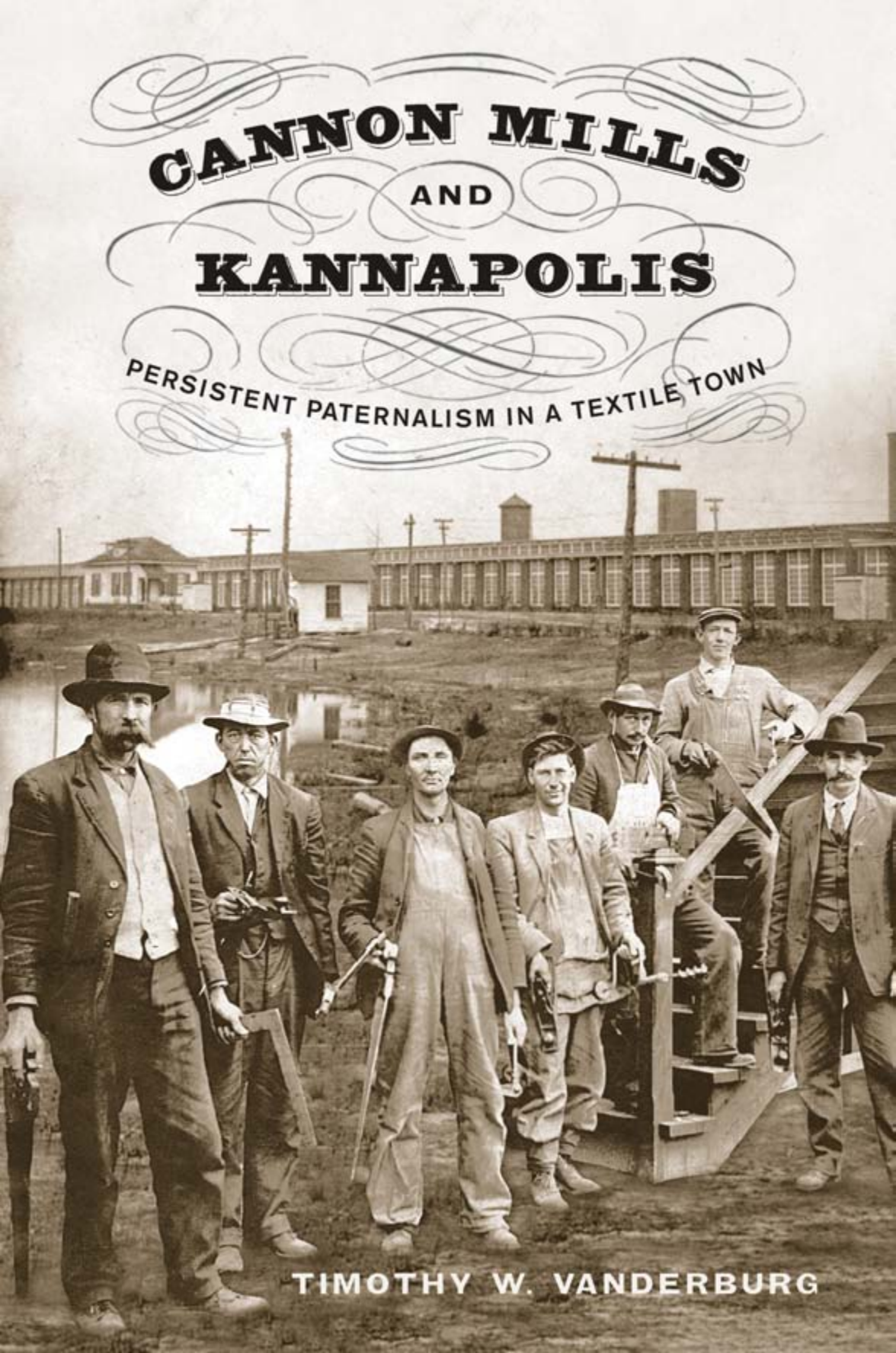
CANNON MILLS AND KANNAPOLIS

PERSISTENT PATERNALISM IN A TEXTILE TOWN



TIMOTHY W. VANDERBURG

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I dedicate this book to my wife, Marsha, for her loving support
without which this work could not have been completed.
Furthermore, the memory of my grandparents
who were Cannon Mills workers,
Buford and Clemmie Henley, guided this project.

