

# The Observer

Vol. 3, No. 1

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March 31, 1972

## KSA's East African Adventure . . .

(Editor's Note: Following is a fascinating account of KSA's work in Tanzania. *Bob Heiland*, who has supervised the project, wrote this report during a particularly heavy rainy season. We have cut out some of the damp parts; the remainder is well worth your time.)

For 18 months, KSA has been doing work in Tanzania, East Africa. We have done a wide variety of work over that period, laboring long and hard under difficult handicaps to help one of what the UN calls "the 25 hard-core poverty nations" to develop. (Since fees will come close to \$450,000 by June, it has not been exactly a charitable contribution; but it has been exciting, different, broadening, frustrating, and at times very satisfying to have been a part.)

*Bob Frazier, Josh Taylor* and I were the original team here, and at various stages we've had capable assistance from *Gerry Turbyfill, Lutz Kohnagel, Jean Jacques Pflieger, Frank Hurley, Larry Parks, Nigel Richardson, and Hugh Gray*. All or part of the families of seven of us have shared at least portions of the East African adventure. To date I have made eight round trips, with two more scheduled before the current assignment finishes.

First, for background, a short word picture of Tanzania:

- A ten-year-old nation of 13,000,000, 97% African and the remainder mostly Asian (Hindus and Pakistani Moslems); formerly a British-owned Tanganyika Territory. United (after a fashion) with the island of Zanzibar in 1964 to become Tanzania.
- Climate is tropical — hot on the coast, cool in higher elevations inland. Just seven degrees south of the equator. (Yes, water *does* go down the drain counterclockwise! Day and night last 12 hours each, year-round.)
- Average per capita income is \$50-\$60, and 95% of the people live in agricultural/rural areas. The 85 largest communities comprise only 12% of the population.
- Probably 50% are functionally illiterate; official language is Swahili, an esperanto of Bantu, Arabic, English, and other components. English is the business lingua franca. Education still severely limited above primary school level. Nearly all secondary graduates and above are in their 20's, except a handful who were lucky enough to be educated in British schools prior to independence. This handful now fills top government positions.
- Dar es Salaam ("Haven of Peace") is the only large urban area (300,000), with seaport, capital, industry, university, and some of the most beautiful beaches in the world. Cars, all small editions, drive on the left side (like crazy, whenever possible!). Most roads are not paved.

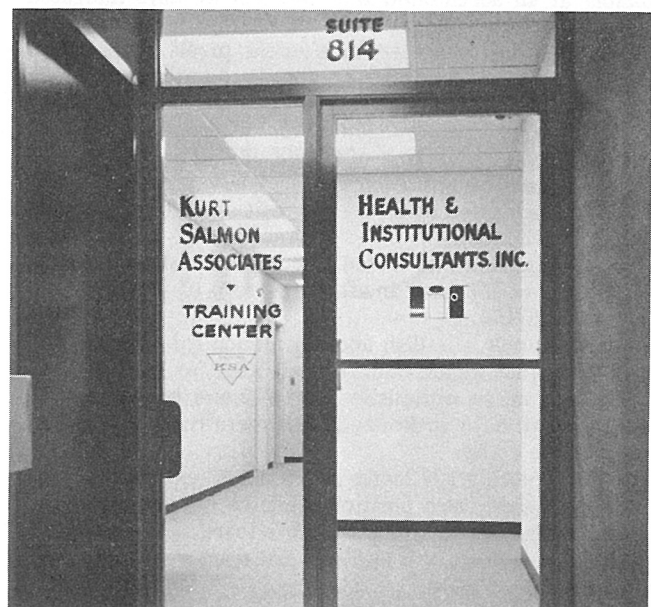
The government is dedicated to socialism. President is Julius K. Nyerere — competent, sincere, highly intelligent,

well educated, but a visionary. A one-party system, with free elections to a rubber-stamp parliament.

Underlying all problems are some inescapable facts:

- 1) There are no strata of middle-aged, reasonably capable, educated people to fill mature positions in business, except Asians, historically a small but economically powerful minority controlling all trade and, until recently, most investment capital. The African government is now effectively driving these people out, and in cases, wasting the capital they have generated.
- 2) There is a severe shortage of foreign exchange in hard currency. Tanzanian commodities available for export have no real world impact. Unofficial rate of exchange for the shilling has gone from seven per dollar to 19 per dollar in 15 months.
- 3) Population is growing faster than GNP!
- 4) There is a growing unwillingness of most Western-bloc nations to invest in the face of the danger of expropriation, unstable currency, and increasingly militant socialism.
- 5) The government has made heavy commitments of future foreign exchange to China. Tanzania has some 40,000 Chinese working on the railroad to Zambia and other projects. The World Bank refused to fund the railroad on economic grounds; its purpose is to carry copper ore to sea

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Front door to new training and HIC facilities. (see "Functionally Speaking" for more details)

## Observations from . . .

You've heard of State of the Union and State of the World messages. . .the following report by *Karl Striegel* is our State of KSA message, and we believe you will find it very interesting.

\* \* \*

Although we do not have audited figures as yet, it is safe to say that (painful though it was) KSA made a good start on a comeback in 1971.

### Where We've Been

- KSA/USA had an after-tax profit of \$179,000 (2.9% on a fee volume of \$6,190,000; this compares favorably to an after-tax profit of \$114,990 in 1970 on a fee volume of \$6,592,000.
- KSA/Europe was in a loss position through last April, but made a very strong comeback for the remainder of the year. It now appears that there will be an after-tax profit of \$30,000 to \$40,000 on a fee volume of \$2,140,000. This compares to a loss of \$124,400 in 1970 on a fee volume of \$1,678,000.
- HIC, Inc. (Health and Institutional Consultants), a wholly owned subsidiary, had a loss of \$84,000 on a fee volume of \$131,480 for 1971. However, it is extremely encouraging to note that for the last two periods of '71, HIC showed a profit of \$24,500 on a fee volume of \$46,200.

Overall, 1971 was a challenging year for all of us in KSA, but I feel you have met the challenge well, have every reason to be proud of your accomplishments, showed considerable improvement over 1970, and have developed a springboard which will serve us well in the future.

### Where We Are

The outlook for 1972 is for continued improvement, possibly at an accelerated rate. We feel we have budgeted on a realistic basis; here are some of the highlights.

- KSA/USA has budgeted an after-tax profit of \$298,000 on a fee volume of \$6,600,000. This would represent a 66% increase in profits and a 7% volume increase.
- KSA/Europe has budgeted an after-tax profit of \$101,000 on a fee volume of \$2,200,000. This, too, would represent a healthy improvement.
- HIC has budgeted an after-tax profit of \$18,400 on a fee volume of \$382,000.
- In total, we have budgeted a fee volume of \$9,122,000 (an increase of 8%) and an after-tax profit of \$417,000 (an increase of 209%).

Merril, Lynch is bullish about America for the 70's and you can see that we are bullish about KSA for 1972!

Why are we so optimistic for 1972 and beyond to the point that we have authorized USA recruiting of 15 to 23 people? Here's why.

- We are entering 1972 with a "trimmed" expense budget, a better forward sales position, and the experience of the last two years. We are in a position to react more quickly in the event of a downturn and will not react prematurely on an upswing.
- All forecasts for the USA economy in '72 are for improvement. . .where a difference of opinion exists, it is one of degree rather than direction.

## The KSA OBSERVER

A quarterly report of the activities of Kurt Salmon Associates, published by and for its personnel, is mailed to homes and should not be taken elsewhere. Address all correspondence to the Editorial Offices at 4301 Connecticut Avenue, N.W., Washington, D.C. 20008. The opinions of readers are invited.

Editorial Board: *Kurt Salmon* *Joe Scheines*  
*Jack Johnson* *Mary Baach*

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- This is an election year.
- There will be an increase in the minimum wage in 1972 and historically this has helped KSA sales.
- *President Nixon* has announced that government policy (and money) is dedicated to Productivity Increases — and this is where we shine.

Overall, the atmosphere is *RIGHT* for KSA/USA in '72 and beyond. We feel there is a strong possibility that we can exceed the 1972 budgets. On the negative side, there have been some disturbing developments in Europe (strike/unemployment in England, unrest in Italy, etc.). Europe will re-budget in March if necessary and we'll update you late in the year.

We are seriously exploring bringing back a few of our experienced Europeans on an availability basis to help us out a while with a few specific assignments while some of our USA trainees or juniors accumulate more experience.

How have we done thus far in 1972? Unfortunately, there are no figures available for the first period at this writing, however, we do have a tentative "feel" for the situation.

