

Business Alabama

MONTHLY

SEPTEMBER 1998

\$2.50

**FROM COTTON CULTURE TO GLOBAL LEADER
CONTINENTAL EAGLE CORP.**



ROGER FERMON, PRESIDENT OF
CONTINENTAL EAGLE

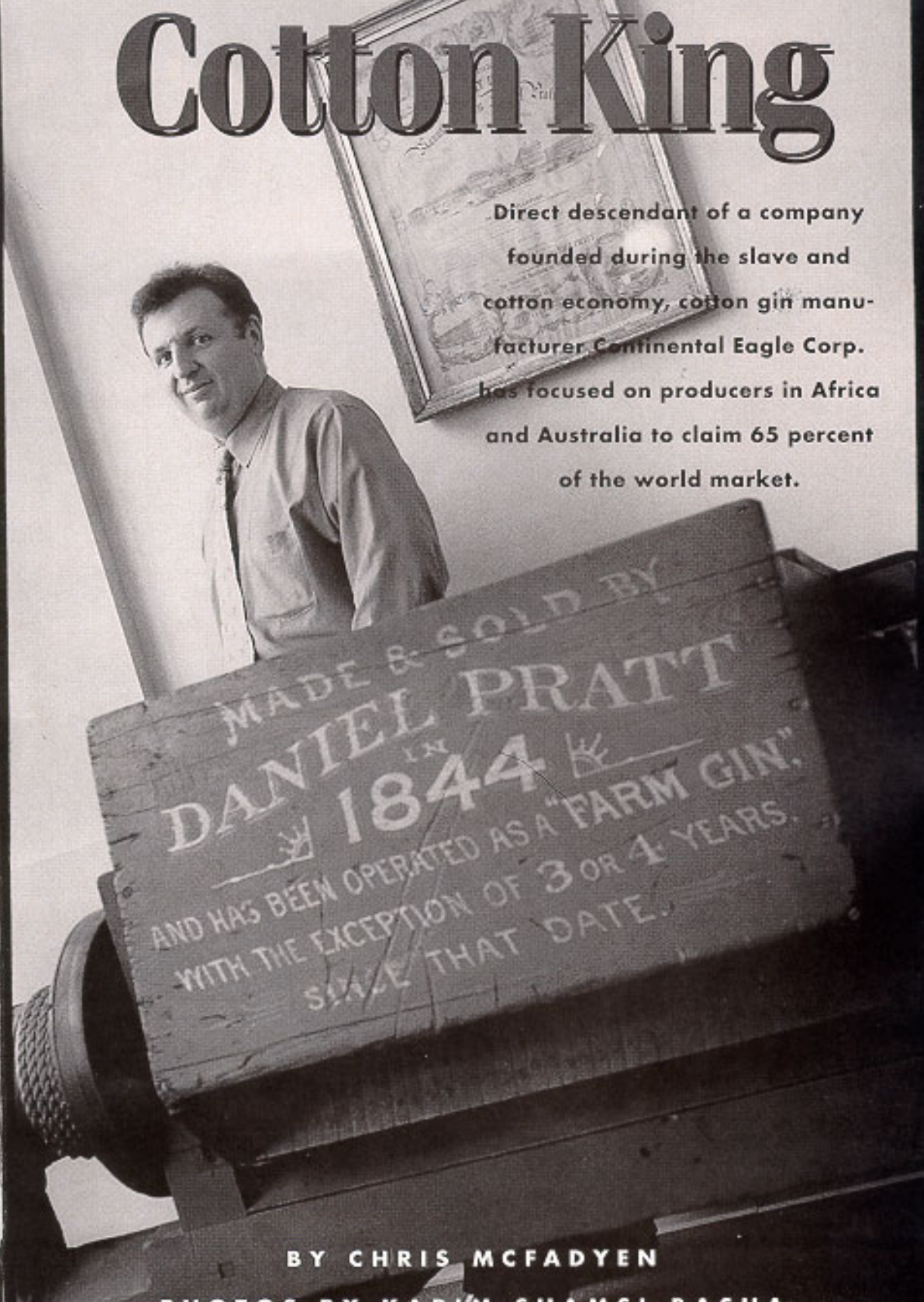
MADE & SOLD BY
DANIEL PRATT
IN
1844

AND HAS BEEN OPERATED AS A "FARM G"
WITH THE EXCEPTION OF 3 OR 4 YEAR
SINCE THAT DATE.

MADE IN ALABAMA

A SALUTE TO ALABAMA MANUFACTURERS

Cotton King



Direct descendant of a company founded during the slave and cotton economy, cotton gin manufacturer Continental Eagle Corp. has focused on producers in Africa and Australia to claim 65 percent of the world market.

MADE & SOLD BY
DANIEL PRATT
IN
1844
AND HAS BEEN OPERATED AS A "FARM GIN"
WITH THE EXCEPTION OF 3 OR 4 YEARS
SINCE THAT DATE.

BY CHRIS MCFADYEN

PHOTOS BY KARIM SHAMSI-BASHA

Between the two Prattville exits on I-65, you notice two of the more common benchmarks of a thriving Southern midland—a new Wal-Mart Super Store and a new Baptist church, which exceeds even the size of Sam Walton's retail tabernacle.

