

Date: September 25, 1979

To: ALL EMPLOYEES

From: Robert E. Merritt

**FINPRO**

**HOSIERY MILLS COMPANY**

**MOUNT AIRY, NORTH CAROLINA**

Your livelihood as well as mine has been affected by the events of the last four days. And I think you will be interested in this account of what went on as I saw it.

Rain. It rained hard last Friday night. Hugh Merritt's rain gauge had 6 inches of water in it Saturday morning. I went out twice with umbrella in one hand and hoe in the other to unplug the culvert that runs under the road in front of my house. My shoes haven't had a chance to dry out since then.

Before I went to sleep my wife said, "Isn't it nice to go to sleep with the sound of rain." The next thing I knew the phone was ringing, and it was John Stevens telling me that the Riverside Plant was flooded.

I dressed with a dazed, sick feeling and got myself over to Riverside Drive and Linville Road, which was as close to the plant as I could get without walking on water. Duke Power was pulling the switch on the main line going out Linville Road. The time was 1:21 a.m.

John Stevens, Jerry Nolf, and John Edinger were there already, and together we watched for another 20 minutes while the water rose still further, creating a beautiful lake around the white island that was the Riverside Plant and office. We guessed at how deep it was by noting that only the very tops of the shrubbery near the front door were above the water.

There was nothing to do but watch and think about what was happening inside the building. We knew that the 3rd shift boarders had got out okay, but we weren't sure about the night watchman. By 1:45 the water had stopped rising and we decided to wait until morning before trying to do anything.

John Edinger had been in the office earlier, at about midnight, to move some of the computer tapes to higher shelves. He had to leave in a hurry when the water rose rapidly to the hubcaps of his car.

I knew it was going to be a long day Saturday and I should have gone home to bed, but instead my fascination with the flood kept me up the rest of the night. There was plenty going on all around Mount Airy. The Rescue Squad launched a boat from Riverside Drive and rescued several people who had been stranded on top of the Starrett building.



Inside things were much worse than I had imagined. It looked more like a hurricane than a flood. The walls had been pushed around, doors split open, and furniture tumbled everywhere.

I made my way around the office as best I could, but there were some places I couldn't go because of the piles of furniture.

In the plant also my explorations were limited by where the water had left trucks, tables, and piles of socks.

It was dark and quiet. The only sounds were water noises - the sloshing of my own feet, and the waves I made causing some box or pallet to bump around in the dark.

The water had left its clear record of where it had been. The line on every wall in the building was level with the tip of my nose, 5 ft. from the floor. As I got nearer the plant office I saw what appeared to be the work of vandals, splotches of black paint which looked as though it had been thrown against the wall. Later I was to learn that this was some of our #6 fuel oil which, mixed with mud, was to prevent the salvage of many of our socks.

At this point I still hadn't thought of anything that I could do about the situation, and my feelings were mostly of being awed by what I saw.

The only brief scare I had was when I made the mistake of going into the computer room without realizing that part of the floor had floated away. There is a sub-floor twenty inches below the main floor which allows room for running cables between the parts of the computer. I remembered this when I stepped through to the sub-floor and got wet to my armpits.

By the time I got back from home with dry clothes on, John Edinger, Jerry Wolf, and Clyde Brown were there and I gave them a short tour. John knew what to do and loaded us up with 100 or so computer tapes to begin trying to preserve the information on them. Without the information on these special tapes, our most critical business information would be lost. All of our records of orders and inventories were on these reels which were covered now with wet mud.

When Betty Greere came to work at Willow Street she found herself with a new job of cleaning tapes, a job that went on all day but was successful.



Clean-up. At 8 o'clock Saturday morning key members of management met at the Willow Street office to decide what to do. My own estimate of the damage was that it might be as high as \$500,000, and several others were quick to say it might be much higher.

We had no power for lights or ventilation at Riverside, and we did not dare turn it on until the switch gear was checked out. Kent Daughtry estimated that he could get the power back on by noon and we agreed to start the clean-up then. By now the emergency lights had used up their batteries and the building was virtually pitch dark.

There were no telephones working at any of our plants in Mount Airy because the switchboard for all telephones is at the main office. Ned Michaels started making arrangements with Central Telephone.

We learned that the watchman had waited out the flood on the mezzanine over the lunchroom.