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INTRODUCTION

Cannon Mills Company exemplified the southern textile firm. From its creation in the late 1880s until the mid-1980s, Cannon Mills operated as a paternalistic company controlled by a small group of insiders. James W. Cannon and his associates on the board of directors ran the firm from its creation until 1921, when Cannon's son, Charles, took over. Charles Cannon led the firm until his death in 1971. While other companies in the textile industry were divesting themselves of mill villages and the vestiges of paternalism, Charles Cannon was running the firm in the fashion established by his father. Indeed, Kannapolis, the firm's mill village, was the largest unincorporated town in the United States.

Outwardly, Cannon Mills resembled a modern corporation, but Charles Cannon and his associates dominated the company with little influence from stockholders. "Uncle Charlie," as Cannon workers called him, maintained control of the firm through his force of personality, through control of the voting shares of stock, and by making sure that like-minded men served on the board of directors. His degree of control in Kannapolis can be characterized as cultural hegemony, defined by historian T. J. Jackson Lears as

> the spontaneous consent given by the great masses of the population to the general direction imposed on social life by the dominant fundamental group; this consent is "historically" caused by the prestige (and consequent confidence) which the dominant group enjoys because of its position and function in the world of production.[1]

The cultural hegemony established by the Cannons in Kannapolis, based on the prestige of the Cannon family and having a Cannon as the firm's leader, was pervasive and persistent. With the death of Charles Cannon, however, the firm entered a pseudo-paternalistic stage with the quick succession of three chairmen. The accelerated decline of paternalism began with the intrusion of federal government policies regarding discrimination in employment and housing. Executive orders, the Civil Rights Act of 1964,

and the 1968 Open Housing Act brought pressure on the paternalistic structure of the firm and mill village.

Cannon Mills' entrance into the modern bureaucratic stage of management came with the purchase of Cannon Mills by California financier David Murdock in 1982. In the four short years that Murdock was CEO, the passing of paternalism hastened as he oversaw the sale of mill houses and part of the company town. By the time Fieldcrest purchased the firm in 1986, Murdock had jerked the company and its community into the modern corporate world. The quick and traumatic demise of paternalism and Murdock's restructuring of the pension fund destroyed workers' loyalty and established bad industrial relations at Fieldcrest Cannon. Increasing numbers of workers turned to the union for protection, resulting in a series of union elections. Pillowtex purchased Fieldcrest Cannon in 1997, and the union finally won an election in 1999, declaring it the greatest labor victory in southern textile history. But the long union struggle against Cannon Mills proved futile as Pillowtex declared bankruptcy in 2003 and was liquidated.

Paternalism emerged in the textile mills in the New South as mill villages sprang forth in the southern Piedmont. Mill owners provided services for mill workers in exchange for hard work, loyalty, and deference to the mill owners. The mill village was self-contained to a degree, as southern industrialists "protected" their workers from the outside world and served as a conduit between the village and the world beyond. This geographic isolation, similar to parents protecting their children from the dangers outside the home, was part of the mills' paternalism.

Life in a mill village was much different from life on a farm. Farmers did their planting and cultivating however they saw fit with little or no supervision. In contrast, mill workers were supervised, had rigid work regulations, and possessed little work autonomy. Farmers controlled their own time and pace of work, while textile workers did not. Mill workers were told when to appear for work, when to have meals, when to take breaks, and when to go home. In addition, workers did not control the speed of their work or how tasks were preformed.

For economic reasons, mill owners often constructed their mills away from town limits, enabling mill owner to avoid paying municipal taxes.[2] In addition, mill owners took advantage of cheap farmland on which to build their mills. Because that farmland lacked housing, stores, churches, and essential public services, the mill owners had to provide these for their workers. Mill owners, therefore, had to build entire communities.