- KSA/USA is on budget at this writing or slightly ahead of budget. Probable published figures will show KSA/USA some \$26,900 below the fee budget for the first period, but this does not include some 37 billable man-weeks not reported. (an aside — LET'S RESOLVE TO GET ALL B.I.'s IN ON TIME IN '72!!!) While we cannot furnish figures we think that AMMD is on/ahead of budget, MSD is about on target to slightly below, TMMD is below budget, and HIC is ahead of budget. Overall, we should be O.K.
- KSA/Europe is probably slightly behind budget due to circumstances "beyond their control."

We feel that we should be on target at this writing with a favorable outlook for 1972.

### Where We're Going

How does the long-range future look and what are we doing about diversification? We won't comment on Apparel, Textiles, Carpeting, Knits, Women's Wear, etc. . .you are familiar with these. However, there are other areas that may be of interest to you.

- *HIC*: Though we covered 1971/72 previously, we think you should know that we look upon this as a prime growth area for KSA in the 1970's. If we/you can do as good a job in this industry as *Kurt* did in Apparel, the same results are possible.

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# Out Of The Frying Pan . . .

In the early morning hours of November, 1969, I was awakened by a phone call from *Cecil Phillips*, who told me KSA had sold an authorization for the conceptual design of a management information system. "For whom?" . . . "The Sheeting Operation of the Consumer Products Division of West Point Pepperell, Inc. (WPP)." . . . "Oh! Where?" . . . "Abbeville, Alabama." . . . "Where?" . . . "Abbeville, Alabama." . . . "Oh."

Within the hour, we were headed to south Alabama with *Lamar Pittard* on the first of what was to be some 100 trips to Abbeville. Now Abbeville is a very pleasant little town, except for a few things which became apparent in the first conversation with a native. "Where are your motels located?" . . . "We don't have any." "Oh. Well, where's the nearest town with one?" . . . "Dothan or Eufala — either one's about 25 miles." . . . "Thanks. How about a restaurant?" . . . "Well, you can eat at the Citgo gas station at the edge of town." (A slight exaggeration — there is also a down-town cafe which serves good breakfasts, and you can get Southern fried chicken at the plant for lunch — five days a week! Sometimes for variety you can get chicken fixed other ways too.) However, all was not to be despaired. Upon meeting the plant personnel, and in subsequently working with them, I found them to be the most capable and cooperative client for whom I have worked.

- Immediately we plunged into work on the conceptual design. We were concerned with the entire information system for the sheeting operation, including loom scheduling for three greige mills, finishing lot scheduling (most finishing is done by a WWP plant in another division, with some done outside), fabricating scheduling (the Abbeville plant), inventory accounting of five major inventories from greige cloth through packed stock, plus distribution center inventories and fabricating supplies inventories, order entry, shipping, billing, the interface to corporate accounts receivable and sales analysis reporting, and merchandising forecasting. The main objective of the entire project was to improve customer service through better control.

- During the design phase, we noted some interim improvements which could be made in the planning greige production, and so broke *Bill Cobb* into what was by then known as the Abbeville project, as the detail designer and programmer of the interim system. The success of the interim system influenced WPP to authorize the implementation plan arising out of the conceptual design on or about April 1, 1970. No, it was not an April Fool's joke, though there were times I wondered.

- The scope of the project was such that WPP set up a project team of nine computer programmers to generate the coding required for the project. Their level of experience was such that we placed *Aubrey Lancaster* in charge of coordinating all programming specifications (the systems analysts' write-up of the requirements of a given program), to ensure that as little reasoning as possible was needed on the part of the programmer to put a program together. In addition, programming standards were developed to assure that all programs would be structured similarly.

As a part of the project, we were to replace the existing computer with another machine. In such an environment, the day of reckoning comes when the main line system is installed on the new machine. Once the cutover is made, there is no retreat to the old computer, without much

otherwise unnecessary programming. To prepare for this event, which we knew would require intensive TLC from all of us on the project, we rented a mobile home to help reduce room expenses. This perfectly lovely abode was located in a very fashionable section of Eufala, right next to a mining company's truck maintenance shop. In such a location, the place just naturally got dirty from time to time. One day Lamar received a note from *John McCreight* questioning the validity of a broom as an expense item from Aubrey. But then anybody who would list keypunching assistance as "Jane Doe, Professional Services — \$15" should have their expense report checked!

One other reason Aubrey needed the broom was that the dust was stirred up from time to time by one of the team members jogging in place in the trailer. This is, of course, more noticeable in a mobile home, without the solid foundation of an ordinary house. Fortunately, I always seemed to be doing something at the time and didn't mind.

Being some 20 miles from the installation site, and without a phone, we found it highly desirable to remain in Abbeville into the evening, in case of running problems with the computer programs. What a boon that was to the Citgo dining room!

During a project of this length, one normally expects a good bit of turnover, but not seven out of the original nine! Of even greater impact, we are currently training a new project coordinator in the operation of the system.

- Happily, some 250 programs later, only the foregoing mentioned training (covered by an extension) and some documentation remains to complete the project. An additional project, the installation of real-time order entry capability, has brought the total fee volume at Abbeville to something over \$290,000. More importantly, the capability and cooperation of the Abbeville personnel, which I mentioned earlier, should make this the most successful and far-reaching system I have had the pleasure of being associated with.

- A short time ago I had occasion to speak with Cecil about another project for the Consumer Products Division of West Point Pepperell, Inc., and learned they have approved a proposal for the conceptual design of a management information system. This time it is for their towel operation. Where? Fairfax, Alabama. Oh, I already know where Fairfax is. It's halfway between Atlanta and Abbeville.

—Doug Moore

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## Coming Events . . .

- May 2-5 — AAMA Team '72 convention and trade show, Atlantic City, N.J. KSA will exhibit. Attendance guidelines forthcoming.

- May 19-20 — Repeat of KSA/Bobbin Seminar on "State of the Sewing Room—1972" at Marriott, Dallas, Texas.

- June 2-3 — Repeat of KSA/Bobbin Seminar at Marriott, Philadelphia, Pa.

- June 7 — (tentative) Repeat of Top Management Seminar on Customer Service/PD in Atlanta.

- June 16-17 — (tentative) KSA seminar on Style Shop, Los Angeles, Calif.

- August 11-12 — Repeat of KSA/Bobbin Seminar, Champlain Hotel, Montreal, Canada.



# Promotions . . .

Three of our European colleagues were promoted to Principal and should have been reported in the last issue, but notification was received too late. Though belated, sincere congratulations and best wishes to *Hardy Artelt*, *Klaus Herzog* and *Reimar Maennel*, as well as *Bill Luttrell* and *Eric Bossak*.

\*

*Hardy Artelt* graduated from the Clothing College at Hohenstein. He joined KSA on April 1, 1965 and spent three years in the U.S. where he made a considerable reputation as a very competent apparel engineer as well as many lasting friendships within KSA. Upon his return to Europe, he went immediately to the Mezzo Giorno where he played a major part in setting up a large shirt plant for Klopman Mills at Frosinone. Spearheading the KSA-GmbH AAMT effort, Hardy has so far sold and successfully supervised two full assignments and is currently in the middle of a third. He has



been responsible for the development of one of the most advanced trouser units in Europe for C & A Brenninkmeyer, using an Eton conveyor. Hardy's calm, patient tenacity makes a considerable impression on his clients as well as those of his colleagues who have had the pleasure of working with him. He and his wife, Edda, are busy building their final home near Hannover where they will settle after their many years of travel.

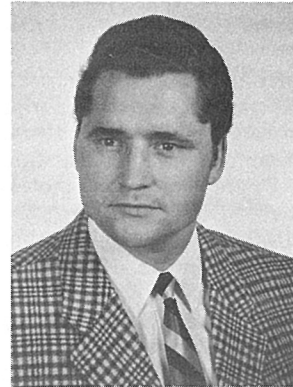
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*Klaus Herzog* graduated from the Hoehere Bekleidungsfachschule Moenchengladbach and joined KSA on August 16, 1963. After six months in the U.S., Klaus returned to Germany where he laid his foundation of an enviable reputation as a successful engineer. Pants, ladies' wear, men's suits, children's clothing, house coats, all have been grist to Klaus' mill. Such jobs have taken Klaus and Helga, his lovely wife, to Austria, Switzerland, Spain and Italy, as well as Germany. Universally liked by his colleagues and clients alike,

perhaps the nicest compliment that we can pay to Klaus is to repeat a comment by one of his colleagues. . . "Klaus would give his last shirt to anyone!"