There was hardly a dry piece of paper in our main office. All of our unshipped orders, packing slips, invoices, accounts receivable, payroll records, and correspondence had been under water. Preserving these records became one of the first priorities.

Also virtually every electric motor in the plant, the sewing machines, the dye tubs, boilers, and boarding machines had been under water. Cleaning these up, too, was something that couldn't wait.

The following message was put on both radio stations. "Last night the water rose 5 feet above the floor level of the Riverside Plant and office of Renfro Hosiery Mills. Damage was extensive. Clean-up work has begun but it will probably be two weeks before we are back in production at the Riverside Plant. Office and production workers can expect to report to work in about two weeks but workers at other plants can report Monday as usual."

Within a couple of hours about fifty people, mostly management and supervisors, including several of George Speight's, had assembled to get started. With two trucks from Spencer's and the Renfro trucks that were running (three of our trucks had suffered water damage and the beautiful red GMC was in the Ararat River) we began moving files to the Hoover buildings on South Street. Luckily we had leased this space for other purposes but hadn't occupied it as yet. We had located a "drum



dryer" in Greensboro which is normally used to dry photographs. By Saturday night, page by page our files were being fed through the drum dryer. It works, but it is a slow process and is expected to go on all week.

On Saturday we worked in the mud and darkness with the belief that by Sunday morning the switches would have dried out enough to allow us to turn on the lights.

Sunday. When I woke up Sunday morning I lay in bed a minute or two thinking about the bad dream before I realized it was true.

Things didn't get any better. At 7 o'clock a dead short was found in the power panel, and it was impossible to get lights.

We had a larger crew on Sunday, but we had depended too heavily on the power being on and the flashlights were getting dimmer. With the help of Byron Cooke we rigged some portable generators and lights in the plant. What we saw wasn't pleasant. The damage to work in process was almost total.

For the office we had two objectives. First, have the office operating on South Street Monday morning. And, second, get all of the furniture and carpets out of the office so that building repairs could begin. With the help of Sheets Transfer both objectives were met and much of the mud was knocked off of the furniture by the sprayer from WOW (Wash on Wheels).

It is hard now for me to believe how much water-logged furniture was moved in those two days.

Regan Roofing supplied two dump trucks (even though they themselves were flooded) to help us carry refuse to the county landfill. The county helped by breaking their precedent and opening the landfill on Sunday.

There was some good news. The computer tapes were okay, and IBM could get us another computer this week. The lights were now on at the Riverside Plant, and we had telephones. After twenty-four continuous hours of running the drum dryer some files in clean filing cabinets were beginning to take shape.

Help, and offers of help, had come from many sources, including our competitors, Brown-Wooten, Oakdale, and Lynne Hosiery.

Monday. First thing in the morning each salesman got in touch with his customers to tell them what had happened here. They were uniformly concerned and supportive.



For two days we had been sorting out socks that might be salvaged from those which were beyond saving, but we were now out of space and canvas trucks. We realized that in order to get on with the clean-up and back into production we would have to throw away a lot more socks than we had thought earlier. Our estimate of the total loss to the company went up again on Monday. This time to \$1,500,000.

The clean-up in the Riverside Plant began moving faster with the help of a borrowed tractor and a couple of front-end loaders sending socks and packing materials to the landfill. But it was a bad day for me watching it happen. I hadn't really felt like crying until now. Governor Jim Hunt came by Monday afternoon and it was nice getting that attention, but it was a bad day.

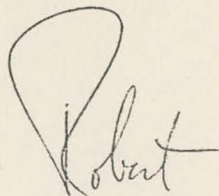
Tuesday. As I write this, here is the situation:

There is still a half inch or more of mud and water in the Riverside Plant. Somewhere about \$900,000 worth of socks are being hauled to the landfill. All of our inventory of dyes have been ruined or have changed the color of mud in the parking lot. Virtually all of our packing materials and boxes have been ruined. Most of the office furniture is worthless and it is doubtful that we will be able to save the computer. All the partitions in the office are being ripped out because they were ruined by water.

That plus a few incidentals adds up to \$1,700,000, which is not covered by insurance.

On the other hand we are fortunate enough to go into this disaster in a strong financial condition. In the past four months we have made over a million dollars before tax, and our debts are the lowest in several years. We have a good chance of absorbing this loss and still showing a profit by the end of April.

And the brightest spot of all is that in this crisis we have discovered what we can do pulling together.



Robert E. Merritt