Paternalism in the textile mills of the South developed with the construction of mill villages and may be defined as "a form of traditional authority [which]. . . . involves hierarchical differentiation between classes, concentration of power, and the identification of the subordinate class with members of the dominant class." Furthermore, in the textile villages paternalism included "company control of land, buildings, goods, and services" and an ideology of labor relations.[3]

Economic historians point to the economic necessity for paternalism in the postbellum South. Gavin Wright argues that mill owners placed mills in areas of economic advantage and had to provide services for poor workers. The system, he notes, evolved out of economic need and mill owners did not create it for social control. Cathy McHugh agrees with Wright. She believes that structural changes in the southern economy after the Civil War led to the displacement of farm workers who migrated to the mills. Mill owners responded to the availability of a ready labor source by building mills and mill villages.[4]

Southern textile mill paternalism was not entirely new in that it resembled the paternalism of northern textile mills, which was modeled after English textile practices. By the early 1800s, for example, textile firms in Rhode Island and Massachusetts were providing an elaborate array of services for their workers. Pioneered by two companies in Waltham and Lowell, Massachusetts, this paternalist approach to manufacturing became known as the Waltham system. Both firms used the Waltham (sometimes called the Lowell) system to attract and manage their work forces. Other northern textile companies later used the Waltham system.[5]

Northern industrial paternalism influenced the development of the textile industry in both the antebellum and postbellum South. Eventually paternalism declined in the North and industrialists replaced it with bureaucratic authority.[6] In this pattern, too, the southern textile industry followed the North. Restructuring in the textile industry from the 1920s through the 1940s resulted in many firms selling their mill villages.[7] By the 1970s, textile companies had become modern corporations with bureaucratic management structures and had sold their mill villages.[8]

Historian Donald Roy described this change as moving away from a paternalism marked by "shirt-sleeved informality toward impersonal business relationships."[9] As companies' headquarters moved to distant towns, along with top-level management, the personal touch of industrial paternalism disappeared. Midlevel positions were filled by college-educated

managers with modern bureaucratic management styles, and the benevolent paternalism of the mill owner was replaced with either a pseudo-paternalism or a coercive relationship. The pseudo-paternalistic management style harkened back to the paternalism of the former mill owners. It sought to cultivate a personal relationship between management and workers along with a degree of consensus and friendship. In contrast, the coercive (bureaucratic) management relationship sought an impersonal and professional relationship between management and workers.[10] While all textile firms went through this process of management change, Cannon Mills was distinct.

Cannon Mills' paternalism did not fit the standard southern mold. Its paternalism was of a different type and degree than found at other firms. It was much stronger and more persistent. As historians Oliver Dinius and Angela Vergara note,

> The definition [of a company town] emphasizes the company's status as dominant property owner and the town's dependence on a single industry. Other conventional definitions highlight the town's isolation, residential segregation, and company control over urban services, education, and leisure activities. Historically, company towns often met several of these criteria, but only a few model towns met all of them.[11]

Kannapolis certainly met all of these criteria. And while Roy described two alternative management styles that could replace benevolent paternalism, Cannon Mills went through all three stages of management styles. While the story of Cannon Mills Company and Kannapolis is somewhat unique, it does not necessarily revise past studies of paternalism in textile mills or mill villages. Instead, it contributes an additional, overlooked layer of complexity to the story of southern industrial paternalism.

The fate of Cannon Mills was tied to the rest of the textile industry in the South. The same forces that weakened southern textiles also weakened Cannon Mills. If the once conservative, well-managed textile firm with a dominant market share in the towel segment of the textile industry could decline due to textile imports and structural changes in the economy, how could the southern textile market survive?

PART I

The Founding of Cannon Mills and Kannapolis: *Paternalism Established*

CHAPTER 1

James William Cannon:
Early Influences and the Emergence of a New South Industrialist

James William Cannon, a business leader who represented the spirit of the New South, brought industrial progress to Piedmont North Carolina. Along with other such leaders, Cannon worked to rebuild the South after the Civil War. These leaders believed in a diversified economy but felt the South had distinct advantages in the textile industry. By building mills near cotton fields, for example, the South could save on transportation costs and undercut northern prices. In addition, the South had a cheaper labor force that was not significantly unionized.[1] Enthusiasm for the textile industry culminated in the tidal wave known as the Cotton Mill Campaign, during which large numbers of textile mills were built.[2]

Cannon exemplified the typical southern textile industrialist, looking forward to the future but strongly influenced by the past. Although industrialization was changing the nature of work and human relations in the workplace, Cannon and other southern industrialists continued to have a strong belief in the role of a genteel upper class. This New South upper class included merchant/industrials who continued the traditions of paternalism and deference. Wilbur Cash argued that the paternalism of the Old South plantation system was evident in the mill towns of the New South: Just as the plantation owners supplied their slaves with necessities, so too did the mill owners provided for their operatives. Deference and fear, he noted, were key elements of paternalism in both periods. Nevertheless, attractive as this comparison is, it must not be taken too far. Cotton mill operatives, unlike

slaves, could always demonstrate their displeasure with their employer by leaving. Unfortunately, if they did so they usually found themselves working in another cotton mill under a similar paternalistic relationship.[3]

New South industrialists also held a strong belief in individualism and the sanctity of contracts. These beliefs led to a strong anti-union bias. Workers, they thought, should present their grievances to mill superintendents and owners personally, without the odious specter of collective bargaining or the influence of outside agitators—northerners.

