Nester Hosiery.

"We don't compete with them," Nester said. "They are not making high-end specialty socks, and they are not selling them to the same market."

Success story

Nester Hosiery began with 25 employees in Dobson 14 years ago.

It is locally owned, and many of Kelly Nester's relatives work there. His father, Dallas Nester, uses his 35 years of experience as a former Brown Wooten executive to manage some key relationships for the company. An uncle, Marty Nester, is CEO.

Initially, Nester Hosiery was like other small sock-makers in North Carolina, manufacturing unfinished textiles or socks for other hosiery mills for finishing. Then, about 1995, the market shifted. And Marty Nester had the foresight to look at specialty outdoor socks.

"We didn't have a lot of success at first," Kelly Nester said. "There was a learning curve."

By 2002, the company began to take off. Nester moved from its 33,000-square-foot building in Dobson to a 50,000-square-foot plant on Curtis Road in Mount Airy.

The Nester family moved its business further down the road to a 135,000-square-foot building about a year and a half ago.

They attribute a large part of their success to the automation at their factory.

"We invest a lot of money into software development that helps us manage our manufacturing most efficiently," Kelly Nester said.

Company executives are still moving into a newly remodeled suite of offices inside the building. Knowing the market

It's a company that strives to stay in touch with its market. And inside the offices, most workers dress casually, some wearing outdoor clothing. Kelly Nester prefers outdoor button-down shirts and sandals to a suit and tie. His beagle, Lilly, sits quietly in a crate near his desk.

"I like to live a life where I spend a lot of time outdoors. We know the product, and we shop at the stores the product is going in to," said Nester.

The building also has a newly created design center, which has the look and feel of an outdoor-clothing store. Company executives can see the socks hanging from a rack the way that customers would see them in a store.

Nester watches closely what other companies are making. They compete against Fox River Mills in Iowa and Wigwam of Wisconsin.

Nester Hosiery is what Surry County and other counties in North Carolina should be looking for, said Spires, who is also the chairman of the Surry County Economic Development Partnership.

The Nesters are entrepreneurs, he said. They are people who are born and raised here who want to stay here and build up their business here.

“You continue to look for ways to support them. That’s what can insulate you from the big business, being threatened by foreign competition and leaving,” Spires said.

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