*Reimar Maennel* is another graduate of Hohenstein Clothing College. He joined KSA January 15, 1965 and was in the USA until June, 1967 where, for quite a long time, he was "our man" at Hart, Schaffner & Marx, under the

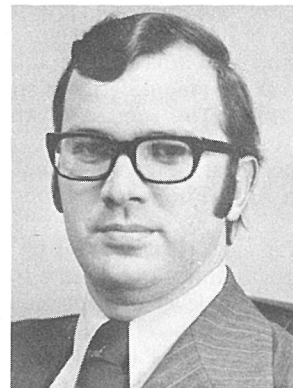


genial direction of *Ross Runnels*. Upon Reimar's return to Europe, his ability to speak French, as well as English and his native German, led to his undertaking assignments in France and subsequently in Algeria as part of our new plant development in the latter country. Reimar's linguistic abilities were taxed even further when he spent eight months engineering the by now, legendary Bulgarian trouser plant in Plovdiv. These were not the only skills that were taxed by this

assignment! After this, he and his wife, Wiltrud, and family settled down in Neukirchen-Vluyn where Reimar continued to build his reputation with sewing room engineering programs in both men's and ladies' wear plants in Germany as well as taking time out to support our efforts in places such as Spain and Switzerland. Physically huge, Reimar has a drive to match, topped off by that warm smile which persuades even the most "leaned-upon" mechanic that perhaps he ought to get that work place finished after all!

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*Bill Luttrell* (HIC) became a Principal January 15. He has headed our services in Material Management, Systems



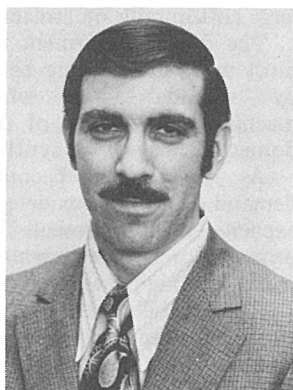
and the Business Office area, and his performance in the development of HIC's comprehensive health planning services — including coordinating the study for the Atlanta Health Network — has been outstanding. He also played an important part in selling the Intake-Output Management System to the Social Security Administration through the Birmingham Hospital Regional Council. Bill has been with HIC since July, 1969. He has a BSIE from Tennessee Tech and an

MSIE from the University of Tennessee. He has authored several publications concerning industrial engineering applications to hospitals. Bill, *Judi* and their two small daughters recently moved into their new home in Atlanta.

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Eric Bossak (HIC) also became a Principal January 15. Eric's competence and dedication in many varied assignments has proven his ability to perform on the Principal level. He heads HIC's activities in Clinical Services and Housekeeping functions, and often becomes their "instant expert" in any activity or service they offer. He holds a BSIE and an MSIE from Georgia Tech. He came to HIC in January, 1969 from Fairchild Corporation in California. Eric and Doris have just completed building a new house, and in the process Doris obtained her real estate license.



*Observations—(Cont.)*

● **RETAIL:** This industry, likewise, holds at least as much promise as Apparel or HIC. Though we have made no marketing effort as yet, we have had seven men work in Retailing in Europe and four or five in the USA. An internal marketing study of the Retail Industry is underway and we should formalize our approach by mid-1972.

● **INDUSTRIAL LAUNDRY/LINEN SUPPLY:** We made one survey in this industry in 1971 and have a second one sold for early '72. Although this is not an Apparel/HIC/Retail industry as far as potential volume is concerned, it is attractive to KSA and should be a source of growth in the 1970's. We are formalizing our plans, are beginning to penetrate (will gain P.R. exposure by speaking at the Annual Convention of LSAA in May), and hope to make some headway in '72.

● **DISPOSABLES:** We have some contacts in this industry and are beginning to organize our efforts and P.R. The industry is currently only 1/2 Billion, but is forecast to go to 2 Billion plus in the 70's. We hope to see our practice grow with the industry.

● **BEDDING:** KSA has done one job in this industry and has an opportunistic way to perhaps gain penetration. We hope to act on it this year since it is a 1.5 Billion dollar industry and would fit into our plans for a "Home Furnishings Division" within KSA.

● **MISCELLANEOUS:** We have one Systems assignment underway in the Cosmetics industry and feel qualified to pursue this. Additionally, we have an attitude survey proposal outstanding to a large (of all things) chicken processor! No plans to try to penetrate this industry, but it does illustrate the fact that we possess many skills that are readily transferable to many industries.

So, to answer the questions regarding our long-range future, it looks good, we are well aware of the need for diversification, and we are actively doing something about it. Though you may be an Apparel/Textile expert today, don't be surprised if you get "tapped" to become a Health/Retail/Bedding, or what have you, expert at some future date!

We apologize for the length of this article. . .and at the same time apologize for the many omissions such as functional development, the gradual smoothing of KSA's internal organization which is taking place, acquisitions being "checked out", etc. There are some exciting/promising developments taking place and contrary to the astrologists (who say we are moving out of Pisces [Salmon]

into Aquarius), we feel that the 70's show much promise for Pisces (KSA, that is).

Here, we want to plagiarize from Stuart Hollander's message to the European staff, for it expresses our thoughts perfectly: "I would like to thank all of you, and your families whose contribution is well recognized, for all your efforts, sacrifices, and dedication. I am very proud of the team we have here and I include in this our office staff and accountants who may be behind the lines, but without whom we could not operate." To this I can only add an "Amen" and look forward to a full realization of our 1972 potential with you.

—Karl Striegel

AS WE GO TO PRESS

We can report that in the last three weeks, the company enjoyed the largest sales volume of its history — well over \$1 Million. This included \$319,000 sales by HIC, of which \$150,000 plus are for 1972 delivery. To quote one more, for instance, Textile Systems claims \$137,000 of this total including \$40,000 in Tanzania. As a result, our U.S. companies are well above their sales budgets for the year thus far. So, it looks as though things are beginning to hum again!

—Editor

*East Africa—(Cont.)*

without passing through Rhodesia, and thus it is a political, not an economic, project. China is also training the armed forces, and supplying a navy. Tanzania is the only country in Africa where Chinese influence is felt.

6) Health and stamina levels are much lower than in the developed world, although subsistence is reasonably easy for the peasants on fertile, verdant land covering most of the country.

7) Transport and road systems are grossly inadequate, and many large inland areas are cut off for months at a time during the rainy season (February-May). This also hinders development of tourism as an industry and source of hard currency.

8) Centuries of isolation, love of talk (as opposed to action), tribalism, language barriers, and inadequate communications systems, all are difficult to overcome in one generation.

Answers to all these concurrent problems are anything but simple, because they are all of a piece. The British and German colonial experiences remain vividly in the minds of all the people, and most ills are laid to that source.

In two or three generations, given education, adequate foreign venture capital, realignment of priorities, and the bitter lessons of experience, Tanzania, and dozens of other African nations, may join the developed world.

Tribalism, the bane of Africa, must be overcome, language barriers must be crossed by some kind of lingua franca, and the flush of pride at flag independence must be superseded by energetic multi-national cooperation in the development of viable national communities. I do not believe any of us will see it, but our children might, and their children will have a good chance of finding Africa quite competitive in the world of the 21st century.

**KSA's Assignment**

In 1967, President Nyerere announced it would be the

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policy of the Tanzanian Government to own the means of industrial production, and the instruments of wholesale distribution.

The National Development Corporation was established as the state holding/operating company for meeting the former objective, and the State Trading Corporation was set up to implement the latter. The STC took over all private foreign-owned wholesale companies, for all commodities in which they traded. These were, of course, nearly all imported goods. Among them were all textiles and textile products, as well as general merchandise, pharmaceuticals, food, steel, concrete, stationery, etc., etc.

In very short order, it became apparent that Tanzanians could not run a wholesale business on that scale, and the foreign expatriates who had left at the time of the takeover were no longer available. McKinsey and Company's British branch was hired to straighten things out, and set up STC on a sound business basis. They immediately recognized that textiles was the largest single segment, and an animal they had no experience with, so they recommended that NDC hire KSA to set up a separate wholesaling enterprise for textiles and textile products. The National Textile Industries Corporation (NATEX) was established, to fulfill this mission (under NDC, not STC).

Bob Frazier happened to be in Algeria when the call came and he quickly went to work. Bob proposed a \$50,000 project to develop a conceptual plan for the operation of NATEX, which they promptly bought. He and Josh and I then spent eight weeks of 10-12 hour days, first learning in depth the whole industry within the country, and its distribution systems; then developing a "best solution", then committing it to paper.

We traveled all over Tanzania; interviewed over 100 manufacturers, wholesalers, retailers, and users of textiles and garments. We disagreed, argued, discussed, and cerebrated; none of us had ever faced a similar problem.

