

The State of KSA. . .

by Karl Striegel

We feel it is time for a second State-of-KSA message (the last one was 3/31/72). It was reported at that time that after the poorest year in KSA history (1970), we had made a good start on a come-back in 1971. We are happy to say the improvement trend continued in '72 and '73.

Where We've Been — 1973

- KSA/USA enjoyed a fee volume of \$8,053,539 vs. 1973 fee volume of \$7,392,295, an increase of \$661,000 or approximately 9%.
- KSA/Europe's fee volume was \$3,173,549 vs. 1972 fee volume of \$2,559,914 an increase of \$613,635 . . . almost 24%!
- KSA's worldwide volume went from 10 million in '72 to 11.2 million in '73, a 12% increase.

This fee volume is, of course, a new high and we congratulate you on the achievement. As recently as two years ago we might have considered this too rapid a growth rate. However, as you'll see later, with current inflation, rising costs, etc., we do not consider this too rapid.

Now, what about profits and costs?

- KSA/USA operating expenses rose from \$6,288,139 in '72 to \$7,248,027 in '73, an increase of approximately \$960,000 . . . more than 15%. This is a matter of concern to us and we have identified items amounting to \$426,000 which are either one-time expenses and/or controllable to a degree.
- KSA/Europe operating expenses increased from \$2,354,000 in '72 to \$2,824,000 in '73, an increase of \$470,000, or 20%.
- KSA/Worldwide had an operating expense increase of approximately \$1,430,000 (about \$200,000 greater than the volume increase), or approximately 17%.

Obviously increases in operating expenses must be kept below increases in fee volume if we are to continue to progress, you say. As you will see later, it is not quite that simple; for tax considerations as well as deferred profit contributions also enter into this formula. We agree, however, that basically we must maximize fees and minimize operating cost increases.

What about after-tax profits?

- KSA/Europe after-tax profits rose from \$206,417 in '72 to \$349,905 in '73, a \$143,488 increase or approximately 70%, and is not only a life-saver, but is deserving of our congratulations. Believe me, it was not an easy year for our European associates.
- KSA/Worldwide net income (after tax) rose from \$650,755 in '72 to \$673,087 in '73, an increase of \$22,332, or 3.4%. While the increase in itself is nothing to shout about, we feel congratulations are in order to each of

you. When you consider that this includes an increase of \$76,000 in our DPS contribution and a \$49,000 increase in Group Life Insurance costs, it is not a bad showing.

Overall, we feel the "Where We've Been" picture is a healthy one.

Where We Hoped To Be Now

Last November, prior to the energy crisis, the inflation runaway (and the many other happenings), KSA/Worldwide put together the following forecast/budget:

- Worldwide fee budget was set at 12.4 million, an increase of approximately 10%. This would again be a new high.
- Worldwide after-tax profits were budgeted at \$699,000, or approximately 5.6% of fees.

We felt that barring unforeseen circumstances, this was a conservatively realistic goal.

Continued on page 3

The Engineered Jacket

by Alan Braithwaite

The engineered jacket was the theme of KSA-UK's stand at the International Mens and Boys Exhibition held in London during February. This topic has generated tremendous interest in the U.K. because of increasing numbers of imports from the Far East, Eastern Europe, Scandinavia, Germany and Italy. It is the import of good quality "engineered" jackets from high labor cost countries like Germany and Sweden which is stimulating U.K. manufacturers to think hard about their own productivity levels. The purpose of our exhibit was to inform visitors about the

Continued on page 3



Alan Braithwaite and Rosemary Muller-Knight at the IMBEX Exhibition, Earls Court.

THE NEED FOR PROFESSIONAL MANAGEMENT IN SOFT GOODS.

Following are excerpts from a speech delivered by Kurt Salmon at a retirement dinner held in his honor by his many friends in the apparel and textiles industry on June 2, 1974, in New York. Net proceeds of the event (\$37,000) were donated to the American Apparel Education Foundation:

The apparel industry must develop a larger professional management corps—to run it today, and to help it grow tomorrow. This is a real need, not just an opinion.

Let me buttress the point with some numbers. In a study conducted for the AAMA in 1971, we found evidence that the apparel industry was severely under-staffed in the professional/technical, sales, and management areas. People with these skills amounted to only 6.5% of the industry's total of 1.4 million employees. By contrast, the textile industry's management personnel represented 10.2% of total employment, and for all industries the figure was 18.2%.

While these data were based upon 1969 figures, we doubt they have changed significantly. And, at the present rate of adding to our managerial and professional ranks, it seems likely that the apparel industry a few years hence will still be woefully undernourished in this respect. This is too bad and may be downright dangerous. After all, we do expect to grow. . .

If we place the problem in its most modest perspective imaginable, there are approximately 3,500 apparel companies with 100 employees or more. All of these have at least five key managerial employees; some have many more.

Taking the minimum figure of five, we have 17,500 key people employed in these establishments. Now, when we apply the modest figure of 10% annual turnover for all reasons—including death and retirement—we find we need 1,750 replacements per year, not allowing for any growth!

Thus, the scope of the problem is at least: "How are you going to attract 1,750 bright, young management trainees per year to the apparel industry?" Where are those people going to come from? Where can the apparel industry find qualified, professional calibre executives that it can train to manage its complex activities?