Yet New South industrialists still lived under the burden of noblesse oblige. While they reaped profits, they also became benefactors to numerous social, religious, and educational organizations and provided tangible improvement to their communities. A tenuous balance existed between their desire for profits and their social obligation to improve the community. Enlightened self-interest often settled this conflict. Industrialists financed groups or projects that helped the community and simultaneously provided personal or business benefits in the short or long term.

Mill village paternalism demonstrated the tension between profits and community interest. The emergence of the mill village was an economic necessity which helped poor whites to transition from ailing farms to industrial work. It was designed to take advantage of the family labor system that already existed on farms and provide jobs for whites who had lost their farms or were doing poorly in an era of depressed cotton prices. Industrialists thus helped the community by economically uplifting poor whites, increasing their income, and providing better housing and educational opportunities for their children, all while reaping a profit. In operation, therefore, the mill village represented both enlightened economic self-interest and community improvement.[4]

In addition, many new mill owners of the Postwar period, Cannon included, had backgrounds as merchants. Historian David Goldfield noted that "industrialists usually possessed the same values as merchants (frequently they were former merchants), especially if they were engaged in some aspect of staple crop processing."[5] The merchant/industrialist was often the "small town rich man" as characterized by journalist Ralph McGill of the *Atlanta Constitution*. McGill noted that the "small town rich man" was a merchant, usually a bank director, and often a "pillar" of his church. In addition, he was influential in politics.[6] Cannon epitomized this New South industrialist.

James William Cannon was born on April 25, 1852, to Eliza Long Cannon and Joseph F. Cannon. He was the fourth of six children. Although his family was from Cabarrus County, North Carolina, Cannon was

born in Mecklenburg County, off Derita Road near Sugaw (Sugar) Creek Presbyterian Church. James's education at the Session House at Sugar Creek ended when, at thirteen or fourteen years of age, he left home to clerk at a store in Charlotte.[7]

In 1869 Cannon went to Concord to work at the mercantile establishment of Phifer and Cannon, where his older brother, David, was co-owner. He made forty-eight dollars his first year at the mercantile.[8] James became a full partner of the mercantile when he was nineteen years old, at which time the firm became Cannons and Fetzer.[9] James was a very capable merchant and soon became a cotton buyer. For more than ten years he purchased cotton from local farmers for Cannons and Fetzer, which became the largest firm on Union Street in downtown Concord.[10] By 1888, Cannons and Fetzer was the second largest buyer of cotton in Cabarrus County, and the Concord papers carried the local cotton quotes from the mercantile.[11]

James Cannon became a prominent businessman in Concord during a time of change and development. Concord was transforming into a commercial and manufacturing town with a new group of leaders—mill men. The town's business leaders had been merchants and craftsmen, predominately from the Presbyterian Church, but this business hegemony began to break down for two reasons. First, newcomers came to Concord with different ideas, and second, these newcomers became industrialists.[12]

A young James William Cannon, circa 1870.
Courtesy of the Kannapolis History Associates.

Cannon's older brother David had moved to Concord from Mecklenburg County, and in 1869, the year James Cannon started work at Phifer and Cannon, John Milton Odell and his sons also arrived in Concord. The Cannons and Odells changed Concord by challenging the business order of the town. The Odells brought with them their brand of pietistic Methodism, which combined their religious and business beliefs. The Cannons remained with their Presbyterian Church, but like the Odells they challenged the unity of their denomination.[13]

Many people living in Concord believed that society's morals had been slipping since the end of the Civil War. Church discipline among Presbyterians was weakening. The local congregations censured members for un-Christian conduct with greater infrequency and David Cannon commented on the declining observation of the Sabbath. The Odells, followed by the Cannons, championed the cause of prohibition as a method of moral uplift for the community.[14]