- When all the dust had cleared, and the report was written and presented, I think all of us knew that true synergism had taken place. The Conceptual Plan for NATEX goes beyond what each of us contributed, and is really innovative. It was immediately accepted, and they insisted we implement the plan. We proposed a two year program which was bought in nine, seven, and six month chunks.

One thing puzzled us at the start: Why would a country dedicated to socialism seek help from Americans to build a distribution system? The answer came back quickly from George Kahama, General Manager of NDC, and one of the best executives I have known: "We figure that nobody in the world does a better job of distribution than the U.S. Therefore, why not have you show us how?"

### A New Distribution System

- Basically, the plan called for a dispatch distribution system, using two large warehouses in Dar es Salaam and Mwanza, with a fleet of about 30 large trucks delivering to order to each of 18 regional sales centers, on a wholesale basis (Phase I). Later, the plan called for establishment of 67 subwholesale/retail shops in smaller towns, and service from the central warehouses to stock these shops (Phase II). A head office in Dar es Salaam would do all merchandising, supervise selling, and coordinate both domestic production, imports, and exports.

- Total annual textile sales at retail runs about

\$100,000,000. Imports now account for about one-sixth of that, down considerably from the mid-sixties because of imports substitution made possible by bringing two new large cotton mills on stream in the last three years.

The domestic garment industry is almost non-existent, most made-up clothing being imported, or made to order by "veranda tailors" who operate foot-treadle sewing machines as adjuncts of piece goods shops. There is no domestic capacity for synthetics or blends.

As the country becomes more "civilized" a greater demand for ready-made garments is appearing, and this capacity is not present. We have made a highly viable proposal to NDC to create a garment industry, but there has been no approval yet.

One of the most basic problems in setting up NATEX was the nature of the existing wholesale distribution system, which consisted of hundreds of small family-owned businesses entirely in the hands of Asians. Since these people will not work in, or adapt to a large-scale operation, it was necessary to build the volume slowly in order to learn what and where the market really is. No valid statistics were available on consumption, and all merchandising decisions were guesswork. So we bought time in Phase I to learn what the small Asian traders already knew.

### PD + Personnel + MIS + Textiles

Early in September, 1970, we set to work. I was thrilled to be the project manager/supervisor of all this work, with Bob Frazier as Account Executive. Nigel, Clare and family arrived that month, and stayed for nine months in a home provided by NDC; their fourth child, John, was born here in March. Nigel designed and specified all the details for the two warehouses (one of 226,000 sq. ft.), and the entire trucking and communications systems. After getting bids on the construction and trucks, NDC announced it had no money with which to finance them. To date, this is still the case.

- Frank Hurley worked extensively recruiting both in Tanzania and in Europe, setting up the organization plan, and establishing and training the Human Resources Department. Larry Parks, and for a time Josh Taylor, made preliminary systems studies and some designs. Hugh Gray was detached from KS-PEA and joined KSA in December, 1970, went to Boston to marry Jennifer, and they arrived in early January, 1971, for what will most likely be 18 to 20 months.

- Hugh has designed and is now installing complete operating systems and controls affecting every aspect of the operation of NATEX. He and Jenny have been in a lovely home ("KSA House") since March, and Larry and I stay there now rather than the hotel when we are here. They have three servants, as did Nigel and Clare — a cook/houseboy, a gardener, and an "askari" (night watchman), whose aggregate salaries are less than \$100 per month!

- Gerry Turbyfill and Jean Jacques Pflieger did an extensive study of the domestic textile industry, with a view to its rationalization and future expansion. Lutz Kohnagel made an intensive study of the local garment manufacturing industry. Larry Parks has worked in the finance/accounting end of NATEX, building systems and installing them. He can tell you a great deal about what it is like to work with Asian accounting practices.

I sincerely wish I could report complete success in implementing the Conceptual Plan, but I can't. From the outset we have been plagued by two problems we could not

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Living in East Africa is easy. We have cars as needed (VW's), the hotel is first class, the food is adequate but takes a bit of getting used to. We've all been to at least one game park, and some of us have been lucky enough, with our families, to see such storied sights as the Serengeti Preserve (5,700 sq. mi. of balanced, unspoiled ecology, with some 500,000 wild animals of all types); Ngorongoro Crater, with its pink flamingoes and breathtaking view; Lake Manyara National Park, where the lions sleep in the acacia trees; and Olduvai Gorge, where Dr. L. S. B. Leakey unearthed the skulls of *Zinjanthropus* and *Homo Habilis* man, the oldest human remains so far found on earth (1.75 million years). On one four-day safari, the Heiland family observed 27 varieties of wild animals, from elephants to mongoose, and scores of beautiful birds.

Trips to and from Tanzania have introduced many of us to most of the capitals of the Western world, as well as the pyramids of Egypt, the casbah in Casablanca and, in at least one case, the fleshpots of Copenhagen and Amsterdam.

solve, and perhaps never will solve: No money and lack of competent staff. We have had to use young, inexperienced people to at least occupy the desks, in the hope they could be trained quickly. This has had very limited success to date. There is just no way to make a green highschool or even college graduate into a mature manager with sound judgment in two years. Unfortunately, many government and NDC policy makers don't grasp the importance of this, or even acknowledge the existence of the problem.

So, we have had to be satisfied with 25% performance against what we would normally expect to be possible. This takes some getting used to. Hugh Gray has probably made the most successful adjustment to this fact of life in East Africa.

Basically, the reason the investment capital has not been provided is a change in the priorities of development over the last two years. NDC no longer has the inside track in development funds; they are being diverted elsewhere — the Chinese railway to Zambia; military and naval armaments; agriculture; and Ujamaa villages, a euphemism for bringing peasants into communes to increase agricultural output. Industrial and distribution system development, road construction, communications systems, electric power projects, and many other objectives now occupy the rear pews when funds are allocated.

All any of us can hope for is that funds will eventually be provided to implement the plans for NATEX.

### First Results

- In the meantime, the Tanzanian Government and the National Development Corporation consider NATEX a dramatic success story. In the first two years of its existence, imports have been reduced from \$17 Million to \$10 Million per year while exports to neighboring countries have been increased from zero to \$5 Million per year. Inventories have been reduced \$8 Million, and NATEX stocks on local fabrics are turning 13 times per year.

- The production and sales of the seven local textile mills have gone up from 55 million meters to 85 million meters. Price controls have been introduced, wholesale prices have been reduced, and NATEX has shown a small profit on a

gross margin of 5.5%. An organization has been built from almost nothing to 250 employees with an annual volume of \$30 Million.

- NATEX is able to successfully compete with the private distribution systems and should be able to hold on to 40% of the national wholesale trade in textile and apparel products until investment capital is available. STC, on the other hand, has been a major economic disaster and an embarrassment to the country.

To have had the opportunity to study closely and observe intimately the problems of an undeveloped nation has been a unique and profound experience for all of us who shared the East African adventure. —Bob Heiland

## The Tanzania File . . .

*Editor's Note:* Bob Heiland thought he had problems with untrained people and a casual approach to efficiency in East Africa. What he has probably forgotten is that "developed nations" have more sophisticated and expensive means for fouling up. The following series of memos from the New York office's "Tanzania file" provides an obligato in obstructionism to Bob's narrative.

To: K. D. Vought . . . 9:00 a.m.  
From: Erma Stenger . . . November 12, 1971

You will recall the problems of last spring when we shipped the NATEX report to Dar es Salaam via TWA. (It was passed from TWA to PAA to East African to Ethiopian to Alitalia; got lost several times, and finally rested in Rome for two weeks due to the baggage handlers' strike there.) President Tillinghast of TWA received an eight-page letter of complaint from yours truly after we decided to duplicate the shipment. So NATEX eventually received two shipments of manuals. Meantime, Tilli admitted to marginal service and issued a quiet payment to us for \$450.

We are now ready to ship another 50 manuals to Dar, where *REH* is waiting. We have had custom binders made up and printed with gold ink, special paper, etc., and will be working through Sunday to get the shipment ready. This time, we shall take steps to avoid TWA fouling up. *Ross Runnels* has a friend who works out at PAA, and we contacted him to make the reservation, and Ross has agreed to take this shipment out to the airport himself on Sunday night. Relax! Nothing to worry about!

To: KDV . . . 9:00 a.m.  
From: ES . . . November 16, 1971

PAA off-loaded our parcels last night. Seems there are only two direct flights a week to Dar: PAA on Monday and TWA on Wednesday. We requested PAA to transfer the freight to TWA for tomorrow's flight. Don't worry. . .