Having two exits off an interstate is, of course, a mark of prosperity in itself. A rapidly growing suburb of Montgomery, Prattville is in the midst of a residential construction boom that is the city's primary source of commerce—sparking the rising retail and institutional spires.

A teeming center of industry is definitely not what you expect to find should you take one of those exits.

Teeming—well, not exactly, but Prattville could indeed press a claim as the state's industrial center. It's a claim that's merited, and not because local industrial recruiters have been busy in recent years—adding to the suburban glens, among other things, three plastic injection molding companies, including a major supplier to the new Mercedes Benz utility vehicle plant 120 miles to the northeast.

The claim has merit in part because of history: Prattville is home to a 166-year-old company that was the first major manufacturing enterprise in the state—long before anyone was preaching a "New South" industrial creed. But more significant is the fact that that company—Continental Eagle, Inc. a maker of cotton gins—survives and thrives today as the world leader in its industry—a likely model of the newest business creed, the global economy.

"For the moment, sales overseas are around 60 percent, and domestic sales are about 40 percent" of total company sales," says Roger Fermon, who headed the company's export department for 10 years before being named president in April.

He is the second generation of his family to sew the company's seed on foreign soil. His father, the company's CEO and chairman, Joseph Fermon, pioneered the largest overseas market as the vice president for sales in Africa. A native Frenchman, Joseph Fermon was a cotton grader in the customs business before joining the company in 1962. He became a 50 percent owner of the company in 1986, when Continental merged with the third largest cotton gin manufacturer, the Murray Co., to become Continental Eagle. Two years later he bought the rest of the company.

Prior to that time, exports were less than

20 percent of total company sales, says Roger Fermon, who sees the company's global perspective as an essential survival trait.

Company sales can range widely, from between \$40 million to \$60 million a year, "depending on cycles," he says, and a diversity of geographic markets buffers the swings in fortune.

"We face cycles and we are also a very

**"...A SPIRAL MOVEMENT IS GIVEN THE
COTTON WITHIN THE BOX OR HOPPER,
AND A FRESH SURFACE CONSTANTLY
PRESENTED TO THE SAWS, SO THAT THE
COTTON WILL BE STRIPPED FROM THE
SEED WITHOUT BEING CUT OR BROKEN."**

—DANIEL PRATT

**DESCRIBING THE GIN HE
PATENTED IN 1857**

seasonal business," says Fermon, "but since we have exposure in the whole world, we've been able to maintain a pretty consistent amount of business, since we don't depend upon one market."

Among the more important markets over the past decade, says Fermon, have been Africa and Australia. Continental Eagle also sells to customers in the Middle East and South America. It's a long way from the company's roots in the Deep South cotton culture.

Continental Eagle is the direct capital descendant of the Pratt Gin Company, founded in 1832 by Daniel Pratt. Pratt, a transplanted New Englander, patented an improved version of the famous invention of Eli Whitney and set up shop producing it on the banks of the Autauga Creek—pretty much where the company's present red brick factory sits in the heart of downtown Prattville. Pratt's gins became the most popular in the Alabama Black Belt and caught on throughout the South. By 1899,

Pratt Gin was one of the five largest cotton gin manufacturers in the country which that year merged to form the Continental Gin Corp., predecessor to Continental Eagle.

The company is now the leader in both the domestic market and in most overseas markets. Its closest competitor is the Lummus Corp., currently based in Columbus, Ga. but planning a move to Savannah. Fermon estimates that his company has a "65 to 70 percent" share of the world market compared to "about 25 percent" for Lummus.

Unlike Lummus, which diversified into machinery designed for the jute industry, Continental Eagle has remained focused on cotton gins, content to diversify geographically and, to some extent, into other cotton-related equipment. Such equipment, particularly de-linting machinery, now comprises about 5 percent to 10 percent of total sales, with the balance still being gins.

From the time of Daniel Pratt's first patent, the engineering of more productive designs has been the name of the game. "We attach a lot of importance to research and development," says Fermon, "because that's the main way for us to stay ahead of our competitors. That's what has made us a success over the years—excellence of engineering in manufacturing." Significant evidence of this tradition, he says, is the fact that Continental Eagle is the only manufacturer in the industry to have been certified as compliant with the world-wide quality standard ISO-9001.

Those years of experience in engineering are an important part of why global leader Continental is content to stay on the bank of the Autauga Creek, where Daniel Pratt settled. Fermon, who was born and educated in Belgium but who now lives in Montgomery, traveling overseas "five or six times a year," sees no reason to move.

"We are in a good situation here, close to all the big cities—Birmingham, Atlanta, New Orleans," says Fermon, and we have good connections from Montgomery to Atlanta and from there all over the world."

But the main reason for staying, he says, are the employees. "We have a lot of people with a lot of experience," in Alabama, "and we don't see any reason to leave. All of our knowledge is here." •

Chris McFadyen is editor of Business Alabama Monthly.

IN HONOR OF THE 200TH ANNIVERSARY OF THE BIRTH OF DANIEL PRATT, 1999 HAS BEEN NAMED BY GOVERNOR FOR JAMES "THE ALABAMA YEAR OF INDUSTRY." A SERIES OF EXPOSITIONS ARE PLANNED THROUGHOUT THE YEAR, CULMINATING IN A WEEK-LONG INDUSTRIAL EXPOSITION IN PRATTVILLE APRIL 25-MAY 1.