What the Odells and Cannons represented was what historian Gary Freeze called the emergence of the "paternalistic ethos of the New South." J. M. Odell sought to reform the citizens of Concord and to protect the town's growing number of mill workers from the evils of alcohol. As the Cannons became more involved in the mill industry, their religious and business concerns coincided with those of the Odells. Concord soon had the state's most active Women's Christian Temperance Union chapter and a prohibition club. Both families became politically active in fighting the sale of alcohol within the city limits. David Cannon even ran and won a seat on the city commission as a dry candidate in 1876.[15]

For a brief period the two families were able to keep Concord dry, but soon the wet forces came back into power in city government. In 1887, the dry forces finally won a permanent victory and Concord witnessed saloons moving out of the city. Even the local newspaper had taken up the cause of prohibition. The Odells had lead the way toward a dry Concord and a safer work environment for their mill workers, and James Cannon had learned the lessons of and necessity for New South paternalism.[16]

The Cannons' vision of moral purity did not stop with the issue of alcohol. While the Cannons were willing to split with local Democrats over the alcohol issue, they rallied behind them in battling North Carolina's so-called fusion government, which came to power in 1894. The fusion government was an alliance of Republicans and Populists that ran against the state's powerful Democratic Party. The Cannons viewed the inclusion of blacks in the alliance as contrary to their view of social harmony and their business interests. Furthermore, the fusion government gave much less support to the importance of industry than did the Democratic Party. Populists in Cabarrus County viewed the Cannons as a business interest not aligned with the interest of farmers. Rumors even spread that David Cannon had given one thousand dollars to fight the Populists.[17]

The Cannons worked with the White Government Union and supported the white supremacy campaign of 1898 against the fusion ticket. The victory of the Democrats in the state election of 1898 secured the dominance

of the party in the state and ensured that white supremacy would be saved and the industry would be supported. The mill workers of Concord voted overwhelmingly for the Democrats, and Populists charged that the mill hands were afraid to vote against their employers.[18] The power and prestige of the new industrialists became increasingly apparent.

J. M. Odell proved to an excellent teacher to James Cannon on the nature of the textile mill village and its accompanying paternalism. Odell's mill village of Forest Hill was the model for industrial paternalism in the New South, and he once employed more textile workers than any mill owner in the state. James would prove to be an ample student of paternalism, for his legacy would long outlive him.[19]

It is not surprising that when James Cannon decided to build his own cotton mill he turned to John Milton Odell for assistance and guidance. On August 24, 1887, investors met to organize the Cannon Manufacturing Company. The investors included James Cannon and his brother David, John Odell and his son William Odell, along with the town physician and several local merchants. Leaning heavily on his experience in the textile industry, J. M. Odell became president of the firm, and Jim Cannon served as secretary and treasurer. David Cannon, William Odell, physician W. H. Lilly, and merchants P. B. Fetzer and J. W. Wadsworth became the board of directors.[20]

A month later, on September 24, 1887, the Superior Court of Cabarrus County issued the charter for the Cannon Manufacturing Company, which authorized the firm to "conduct, transact, and carry on in all of its branches the manufacturing and sale of cotton goods, yarns, threads, and all textile fabrics out of cotton and woolen goods." Capital was initially set at seventy-five thousand dollars with authority to raise it to two hundred thousand dollars in capital stock.[21]

Thirty-five-year-old Jim Cannon had twelve thousand dollars to invest in the venture, a large sum for that day. The remaining capital came from local and northern investors, including some of Cannon's business associates from New York, Boston, and Philadelphia. In addition, the Philadelphia firm of McGill and Wood invested in the new Concord mill.[22] Costs of construction of the mill, however, ran higher than estimated. The stockholders voted in March 1888 to increase the capital stock to ninety thousand dollars to finish the textile plant. The total cost for the forty-acre tract of land, the mill, superintendent's house, wells, thirteen houses, and equipment came to $88,348.[23]

Built on Franklin Street, adjacent to the tracks of the Richmond and Danville Railroad, the mill housed twenty spinning frames of 280 spindles and 130 looms. The mill was two stories high and had electric lights, a "Morse elevator," a fire pump, and a 150-horsepower steam engine. The surrounding mill village became known as Cannonville.[24]