. . . 11:00 a.m.  
November 16, 1971  
KDV: They lost the freight in the PAA cargo area. All hands are looking.

. . . 3:00 p.m.  
November 16, 1971  
. . . Ross' friend has found the freight and arranged to have it transferred to TWA.

. . . November 18, 1971  
Lucky you asked about the NATEX shipment. TWA can't find it. It's still at JFK somewhere in cargo city. Tilli's office has been informed, along with our lawyer. . .

. . . November 19, 1971  
. . . Full scale investigation by TWA. Cables gone out to  
*Continued on page 9*



# NEW STAFF

*George C. Adcock, Jr.* . . Age 34. Wife Carol. One son. Studied psychology and sociology at University of Colorado. Joined our P.R. staff, based in Atlanta, will concentrate on textiles, carpets, knitting and hosiery plus lending a hand with HIC and Southern area publicity. Came to us from Fairchild Publications. Covered a variety of writing assignments for *Home Furnishings Daily*, *Men's Wear Magazine*, *Metal Working News* and *Electronic News* since 1967. Prior to that, did technical writing for aerospace and electronics industries, working on NASA projects at Huntsville and Cape Kennedy. Hobbies: Tennis, building stereo components.

*Stephen C. Bannister.* . . Age 24. Single. B.S. in Commerce at University of Illinois. Worked for Ford Motor (cost analysis) before inducted into Army for two years, where he took some courses in data processing and systems analysis. Assigned to Apparel Engineering for 18-24 months at which time his long range interest in Systems Engineering will be explored. Hobbies: Golf, sailing, building stereo components.

*Werner Degen (KSA-Switz.)* . . Age 31. Wife *Helga* and two boys in U.S. with him. Returning early April to work in Systems-Europe. His first assignment already scheduled to begin. Born Zurich. Graduated Swiss High School (technical). Degree in Electrical Engineering. Worked with Sperry Rand in Zurich doing programming and systems analysis, software applications and sales of such systems. Before joining us was, for several years, with Swiss Radio, a large organization which delivered teletype communications all over world. Again, Systems area of endeavor. Hobbies: Skiing, hiking, music, stamp collecting.

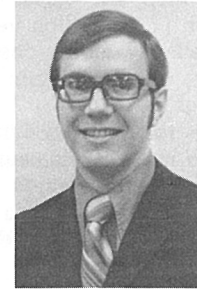
*Warren E. Deviney, Jr.* . . Age 28. Wife *Sandra*. One daughter. Attended U.S. Army Officers' Candidate School. Commissioned 2nd Lt. Served two years in Army (included Viet Nam), then completed education. B.S. Textile Management, Georgia Tech (1971). Brief experience with Deering-Milliken doing process engineering. Assigned Apparel Engineering. Hobby: Photography.

*John W. Pennington, III.* . . Age 27. Wife *Marcia*. Two boys. B.S. Engineering (Industrial Systems) University of Florida. Ex-Captain (pilot) U.S. Marine Corps, 7 years. Also Viet Nam. Short period with Florida Power & Gas as internal consultant. Assigned Apparel Engineering. Hobbies: Flying, swimming, public service.

*Brian Pound (KSA-Switz.)* . . . Age 31. Married, two boys. Over 11 years experience in data processing as programmer, systems analyst, systems and program manager and consultant. Spent 3+ years with IBM and another 3+ with the Urwick Diebold Consultancy Group, working mainly in the U.K., but also in South Africa, Switzerland and Germany. Hobbies: converting and decorating house (bought 18 months ago) and restoring old cars — presently a 1964 Ferrari 250 Berlinetta Lusso, one of the prettiest and most powerful coupes produced by Ferrari.



**Adcock**



**Bannister**



**Degen**



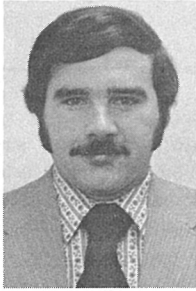
**Deviney**



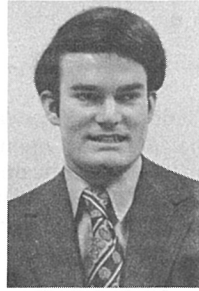
**Pennington**



**Pound**



Riepenhoff



Schmierer

*Stephen J. Riepenhoff* . . . Age 24. Single. BSME (1970) and MSIE (1972), University of Notre Dame. Remained on honor list through graduate school. Extensive research in criminal justice and court delays. This is first full-time job. Assigned Apparel Engineering. Hobbies: Bridge and sports in general.

*Dan C. Schmierer* . . . Age 24. Wife Linda. BSIE at Virginia Polytechnic Institute and MSIE (Operations Research) Cornell. 1-1/2 years work directly related co-op work with DuPont and Eastman Kodak. At DuPont his duties consisted of, among other things, work measurement, basic engineering economic studies, quality control of tricot yarn, implementation of computer programs, plant layout, statistical analysis; at Kodak, the preliminary design of computer simulation model of distribution center. Assigned Apparel Engineering. Hobbies: Golf, chess.

*Tanzania—(Cont.)*

Rome, Cairo, Nairobi, London, Paris and Dar. Stop worrying. . .

1:30 p.m.  
November 22, 1971

TWA reports negative answers from all points; advise we duplicate shipment. Ross pulling his hair out! More advisory cables out to NATEX and REH who would like to be home for Thanksgiving. (Voucher attached — \$1.98 for one economy-sized Maalox.)

2:15 p.m.  
November 22, 1971

TWA called. PAA has freight at JFK. (Never turned over to TWA.) Advised TWA to sit tight. Asked ROR to help. He went right to the top at PAA and talked to a supervisor who said he would make sure parcels go out on evening flight. At last we have someone who will get this out for us! Took Tilli's office off Red Alert; apologize for worrying you. Regards home.

9:00 a.m.  
November 23, 1971

Cargo still here. PAA supervisor took day off (ill, they said). Talked to another supervisor who said cargo scheduled to go Brussels this evening. Ordered shipment off-loaded. Told them we wanted it on a direct flight, and that I was coming out to take personal charge.

Taxied out to JFK cargo area, told driver to wait while I picked up 183 pounds of manuals. Freight lost again! After 45 minutes, told taxi to go. Spent next four hours in PAA cargo terminal looking through pallet by pallet for my cargo. (They were loading 18 planes that day, and the pallet line was one mile long.) Everyone knew about our lost cargo, and everyone certainly knew me, but nothing helped. I didn't find the cargo. Went home, had a drink, and went to bed. It was 9 p.m.

November 23, 1971

PAA called. They found the cargo after I left and took it over to TWA for a direct flight out November 24. Tomorrow is Thanksgiving, and Bob Heiland is still in Dar waiting. . .

November 26, 1971

TWA called. Freight still here. Bomb scare! They will put it on a flight to London tonight and guarantee a connection on East African to Dar. Went down for a second breakfast — liquid this time. Spread worry around by talking to KDV, ROR, RMF, myself. No help.

November 29, 1971

REH back in USA; says TWA no longer flying to Dar. I give

up and go back to tech memos. . .

November 30, 1971

TWA says our freight is in Heathrow, England. . .going to Dar on East African on December 2. Sent cables to NATEX and Hugh Gray asking them to confirm receipt.

December 8, 1971

Still waiting for confirmation of delivery. There must be an easy way to make a living. I guess the whole point of this is:

- Don't ship TWA.
- Don't ship PAA.
- Don't ship.
- Don't.

—Erma Stenger

P.S. February 7, 1972. . .KDV talked to RMF in Dar. The shipment has arrived.

## Congratulations!

To those who have welcomed the arrival of a new baby: *Anne* and *Al Emmons*, a daughter, *Christina Lee*, January 1 . . . *Barbara* and *Ken Campbell*, a son, *David Kenneth*, January 19.

## SYMPATHY

Our sincere and deep-felt sympathy goes to *Judy Chou* of the New York office in the loss of her father in China . . . *Frances* and *Jack Downie* in the loss of Jack's father . . . *Mary* and *Stan Baach* in the loss of Mary's father. . . *Connie Krause* in the untimely loss of her brother.

## SEPARATIONS

In keeping with our policy of advising when a colleague leaves, we regretfully announce the following departures: *Ed Bassetti* • *Charlie Browne* • *Jim Bunting* • *Frank Sexton* • *Doug Stevens*.

Don't think we forgot . . . *Gerry Turbyfill's* anniversary was marked February 1 with the presentation of his 10-year watch. Turby's "Profile" in the last *Observer* pre-empts usual comments for such occasions, other than sincere congratulations and best wishes for continued success.

