

The Charlotte Observer

Cotton Kings

The chief and his heir aim to make Parkdale Mills the Americas' top yarn spinner

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This has been a very public year for a very, very private company. Parkdale Mills - a quiet giant operating from a neat, unassuming, red brick headquarters - entered the Mexican market Oct. 2 through a joint venture with Burlington Industries.

On June 17, in one of the yarn industry's largest deals, Parkdale took a majority stake in Unifi's cotton yarn business. Both the privately held mill's new partners are public companies, so the deals brought the kind of outside disclosure Parkdale usually avoids.

September brought a rare public announcement from Parkdale itself. Acknowledging its tremendous growth, Parkdale divided its business into two units. "We're going to have one of the greatest years in our history," said Andy Warlick, Parkdale's president. "But we're still not satisfied."

Duke Kimbrell, the mill's chairman and chief executive, adds: "Both of us agree that being bigger is going to be to our advantage."

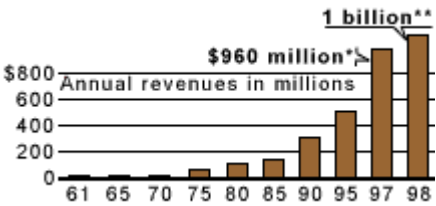
Warlick finishes up, "We're trying to be the yarn spinner of the Americas."

Parkdale already is the world's largest buyer of raw cotton. With about one-third of the market, Parkdale also is the largest independent yarn spinner in the United States, perhaps in the world. Despite endless opportunities to diversify, the company that was started in Gastonia in 1918 remains focused on yarn -- plain white yarn, all cotton and cotton blends. That yarn ends up in sheets, towels, jeans, hosiery and sweaters around the world.

Parkdale has about 3,000 workers, mostly in North Carolina. Sales this year will be near \$1 billion - almost double 1995's level.

Getting to this point meant taking expensive risks on new markets, new machinery, and new ways of doing business. Getting bigger will mean taking more risks in a business that's a day-to-day gamble, where survival hinges on winning the high-stakes game of buying cotton. So far, Parkdale is a winner, but now it could get in its own way.

"We got here by being guerrilla fighters," Warlick said. "Now we're an 800-pound gorilla. We don't want to lose that guerrilla-fighter mentality."

| PARKDALE MILLS | BUILDING PARKDALE | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------|--------------------|----|-----|----|-----|----|-----|----|-----|----|-----|----|------|----|------|----|------|----|------|----|-------|
| Headquarters: Gastonia | Parkdale is a private company and does not release earnings. | | | | | | | | | | | | | | | | | | | | | | |
| Employment: 3,000 people, 29 mills | Here are Parkdale's sales since Duke Kimbrell took over in 1961. Andy Warlick joined the mill in 1984. | | | | | | | | | | | | | | | | | | | | | | |
| Products: Cotton and cotton-blend yarns |  <table border="1"> <caption>Annual revenues in millions</caption> <thead> <tr> <th>Year</th> <th>Revenue (Millions)</th> </tr> </thead> <tbody> <tr><td>61</td><td>~10</td></tr> <tr><td>65</td><td>~20</td></tr> <tr><td>70</td><td>~30</td></tr> <tr><td>75</td><td>~50</td></tr> <tr><td>80</td><td>~80</td></tr> <tr><td>85</td><td>~120</td></tr> <tr><td>90</td><td>~200</td></tr> <tr><td>95</td><td>~450</td></tr> <tr><td>97</td><td>~960</td></tr> <tr><td>98</td><td>~1000</td></tr> </tbody> </table> | Year | Revenue (Millions) | 61 | ~10 | 65 | ~20 | 70 | ~30 | 75 | ~50 | 80 | ~80 | 85 | ~120 | 90 | ~200 | 95 | ~450 | 97 | ~960 | 98 | ~1000 |
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| Ownership: Duke Kimbrell, majority shareholder; the Robinson family | *Based on current sales and orders **Estimate based on new mills coming on line | | | | | | | | | | | | | | | | | | | | | | |
| Sister companies: Magnolia Manufacturing, owned by Kimbrell and Andy Warlick | Source: Parkdale Mills | | | | | | | | | | | | | | | | | | | | | | |
| Parkdale America, owned by Parkdale Mills and Unifi | | | | | | | | | | | | | | | | | | | | | | | |

Passion to excel

Kimbrell was born and grew up six miles from Parkdale's main office. He was named after Duke Power, now Duke Energy, because his father was so proud of the company where he'd worked for years. His mother, an elementary school teacher, also roomed at college with a woman called Duke.

At 14, Kimbrell was working summers at Parkdale, sweeping floors, cleaning up whatever needed doing. He caught the attention of Bill Robinson, the son of Parkdale's founder. When Kimbrell went off to fight in World War II, Robinson promised him a job after the war.

Kimbrell had better job offers in 1949, when he graduated from N.C. State University's College of Textiles. But he also had a goal: He wanted to be the top boss. At Parkdale he figured he had an edge, because no workers his age had college degrees.