Among the early workers of the mill on Franklin Street was the Freeze family. Mr. Freeze and his family lived in Gold Hill, sixteen miles from Concord. He moved to Concord to work on the mill homes as a carpenter and bricklayer. Freeze's son Jones remembered the trip:

> We started out before daylight and hit [sic] was way after dark when we go here. Hit don't look like it could take that long to come sixteen miles, but back then there jest wasn't anything you'd call a road; why two teams always went together so if one got stuck the other could pull it out. I was six year old whenever we moved.[25]

When the mill became operational, Freeze and his family worked as mill hands. When Jones Freeze turned nine years old, he began working at the mill as a doffer, making ten cents a day working from six o'clock in the morning until six fifty-five in the evening (child labor was common in the mills during this period). Aline Caudle also worked in the Franklin Mill. "Yessir," she recalled, "when I started down here to plant No. 1 [Franklin Mill], I was so little I had to stand on a box to reach my work. I was a spinner at first, and then I learned to spool."[26] Both Jones Freeze and Aline Caudle moved from farms and worked for the Cannon family for over thirty years.

James Cannon's attitude toward his workers in his first mill was evident in the employment contract workers had to sign. His paternalistic beliefs were reflected in the rules of employment in Cannonville. While some rules made good business sense, others reflected a paternalistic attitude toward workers. The rules included the requirement that mill hands give ten days' notice before leaving or they world forfeit any pay due to them. Supervisors had to give thirty days' notice on the same condition. Workers were required to be at their job five minutes after the signal was sounded and were not allowed to leave the plant without the permission of the supervisor, who was "instructed to grant such a request if it is possible to do so without stopping any machinery." The superintendent was responsible for seeing that equipment was maintained and in proper working order and for regulating the quality and quantity of goods produced. Supervisors were authorized to

punish workers by docking pay or dismissing them. Workers who damaged machinery were charged the repair fees at the discretion of the president.[27]

Several rules demonstrated an especially paternalistic disposition. First, swearing and profanity were forbidden on the mill property, a rule that reflected Cannon's conservative Presbyterian beliefs and an attempt to reform the coarse manner of the farmers who worked for him. Second, workers were required to "pledge ourselves that we are not now a member of the Knights of Labor or will not join the order while in the employ of Cannon Manufacturing Company." Cannon preferred to deal with workers as individuals and not as union members. This pledge set the tone for labor-management relations in his future mills.[28]

Operations at the Cannon Manufacturing Company began on April 1, 1888, with spinning and yarn production. Cannon celebrated the operation of the mill with his family. His wife, Mary Ella, and the children rode from their home to the mill in their carriage. Once the family had assembled in the mill, Cannon started the steam engine and the machinery came to life. With the assistance of Joseph Bacon, the first overseer, Mrs. Cannon made the first yarn at the new factory.[29] Weaving began in the mill on August 1. By the end of the first four months of operation, the mill had produced 122,045 yards of sheeting and 109,141 pounds of yarn.[30]

To learn every aspect of textile production, Cannon held the position of supervisor of the mill as well as secretary and treasurer. He maintained an office on the mill's second floor and often donned overalls and strolled through the plant, learning the operation of the machinery. After two years of serving as supervisor, he had learned enough about cotton production and hired Louis Duval for the position of supervisor.[31]

The Cannon Manufacturing Company was a revolutionary textile plant for the South. Most textile mills produced yarn or were set up for weaving. Yarn mills sent their product to weaving plants to be made into cloth. Weaving plants did not produce yarn but merely wove yarn manufactured at other mills. The Cannon Manufacturing Company incorporated both processes, yarn production from raw cotton and the weaving of yarn into cloth. Raw cotton entered the mill and cloth exited.

In the first four months of the mill's operation, the company made a profit of $1,255. President Odell credited Cannon's management for the strength of the firm.[32] Under the leadership of Odell and Cannon, the company was put on a healthy financial basis that set the course for the mill's future fiscal soundness.