# Functionally Speaking . . .

## AMMD

Who says we can't work for the very small manufacturer? Ted Horsley has just finished a complete sewing room engineering job in the Schwob Pant Shop employing only 52 operators — current savings are over \$125,000 per year.  
—Howard Cooley

## CARPETS & RUGS

All in the line of duty, every conceivable means of transportation is used in drumming up business for this division. On a recent trip through the backwoods of eastern Tennessee, *Freddie Wood* and *Bob Saunders* had to use the Tennessee River on one of the oldest remaining ferries in the South (see photo). In doing so, they were not at all sure — half way across — they were going to make it to the next appointment. However, in the true KSA spirit, they not only made it, but obtained a small assignment as a result of their efforts.  
—Bob Saunders



## GENERAL MANAGEMENT & MARKETING

(For the GM&M report this issue, see *Bob Heiland's* account of the Tanzania project. This is an excellent example of KSA's ability to blend several functional specializations into one large general management consulting project.)

## HIC

We now occupy our new quarters one floor above KSA's Atlanta office (see photo showing entrance). The area provides room for expansion and greatly facilitates coordination and communication with KSA personnel and reproduction facilities. Stop by and say hello.

• The expansion room is expected to be utilized completely within the next few months. In addition to our original market, the short-term hospitals, we are beginning to develop some government activity. Our latest venture in this area is a program being conducted in three Augusta hospitals, which is directed toward the development of

career ladders for disadvantaged workers.

• The program includes attitude surveys, supervisory development courses, and employee training, funded by the Economic Development Administration through the Central Savannah River Area Planning and Development Commission. *Bob Reeves* and *Marnie Ingram* are spearheading the program under *Buddy Ruppenthal's* supervision, with assistance from *Ron Brockett* and *Greg Murphy*.

Also, the second phase of our project to design a health network system for Metropolitan Atlanta is about to get under way. The network is being designed for Economic Opportunity Atlanta, with funding by the Office of Economic Opportunity.

• In other government activity, we are developing research proposals for various family planning and child development activities, in conjunction with *Joel Sockwell* of Creative Childcare Services. We have also submitted a proposal for a health maintenance organization with a group in eastern Arkansas. And, our three-year project in Alabama, under the auspices of the Birmingham Regional Hospital Council, has been approved by the Social Security Administration.

Government activity is quite interesting; it's also mind-boggling. We had an opportunity to write a proposal to conduct "A Study of Research, Development, and Demonstration Outcomes as a Function of Intramural and Extramural Directive Inputs." We declined the opportunity!

—Eric Bossak

## MATERIAL UTILIZATION

A very busy Cutting/MU staff began 1972 with a full pipeline of survey and installation work, which can be attested to by the following list of newcomers. A warm welcome to *Larry Maurer*, *Ted Horsley*, *Tony Tesoriero*, *Claude Djortovian* and *Smiley Jones* (a returning veteran).

While *Jack Schmidt* is "finding time" to tutor *Larry at Curlee* in Kentucky between stops in New Jersey, Oregon and Texas, *Ross Runnels*, *Lutz Kohnagel*, *Earl Smith*, *Chick Schwartz*, *Bob Frazier*, *Nort Eberly* and *Dick Bath* contributed valuable technical assistance. Thanks fellows, we needed that!

*Ron Cain* has started the Moyer assignment in Youngstown, Ohio, *Roger LeBarron* is a "young man going west" to an \$80,000 MU job for White Stag in Portland, Oregon, and three MU staff members are making difficult decisions vis-a-vis their assignments and winter sports.

The *Frank Beckmann* family has taken up snow skiing and just missed running into the writer (literally!) at Sugarloaf (Maine) a few weeks ago. Between ski trips, Frank was able to improve the formerly "untouchable" Hathaway shirt patterns (Hathaway's president loves 'em) and save some \$60,000 in the process. Frank's off to an excellent start on his year-long Cutting/MU job in Waterville, Maine.

Anyone interested in a snow-shoe hike in Montreal should contact *Claude Djortovian*. It's reported to be a great sport . . . bring your own wine! Claude sold himself so well in his sewing engineering work at Centre Manufacturing (St. Hyacinthe, Canada) that the client has okayed

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his doing an MU job, knowing it's his *first* one. (Based on the progress to date, Claude, you could have fooled me!)

Finally, the winter sport scene finds *John* and *Maureen Harry* in the snows of Chicago . . . shoveling, not skiing! John started working in HSM's men's clothing cutting department and before he knew it, the job was interrupted to start some work in their Fashionnaire (women's wear) Division. Congratulations to John and *Ross Runnels* . . . these are the kind of interruptions we like.

—Jim Trautman

## PUBLIC RELATIONS

The highlight of the first quarter of the year for PR was the two-day seminar presented by KSA and the Bobbin Magazine in Atlanta at the end of January. This was an artistic success as well as a box office smash, and it will be repeated in three other locations later this year (see Coming Events).

Six instructors presented in-depth coverage of three subjects: *Jack Murray* and *Howard Cooley* on Machinery; *John Wilcox* and *Frank Armistead* on Methods and Incentives; and *Bob Pee* and *Bob Langley* on People. Each three-hour session was repeated three times before groups of 32. *Jack Johnson* played a dual role as MC and chief hand-out organizer.

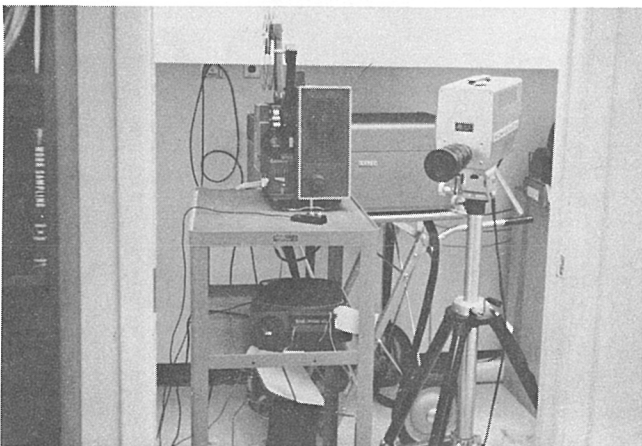
Attendees seemed to like the classroom approach, if their evaluation sheets are to be trusted, and even though Wilcox and Armistead consistently kept their classes over-time.

A great deal of last-minute help was provided by those indestructible gals from Atlanta, who don't know the meaning of the word "tired" (as in, "It's 8:30 p.m. and I'm tired; can't I go home?"), and did a fabulous job of working around a broken Xerox machine while turning out 90 kits for the seminar. Our thanks to *Mickey Yount*, *Sandy Seal*, *Edie Langston*, and *Vallene Baker*. Also, *Gwen Byrd* wowed the folks with a demonstration of KSA's multiple regression analysis technique via teletype.

It is rumored that the Bobbin had to turn away some 50 requests for tickets after the cut-off, and so the show is going on the road — but with a smaller cast. We may have been guilty of "overkill" in this first effort, but the results so far were well worth it.

A new apparel brochure is in the works, and will be available in March. Also, the first evidences of KSA's new advertising program (full-page ads) will have appeared in print in some magazines by the time you read this. We'll be interested in your comments.

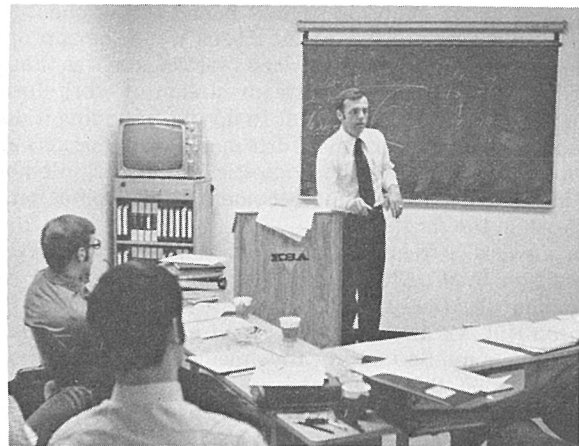
—Joe Scheines



New Projection Room

## NEW TRAINING CENTER

Late last year, HIC began looking for a new location and we seized the opportunity to bring them closer to KSA by renting new space on the 8th floor of the 1422 Peachtree building. In making this move, it was decided that some much needed space on the 7th floor could be created by moving the KSA Training Center at the same time. This move took place in December; HIC and KSA Training now occupy this space. Although it is difficult to tell by the pictures, our new training center is much improved. When you visit the Atlanta office, be sure to take a side tour to the 8th floor.