"It looked like a good opportunity for me to excel, and it was home," Kimbrell said. "After being in the service, I wanted to be at home." Kimbrell learned every job in the mill. As Robinson's health deteriorated, he took over management duties. Robinson died in 1961, and Kimbrell was ready to step in.

At the time, the company had one mill, annual sales of \$7 million and 150 workers. Kimbrell wanted more. He got the directors' approval to grow by buying and modernizing mills. He built Parkdale's second mill, later named the W. Duke Kimbrell Plant.

During the early days, Kimbrell also moonlighted, setting up and operating mills for BVD, an underwear maker and Parkdale's biggest customer. With that money and his Parkdale earnings, he realized a dream he had barely allowed himself and bought 50 percent of Parkdale in 1982.

To do the deal, he also borrowed what First Union's Ed Crutchfield calls "a good bit of money." He repaid the bank in half the time he was given - something Crutchfield says hasn't ever happened in his 33 years in banking.

"He has an almost bred-in-the-bones passion to do it the best," said Crutchfield, First Union's chairman and chief executive, who has known Kimbrell for 30 years. "Duke is one of a kind."

As he built Parkdale, Kimbrell constantly invested in the latest technology, even though it sometimes meant going begging to the banks. In 1972, he made one of his boldest moves just as the nation headed into a recession that hit especially hard in the mostly out-of-date textile industry.

Foreign competitors were taking a chunk of the U.S. market for knit fabrics that go into T-shirts, underwear and such. Knits had always been the biggest customer for yarn mills, so Parkdale and others were facing big trouble.

There was a cheaper way to make yarn, but few mills were doing it anywhere in the world. Parkdale became the first independent U.S. yarn spinner to use the new equipment that quickly became the standard. With the less expensive yarn, some knitters were able to compete with imports.

"They're ... people who are really willing to make the industry change, to do what it needs to compete," said Perry Orady, an associate dean at Kimbrell's alma mater. "They have really invested to stay ahead. That's why they've been so successful."

Constant improvement

In many ways, Kimbrell is very much old school, a courtly gentleman.

He helps a lady visitor into her jacket and buckles her seat belt before a ride in his pristinely clean, black Mercedes 500 SEL. Sniffle, and he whips out a fresh mini-pack of tissues. At 72, he displays the vitality and energy of someone much younger, trotting from plant to plant in the Gastonia complex at a brisk clip. He is quick to joke, and friends say he's fun - if somewhat trying.

"There are people, when they come into the room, it brightens up the room," said Roger Milliken, a longtime friend and Chairman of Milliken & Co. in Spartanburg.

"He's that kind of a person. It's more interesting, more challenging when he's there. There might be more arguments, but it ain't going to be dull."

The role of fatherly mentor also comes naturally to Kimbrell. "I call Duke Daddy No. 2," said David Griffin, 42 and an Arkansas cotton processor, who sells to Parkdale. "He's been a good friend, a good business partner. I can talk with him."

The two men golf together and go duck hunting. Hunting earned Kimbrell a nickname for his skill at knocking down female ducks, which are subject to hunting limits.

"When you have a big group of ducks, you don't know what you're shooting," Griffin said: "He gets so excited. He shoots too many hens. We kid him, calling him Susie."

Kimbrell takes jesting in stride.

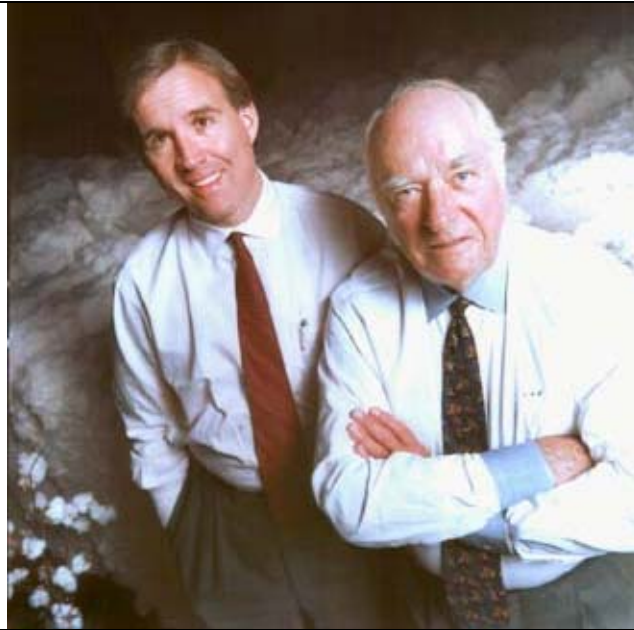
"Although he commands a great deal of respect within the industry, he's very unimposing and very much willing to listen to other people's ideas," said Joe Nicosia, chief executive of Allenberg Cotton, a Parkdale supplier in Tennessee. "Part of the reason why he's successful is because he's not stubborn. He's willing to listen."

This senior statesman of textiles prides himself on listening and making changes. He led U.S. mills' fight for the right to buy less expensive foreign cotton. Parkdale led spinners, who traditionally sold only to knitters, into the weaving business. Along the way Kimbrell and Parkdale have won most of textiles' awards. This year, America's Textiles International, a major industry publication, gave Parkdale its innovation award for "constant pursuit of improvement."