The year 1889 was an important one for the Cannon Manufacturing Company. With business going well, the directors decided to expand the plant. Improvements to the mill included the addition of 3,120 spindles, twenty-two cards, forty looms, and miscellaneous equipment.[33] In addition, the firm introduced its first widely recognized and highly successful product—Cannon Cloth. This popular sheeting product became known for its versatility. Appearing in stores on bolts and sold by the yard, it was heavy enough to be used for sacks yet light enough for women's dresses. James Cannon branded this product to differentiate it from other cloth, an uncommon practice for the time. Soon housewives were asking for Cannon Cloth at stores instead of buying unbranded cloth by an unknown manufacturer. Cannon's decision to brand one of his products reflected his experience as a merchant. He knew that customers would ask for a quality product made by a particular manufacturer if the product could be differentiated from other products in the same line. In a retail world of unbranded bulk products, Cannon Cloth was revolutionary. Eventually product branding became the normal retail practice.[34]

Also in 1889, the firm manufactured its first towels, the product that later became synonymous with the Cannon textile empire. Cannon's first towels were crash towels, which had a flat weave, were sold on bolts (similar to Cannon Cloth), and were made to be finished at home. These first Cannon towels could be used for either towels or table linens. Cannon's crash towels marked a major turning point for the towel market for a couple of reasons. First, the production of crash towels represented a manufacturing innovation. James Cannon was willing to take a risk with his mill and experiment with a product line that no one else in the South was manufacturing. He realized that if the venture were successful, the Cannon Manufacturing Company would carve out its manufacturing niche and secure its future.[35]

Second, the manufacture of the crash towel represented a marketing innovation. At the time, only the wealthy used towels. Average housewives dried with whatever type of cloth was available, including the versatile Cannon Cloth. The introduction of the crash towel made towels affordable for the average household. Although crude and unfinished, crash towels were absorbent and could be dyed at home.[36] While stores sold crash towels on the bolt, Cannon tried another method of marketing his firm's new product: He sold crash towels packaged by the dozen. The editor of the *Concord Standard* reported on the packaged Cannon crash towels in a story that appeared on April 12, 1889. Cannon towels were quality goods, absorbent, and sold for seventy-five cents per dozen.[37]

With the success of the Cannon Manufacturing Company, James William Cannon decided to build another mill. In 1892, Cannon and his

brother David organized the Cabarrus Cotton Mills in Concord. The new mill produced yarn and cotton sheeting. James Cannon served as president of the new firm.[38]

Cannon's mills weathered the Panic of 1893 quite well.[39] While the years 1893 to 1898 "may be considered a period of depression almost unknown in the history of this country," Cannon's infant textile empire flourished for several reasons.[40] Overseas trade helped to shelter southern textile companies from domestic fluctuations. Between 1887 and 1897, U.S. textile exports to China increased by 120 percent, with most of these shipments being from southern mills.[41] The value of uncolored cloth traded with China increased during the depression from $5,321,500 to $9,277,112.[42] The southern share of the textile trade in China grew at the expense of both northern and British manufacturers. Mills in the Piedmont of North and South Carolina, such as Cannon's, were generally immune to the national economic crisis because they were heavily involved in exporting to foreign countries.[43]

Cannon's success during the problems of the 1890s also reflected the popularity of Cannon Cloth. The high demand for this product led to the establishment of the Cabarrus Cotton Mill and improvements to the Cannon Manufacturing Company. The new equipment added to the original Cannon plant brought it to 255 looms and 9,800 spindles. In 1893, Cannon's mills produced 4.3 million yards of Cannon Cloth.[44] Business was so good that Cannon organized another textile mill, the Patterson Manufacturing Company, in the adjacent town of China Grove.[45]

In spite of the depression, Cannon continued to innovate and take his business in new directions. The manufacturer decided to concentrate his mills' production on towels. Cannon believed that the demand for Cannon Cloth would soon wane and that his mills could make higher profits in producing towels. Having manufactured crash towels in limited numbers, Cannon shifted the production of his mills to larger quantities of a new type of towel. In 1894, Cannon began manufacturing "huck" (short for huckaback) towels. Huck towels had a plain weave like the earlier crash towels but were made of thicker yarn and were thus more absorbent. Six years later, the company began to manufacture the terry, or Turkish, towel. The terry towel, the company explained, had a looped weave, unlike the flat-weave crash and huck towels:

> To understand how terry is woven, picture first the average plain weave fabric: two sets of threads—one warp (lengthwise) and one filling (crosswise). Interlacing, the threads pass over and under each other to form a plain weave. The difference between plain weave and terry weave is that terry weave has three set of threads . . . an extra set of warp (lengthwise)