Buddy Ruppenthal telling it like it is

## TRAINING & PROFESSIONAL DEVELOPMENT

This department is happy to announce the graduation of its first 1972 class on February 18. The class was made up of four KSA/USA men — all Apparel Engineers — and they are now on assignments.

In addition, we presently have a man from KSA-Switzerland here for indoctrination and systems training, before returning in early April for an assignment already scheduled to begin, and a USA man who has recently started his training.

Pictures of these men and background info can be found elsewhere in the Observer.

—Pee/Cameron

## EUROPE—GENERAL

As in USA, sales are still difficult in Europe — particularly in France and Italy — right now and we are starting '72 underutilized, so making our budget will depend on sales in the next two or three months. The projected profit is still inadequate and we could earn twice as much if we sold enough to fully use our current capacity.

On a personal note, this is being written at 30,000 feet over the Atlantic, following a most pleasurable, if exhausting visit to Washington and New York. It was indeed exhilarating to see how KSA is setting about converting itself into a company which will serve the rapidly changing market for consulting services and the enthusiasm which pervades the atmosphere when visiting the USA offices. While still having a solid base in apparel manufacturing, my

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### *Functionally Speaking—(Cont.)*

guess is that KSA will be a very different company in 1980 and indeed may be a unique combination of business consulting skills and technical specialization over a wide range of labor-intensive and service industries. This is not yet policy, let me hasten to add, but a trend that is detectable and certainly one that holds exciting prospects for all of us. I would not be surprised, for example, if we are helping to set up Health & Institutional Consultants' practice in Europe within five years!

Expansion of our existing practice is still, of course, our priority in Europe. We are planning modest recruiting again this year, but implementation will depend on sales and getting utilization of existing staff up again — and this is in the hands of our growing band of salesmen who, in the last year, have added many prestigious names to our client list.

Perhaps a special word about Africa would be appropriate at this time. Our North African practice looks as though it will continue to give us a steady stream of work during the next few years and we want to do this providing it does not dilute our management efforts in our main markets and provided we can make the domestic conditions tolerable; this implies that it will not become a large proportion of our work in the short term.

In Central Africa the *Bob Frazier/Bob Heiland/Nigel Richardson/Hugh Gray* team are still working for the Tanzanian Textile Industry and in South Africa Ben Johnson-Hill has built up a five-man effort which should yield KSA some \$40,000 in royalties in '72. (Most of you will know that this is P-E Consulting Group's investment and apart from Ben, who is "on loan" as Manager, the staff belongs to P-E, but KSA collects 20% of the fees earned.) This division is sold up to mid-1972, and is already well known by the industry. I shall be able to give you more information following a visit planned in the next month or so. Some of their clients are international with American and European connections and it is likely that there will be further opportunities to use European staff down there. It has been projected that by 1980 the South African clothing industry will employ 200,000 people. In the longer-term, KSA may develop a more coordinated approach to the potential for consulting work in Africa and in the Mediterranean region, but this must await short-term needs in Europe.

—Stuart Hollander

### **KSA-FRANCE**

We have started this year with several very important new contacts made at the CAPCOMA (trade federation) and our own "OPTICOUBE" seminars. Hopefully, some of these can be converted into firm sales over the next few periods and get us back to full utilization of the staff in France.

Our new contract with SONAC in Algeria should keep one man in apparel engineering there for the rest of the year. The latest development in Algeria, however, is our opportunity to quote for a study on the vertical integration of the nationalized textile and apparel industries — probably including retailing.

—Bob Fitze

### **KSPEA**

It looks as if 1972 will be a much better year for us than either of the last two. Presently, our forward sales is the strongest it has been for the last 18 months, and provided

there is no major reversal of the U.K. economy, 1972 could give us the highest fee income in our history. Fee income is budgeted not much above the 1970 actual, but if the current sales activity can be maintained we should do better than budget.

Just 12 months ago we could not have imagined writing the above paragraph. At that time gloom and despondency was the order of the day. However, in the best tradition of "regaining the initiative", we attacked the problems with the result of a good second half in '71, which more than wiped out the losses of the first half and the year ended profitably.

The kernel of the changes in KSPEA was the development of a strong sales team and the principal consultants — to their eternal credit — withstood the toughest assault we could manage in improving selling techniques. They all came out of this smiling and selling! Work on developing our marketing and selling is far from complete and we will continue working on it during 1972.

If there is one thing clear, it is that any growth in the U.K. must be sales-led and our current ratio of principals to resident consultants gives us this opportunity in a way not possible before. One interesting thing which we hope to explore in 1972 is how well our European training program will let us bring new staff on stream quickly. We are expecting, and getting, great things from *Richard Clarke* in this area.

A word of tribute is due our staff who has operated in Northern Ireland during its much troubled recent history. About a third of KSPEA has operated there, for longer or shorter periods, in 1971. At one point, we even had *Daniel Manchon* from KSA-France in 'Derry before his assignment in Algeria — a sequence which might have made more sense, in terms of urban warfare, the other way round.

You may be interested to know where we stand in regard to our competition. AIC Needle Trades Division, who was our main competitor, has disbanded (AIC is now part of LEASCO); Capelin has made some determined efforts to re-enter the British market and, although we have beaten them off so far, we must expect further assaults.

—Louis Mitchell



Staff and guests of KSPEA's Scottish office enjoying staff-sponsored Christmas party.

## KSA-GERMANY

Girding its loins, or loining its gourds, KSA-GmbH leaves behind a successful and profitable 1971 for a so far lean and hungry looking 1972. Still twitching nervously, your average German manufacturer doesn't really trust the economy yet, can feel the hot breath of the Mediterranean and East European low labor-cost countries on his back, and for good measure, must cope in 1972 with stringent new laws providing for "worker participation" in running his business. With the exception of the economic climate, these influences are permanent and growing, and will influence the shape of the apparel industry throughout Europe, not merely in Germany — and particularly in menswear.

- As an example of the pressures, a major European menswear manufacturer, for whom we have recently completed a very efficient Eton trouser installation, with substantial investment costs, is now buying men's suits in Poland, for sale in Western Europe, at 30% less than he can make them at home — and with a four week cycle from piece goods rolling out to finished suits rolling back in. That's hard to beat. Quality and style variety are said not to be problems, thus the earlier comforting thought that low-cost imports are also low quality and mainly staple is less and less true.

- Ladieswear can drive deeper into more extreme and rapid-change territory in defense, and has better survival chances, hence a strong push to get our practice expanded into this area with services designed to meet the different needs of ladieswear manufacturers.

Institutional work continues to occupy some of the sales effort. The most recent product is a study of market opportunities for U.K. ladieswear manufacturers in Western Germany, conducted for the semi-official National Eco-

nomic Development Council. This is now being brandished at German manufacturers to encourage them to commission KSA to study the U.K. market opportunities, thus bearding the wily British in their own den, etc. Very good for P.R. mileage. Initial discussions are now set up for commissioning KSA to study the German market for British Wool Textile exports, with E.E.C. membership changes imminent.  
—Eric Chipps

## KSA-SWITZERLAND

Systems-Germany could sell to two old engineering clients — Janssen, Monchengladbach and Mahnel, Stockstadt MIS-Surveys, which will both very probably be converted into large assignments. This will increase our forward sales position in Germany which already has about nine man-months based on budgeted utilization. In addition, Cruse, Wettingen, one of KSA's oldest and largest clients, is seeking our help on the systems side for more sophisticated pre-season and in-season planning routines and extension of the existing MIS to computerized Cut Planning.

Because Systems-Germany has a full order book, and our new British systems consultant, *Brian Pound*, has English/German bilingual ability, we are increasing our much-needed systems flexibility in using him in Germany under *Hans Horst Hensche's* supervision at Leithausen.

We have turned one of our oldest U.K. clients, Prices Tailors (now called UDS), into a major systems client, where we will be concerned with setting up O & M routines and documentation standards as part of our total manual and EDP efforts. This resulted from a fine organization study done largely by *Graham Gilliver* and *John Cooper*.

—Albin Graeser

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## BOOK REVIEW

by Cecil Phillips

*Urban Dynamics*, by Jay W. Forrester,  
The MIT Press, Cambridge, Mass., 1969

Mr. Forrester might be characterized as a bold problem solver. He has written three books, beginning with *Industrial Dynamics* in 1961, which offered a new way of studying the cause-and-effect mechanisms of complex industrial operations.

Next he moved up an order of magnitude and applied the same ideas to city and county planning, publishing *Urban Dynamics* in 1971.