"I've changed and changed and changed." Kimbrell said.

The growth made possible by such willingness to change brought the toughest change of all: Parkdale is no longer a one-man show. Kimbrell can no longer buy every bale of cotton, know every customer, take every order and make every decision.

"It's tough to let go of it all."



Anderson Warlick

Born: July 11, 1957, Gastonia

University: The Citadel

Family: Wife, one daughter, one son

Title: President, chief operating officer, Parkdale Mills. In line to succeed chief executive and chairman

Heroes: Duke Kimbrell, father-in-law. "I've learned a lot from him."

Last book read: "Into Thin Air"

Favorite Quote: "Great minds discuss ideas. Average minds discuss events. Small minds discuss people," from the late Admiral Hyman Rickover, known as the father of the nuclear Navy.

From Warlick: "I like to hire people that talk about ideas."

W. Duke Kimbrell

Born: Dec. 28, 1924, Gaston County

School: N.C. State University College of Textiles

Family: Wife, two daughters, one son

Job: Chairman, chief executive, Parkdale Mills

Affiliations: Past president YMCA; founder and past president Gaston Dayschool; past chairman of the deacons and elders, First Presbyterian Church, Gastonia; past president American Yarn Spinners Association

Honors: Textiles World's 1991 Leader of the Year, Boy Scouts 1993 Silver Beaver Award, honorary doctorate of public service from UNC Charlotte, Civitan Club's 1993 Man of the Year, Gastonia Jaycees Lifetime Civic Achievement Award

Favorite Reading: *Forbes*, *Fortune*, *Business Week*

The next boss

Warlick came to Parkdale in 1984, after earning a business degree from The Citadel and working a stint with Milliken. On his way to the president's office, he managed mills, sold yarn, bought cotton and served as treasurer.

"It's been done that way purposely," Kimbrell said. "When my time's over, he's the boss."

Warlick, 41, is slender and stands a head taller than Kimbrell. He is quiet, but not tentative. He is often soft-spoken, forcing listeners to concentrate. He too listens closely, so intent sometimes that he forgets to smile. Warlick also is Kimbrell's son-in-law, a touchy point.

"I'm not going to deny I got the opportunity because I'm his son-in-law," Warlick said. "There are a lot of good people out there that never get the exposure. You don't stay in this job just because you're the son-in-law."

Of Warlick's position, Kimbrell said: "He's absolutely earned it." In perhaps the highest outside endorsement, First Union's Crutchfield said he'd be just as willing to loan Parkdale money with Warlick at the helm. "Andy is a very solid guy," he said. "He is learning his lessons at the knee of the master."

Warlick and Kimbrell shepherded Parkdale into the big leagues. Sales have increased seven-fold since Warlick joined the company. The number of mills grew from six in 1984 to 29. Next year, the company figures sales will exceed \$1 billion as two expansions come on line in Hillsville, Va. A fifth mill is planned for the Virginia site that already is home to two mills.

The biggest deal came this year when Parkdale and Unifi formed Parkdale America. Warlick was the architect of the deal that combines some of Parkdale's spinning with Unifi's cotton yarn business. Parkdale operates the new company and owns 66 percent. Unifi, based in Greensboro, owns one-third. The union reflected Unifi's decision to back off the cotton business it entered in 1993 and focus on its successful synthetics.

"They run a heck of a business," Bill Kretzer, Unifi's chief executive said of Parkdale. "That's one of the reasons that our two companies decided to do what we did."

Parkdale also teamed up this year with Burlington Industries. The 50-50 joint venture to build a yarn mill in Mexico is part of Burlington's \$200 million Mexican expansion.

"We believe they are the best," said Don Hughes, Burlington's retired vice chairman.

The Burlington project is a big step toward Parkdale's goal of increasing exports. Foreign sales are key to growth because the U.S. textile market is saturated. "The objective for us is not to go down there and make product and ship it back," Warlick said. "It's to serve that market."

Parkdale's growth spurt built a business that demanded more than two top people. In September, the company separated knit yarns from weaving and hosiery yarns. Each group has its own boss. The goal is to preserve the production flexibility, delivery, quality, and service that helped Parkdale prosper in an industry known for losses.

"It's tougher to maneuver as you get bigger and bigger," Warlick said. "Now we've essentially split the company in half."

The restructuring and management appointments underscore one of Warlick's strengths. "Andy can utilize the brains of the people under him to the ultimate degree," Kimbrell said. "He has surrounded himself with smart people and given them authority and let their minds assist in making it run."

Warlick also gets kudos from customers, suppliers and industry watchers. "My first exposure to Andy quickly led me to the conclusion that he earned his spurs," said Kretzer, once a competitor, now a partner. "There's no question about it..., There's absolutely going to be a smooth transition when that occurs."

But Kimbrell says he is in no hurry to retire.

"I take plenty of time to go duck hunting, to play golf, to go to the beach and the mountains," Kimbrell said. "But I want to come back and see that the ship is still headed in the right direction."