> threads which, during weaving, are loosened to form the loops or pile. The crosswise threads pass over and under the lengthwise yarns in alternate rows. At the same time, the second set of lengthwise yarns, being loosened or slackened, forms the pile on both sides. This, briefly, is the basic principle of terry weave.[46]

The looped weave or pile made terry towels more absorbent than both crash and huck.[47]

Cannon's knowledge of merchandising was evident in his line of towels. Not only did he manufacture different types of towels, but he produced different price points of the same type of towels. Customers could choose between high- and low-end towels of the same type, such as huck or terry towels. Of course, high-end towels were more expensive than low-end towels. Thus, through segmentation of the towel market, Cannon could broaden demand for his products by catering to the entire social spectrum, from the lower middle class to the wealthy.

After 1894, the Cannon textile empire grew phenomenally. In quick succession the Cannon holdings purchased and constructed four mills between 1895 and 1899: the Kesler Manufacturing Company of Salisbury, the Efird Manufacturing Company and Wiscassett Mills Company of Albemarle, and the Gibson Manufacturing Company of Concord.[48]

Stable leadership characterized the first ten years of the Cannon Manufacturing Company. John Odell served as president and James Cannon as secretary and treasurer. In 1897, Odell resigned as president but remained on the company's board of directors. David Cannon became the new president of the firm, while his brother James remained in his office. John and William Odell sold their Cannon stock in 1899 and resigned from the board of directors.[49] David and James Cannon now ran the company alone.

Concord was by now an important industrial town of Piedmont North Carolina. The cotton mills of both Odell and Cannon attracted destitute farmers from the surrounding counties. The Panic of 1873 and especially the Panic of 1893 inflicted a heavy toll on North Carolina farmers. For many farmers who lost their land due to debt, the cotton mills of Concord, and later Kannapolis, offered a way out of farming and a new life. So many came to Concord for "public work" that one Stanly County resident noted that "if you don't see a man for two weeks, you can just say he has gone to Concord's cotton mills."[50]

After the turn of the century, Cannon continued his program of vertical integration at the Cannon Manufacturing Company. The firm built its own

bleaching and finishing plant in 1902. Erected at the Cannon Manufacturing Company, the new plant was five stories tall and used the Kier bleaching method, which soaked towels in chemical vats two stories tall. Now the textile firm could bleach many towels, but the results could be uneven and the chemicals could eat holes in the fabric if it was soaked too long. Kier bleaching remained the industry standard until Cannon Mills, the descendant of the Cannon Manufacturing Company, developed continuous bleaching in the 1930s.[51] Another process in the manufacturing of towels had come under the control of the firm.

A year after building the bleaching and finishing plant, Cannon positioned his mills for sales and distribution on a national scale and furthered the process of vertical integration. Reflecting his knowledge of merchandising and his determination to sell his company's own product, Cannon created his own selling agency. Cannon Mills, Inc., or "Inc." as it later became known, sold the goods of the Cannon Manufacturing Company and Cannon's other mills, avoiding independent sale organizations. Traditionally, textile manufacturers sold their products through "commission merchants and independent textile sales organizations."[52] Cannon established a sales office in New York City in 1904 and sent John C. Leslie, a Concord native and secretary and treasurer of Wiscassett Mills Company, to operate the New York office.[53] John Fairfield worked in the New York office and described the Cannon sales operation in the early days as "unique" among textile manufacturers.[54] A year or two later, Cannon opened a commission house in Boston, followed by houses in Philadelphia, Chicago, San Francisco, and St. Louis.[55] With the addition of the sales agency, Cannon now controlled all aspects of towel manufacturing, from cotton buying to manufacturing to sales.

While Cannon created national distribution for his firm's products, another change occurred among the officers of Cannon Manufacturing Company. President David Cannon died on May 29, 1904, and James Cannon became president. Although James had served as secretary and treasurer, he was the true driving force behind the firm. Everyone recognized that the Cannon Manufacturing Company was really his company and deferred to his remarkable skill and vision as a businessman. James Cannon's knowledge of the textile business was unquestioned as he now owned outright or was a partner in several other successful mills. Cannon's son, James W. Cannon Jr., filled the position of secretary and treasurer.[56]

Cannon's business success was due to his ingenuity. He was a visionary businessman who applied his knowledge as a merchant to the textile industry. Cannon's decision to brand name his multipurpose sheeting was an attempt