For a long time, Mr. Forrester's special simulation methodology was regarded as something of an academic amusement, the folly of an outrageously presumptive engineer-turned-economist. The method was not studied seriously nor put to much practical use. (KSA looked into it a couple of years ago, but could not persuade any clients to give it a try.)

In the last three years, however, interest has perked up markedly. Since the "Urban" and "World" books have appeared, Forrester's ideas have been covered by lengthy articles in the popular press, including *Time*, *Business Week* and *The Wall Street Journal*.

Perhaps the recent interest has been keyed to the spreading realization that the function of *long-range comprehensive planning* at almost all levels of society and government has been badly botched. Forrester's simulation models seem to verify this in esoteric yet authoritative terms.

Among the major points that Forrester makes repeatedly is that complex human systems, such as cities, are simply beyond the capability of traditional analysis and planning methods. The actual results of efforts to change these systems often have no effect or even the *opposite* of the desired effect.

To extract and simplify just one example, his urban studies suggest that government-financed low-income housing projects are self-defeating. By attracting rural people into the city faster than jobs can be developed, the expensive housing projects will soon revert to the slums they replaced.

Believing that "everything is connected to everything else" (as *Barry Commoner* has put it), Forrester has developed a means of handling a vast number of interrelated variables in simulation models of complex systems. A

*Continued on page 15*



# Memorable Memos . . .

Earl Smith has opened up his treasure chest of memorable memos which he has received over the years. We won't mention this client company by name, even though the statute of limitations would probably protect us now. Incidentally, the company closed its doors for good several years ago.

When you read these missives sent to client personnel and Earl from the company's president, little doubt will remain as to the reason for the company's demise. Keep in mind that these are *actual* memos sent by the chief executive officer, reproduced verbatim.

As a quality control project was about to be added to an ongoing engineering program, he wrote:

August 7, 1961

"If you will remember, we discussed quality control several times and it looks as if to me that this should be started now while you are working on the pants. If you wait til the end then this has got to all be done over and the girls should be told about quality control and showed what they have got to do right now instead of waiting. Everybody is wanting better workmanship and our's is LOUSY and this must be corrected. I have seen other people's pants and our's are not even up to standard with theirs, see. So this must be done. We have never made a good pant as far as workmanship is concerned and we have got the engineers in here now and this has got to be worked out and improved and corrected considerably so please get to work in this and get something done for the quality control especially on all the pants and pressing as our pressing is lousy. The pockets are not right and a lot has got to be done so work and get this improved." Sam

The following month, he apparently walked through the pressing department and fired off this volley:

September 13, 1961

"Check reference pressing. It is terrible. It appears that they are not leaving the garments under the pressing machine as they should. You may have to put a maximum on this as they have got to do a better job. They have got to look like they are pressed and cover up a lot of sins. Please check on this and get this straightened out." Sam

Then there was this one when he discovered that "somebody is doing something wrong" on the crotch points:

November 20, 1961

"When a crotch point is put on a pair of pants they should match when they are sewed together on the inseam. Ours hardly ever do so somebody is doing something wrong. Please check on this and correct. You can do it just as easily right as not right. If you do not understand what I am talking about, see me and I will show you exactly what I have reference to. Thanks." Sam

Finally, we see the result of a visit by KSA's former SQC expert, Mahlon Saibel:

December 18, 1961

"In regard to specifications for the inspection that we are doing now by Malon, we have got this specification worked out from the beginning of the unit back through "Tack Fronts". From "Tack Fronts" on through the end of the unit this specification has not been worked up yet. We must go ahead and get this through promptly as we are needing same. The last time Mr. Malon was here he asked that this be completed before he got back. Please do it as if

not when he gets back it is going to cost us money for his delay in not getting this done. We cannot delay as it costs too much anyway. Please proceed on this and get this worked up so will have same.

"I want a copy of all this. I would like to have a copy now of what has been done and a copy of the complete job so I can send it to \_\_\_\_\_ and let them do some work at the same time. See me reference this. Very important! Thanks." Sam

And thanks to you, too, Sam!

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## THE CITY BARD

(From the Financial Times of London . . . "The City" is the "Wall Street", or financial sector of London.)

Since Sir John Betjeman was so rude, in verse, about them, City gents and poetry have seldom mixed. So a book of poems about the City is a rare thing. It comes from Mr. *Francis Kinsman*, who has done a variety of jobs — at Lloyds in East Pakistan running a jute plantation for a relative of his American wife, at Lewis and Peat, and now at Old Broad Street Securities where he runs the property bond. Through all this he has been writing poetry. His new volume, "The City Round", stems from the day when, for Punch he meditated on Romance in Companies House.

I came on her by hazard,  
Ensnared was I by fate,  
Her eyes, were liquid assets,  
Her body, corporate.

Stripped of reserves she stood there,  
Youthful, and sweet, and shy,  
Her dividends, half covered,  
Her margins all awry.

I showered her hands with kisses —  
She obviously guessed  
How cumulative my ardour,  
How gross my interest.

Her equity I honoured,  
Her profits undisclosed,  
With special resolution,  
I formally proposed.

Ah, Bliss! She coyly yielded —  
We'll marry in the spring,  
And Heav'n to bless our merger  
Subsidiaries shall bring.

Kinsman's next ambition is to write lyrics for pop songs.

## Guy Vidal -- Le Professionel

After his studies at the University of Troyes, France were interrupted by World War Two, Guy went into his father's knitwear business — after the war — where he spent 10 years storing up a wealth of knowledge in the industry. He was also an independent consultant to other knitwear companies.

In 1956 he joined CORIA which, in those days had six men concerned with a practice in apparel engineering. Then followed four years in Morocco developing a practice for CORIA in a wide variety of apparel operations. KSA was fortunate enough to retain Guy's services when CORIA was bought out in 1960 as a base for extending KSA's new European activities into France. Returning to France in 1961, Guy's next job was in a shirt plant in Greece! Sales were hard to come by in those early days of KSA Europe, despite the record mileage of *Stig Kry* and others and thus Guy found himself in 1962 working in Portugal and Spain, the beginning of the long association that he was to develop with the Iberian Peninsula.



Guy was appointed Principal in 1964 and spent three months that spring visiting the United States where he acquired expertise in the field of AAMT and at the same

time spread his knowledge and charm on this side of the ocean. Returning to France, Guy's Spanish connections grew and finally he, his attractive wife, Josie, and their children Eric and Christophe settled in Barcelona with the object of having a firm base for the development of Spain/Portugal. Guy's contribution to KSA-France and its sales need is such that he could not be spared to devote his time completely to Iberia, but he began to set new records in high speed transits between the two centers.

Spain is one of those countries where the Government is forever having difficulties with foreign exchange — or more to the point, the lack of it — thus the fine work which Guy was doing in making sales, was bringing also problems of payment. Never at a loss for ingenious solutions, KSA devised a number of these to get its fee income back to Paris, where it belonged even to the point when, one memorable night, *Eric Chipps* adjusted his false nose and handed over an unbelievable sum in cash to an unknown person in the back streets of a Spanish city and watched it disappear up the road in a red plastic shopping bag. Happily, it arrived safely in Paris.

During the last two years, Guy's tremendous sales ability has been more and more needed in Metropolitan France and recently led to the decision that he will concentrate his efforts in this area, moving home, albeit reluctantly, from Barcelona to Bordeaux. Guy is truly a "boulevardier" and his debonaire charm has warmed the heart of those he has worked with not only in Paris, home of the "boulevardier", but also over a very wide field. Immensely knowledgeable about food and wine, as a good Frenchman should be, dining with Guy is "une affaire tres serieuse" with much learned discussion as to the relative merits of one variety of oyster versus another, or perhaps the merits of a flinty Loire wine versus a Pouilly Fuisse to accompany them.

—E.J.C.

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### Book Review — (Cont.)

special computer language makes the method less difficult to use than one might suppose. Still, there is a great deal of judgement intertwined in the lengthy equations and computer instructions, and most economists have been suspicious of the results.

However, a recent "world dynamics" study by an ex-Forrester student, *Dennis Meadows*, seems to have proved the old Malthusian hypothesis that the world is heading rapidly toward overpopulation, with overpollution and depletion of natural resources accelerating the decline of society as we know it. Meadows concluded his extensive

simulation (reported in *Time*, January 24, 1972) with the warning that "all growth projections end in collapse." The ultimate effect of this and other similar studies could well lead to dramatic changes in the "growth ethic" of American society.

The first horseless carriages were troublesome and impractical vehicles — but they represented a vastly improved approach to transportation. This writer hazards to place Forrester's methods in an analogous category. It may not be the best answer to our incompetence in comprehensive planning, but it seems about time we develop and try some tools of this kind.