The gentlemen are, left to right: KS, Joe Lipshie, Chairman of the Board, Salant Corporation, and Curtis Porterfield, Director of Educational Services, American Apparel Manufacturers Association. (Photo, courtesy of BOBBIN Publications)

The KSA OBSERVER

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Editorial Board: Mary Baach Joe Scheines
Jack Johnson

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Promoting from within is fine—and probably represents the most common source of new management. But the pipelines must be kept full; those who have been promoted must be replaced. Where will the replacements come from?

The colleges, obviously. Yet the apparel industry doesn't seem to look upon the colleges as a source of supply for its management needs. Frankly, this has puzzled us for years. Why not look for management trainees among college graduates? Don't we deserve them? Are we afraid they'll turn us down? Don't we need high calibre, college educated people to help us run our business?

It would seem not. A quick inspection of the 1974 College Placement Annual reveals some sad statistics. Out of some 1,500 free listings by private industry employers—excluding government agencies—we are able to find only seven apparel manufacturers who invited inquiries from this year's college graduates. There were 16 textile and fiber companies listed, and over 80 retailers. But only seven apparel companies.

KSA has listed itself in this publication for years, and we advertise as well. It might be constructive, in this context, to point out what we, in KSA, do to combat the negative image the soft goods industries have labored under and to obtain our share of the bright, young men our colleges and graduate schools turn out.

Aside from pointing out the advantages of a consulting career, we emphasize the advantages of the soft goods industries:

- It is an industry which concerns itself with one of the three basic necessities for civilized, human existence: Food, clothing and shelter.
- The apparel industry is the fifth largest employer of labor in the country and—together with its sister-industry, the textile industry—the largest.
- It is less cyclical than are most of the hard goods industries.

A man can postpone the updating of his refrigerator, even have it fixed. He will not patch the elbow of his suit-coat or the collar of his shirt. His wife will put aside last year's style, even though it is still wearable.

- It is an industry on the threshold of automation, and a vastly complicated one, thus placing a premium on young, innovative talent.
- It is an industry with thousands of units and one where capital investment is still relatively low, thus providing room for men with entrepreneurial bent.
- It is an industry just beginning to appreciate the value of

Continued on page 3

Professional Management—Cont.

scientific management. The bright, ambitious and properly prepared young man or woman can go further and faster in soft goods than in almost any other industry.

- Even the larger firms in the industry are diffused into relatively small units, where outstanding performance by an individual can readily be recognized.
- It is an industry where the amount of competition makes the consumer king and where thus a real opportunity exists for an individual to make a contribution toward improving everybody's standard of living; for, in the competitive milieu in which the industry operates, improvements and savings are quickly passed on to the consumer.

We find these points quite persuasive but we also pay what it takes to get the men we want—and so should you! I would venture the observation that the most costly savings companies achieve are those resulting from the acquisition of mediocrities whose prices they can afford!

You've honored me by remembering the occasion of my retirement and by many kind comments on our firm's

State of KSA—Cont.

Where We Are Now

As you are aware, the early 1974 world economy, USA economy, and apparel industry outlook has been relatively poor. KSA's performance has paralleled the economy, so we are behind schedule YTD. Specifically, at this moment in time, we show:

- Through the fourth period, KSA/USA is \$101,000 below budgeted fees (4% minus), but there is a bright spot for we were \$28,000 ahead in the fourth period.
- Through the fourth period, KSA/USA operating expenses were \$18,000 above budget, but again a bright spot; for, the fourth period was \$2,500 under budget.
- It follows as night the day in light of the above, we are \$63,000 below budgeted net profit YTD, but were \$21,000 above for the fourth period.
- Through the first three periods, KSA/Europe is \$24,000 above budgeted fees and \$57,000 below budgeted after-tax profits.

This is certainly not a particularly bright picture at this time, however, it is not a hopeless one, as you will see.

The Outlook For 1974

It is extremely difficult—if not impossible—to forecast the USA or world economic outlook for the balance of 1974. By reading everything printed you can find just about anything you are looking to find from deep recession to a major upsurge. We will try to be extremely sensitive to changes, react swiftly, and stay on the conservative side, however the following recent KSA internal happenings are promising:

- KSA/USA's fourth period figures are encouraging and we have reason to believe the fifth period was a good one. Further, sales have exceeded budget in the past few weeks, so we could be building up a backlog at last.
- KSA/Europe sales have picked up recently although it is still spotty by region and/or function. At any rate, the outlook is better than it was four weeks ago.
- The Third World picture is fairly bright and could even be considered promising. This includes South America, Eastern Europe, and Africa. There are always problems here with collections, time lag, getting money out of the country, etc., but the outlook is promising.
- HIC has had very rough going YTD, but there is some

contributions to the industry during the last 39 years. Having already risked my reputation by attempting to look into the future, I do not know that your kindness also entitles me to the presumption of giving you advice. If so, my advice to you boils down to this:

- Don't be satisfied with a perennial short-term goal of beating last year.
- Make a long-range assessment of your objectives instead.
- Translate that into manpower requirements.
- Ascertain the proper lead-time for training and developing people to the point where they can be expected to fill designated positions competently.
- Establish a recruitment, training and development program.
- Determine where to recruit, how best to sell your industry and your firm and what price you'll have to pay to attract the attention of the worthwhile graduates.
- Get going, pay the price, put the people you obtain through a *real* development program and, lastly . . .
- Remain involved with them!

cause for optimism here.

- Retail has likewise had a rough time in the USA (better in Europe), but again the picture is probably more optimistic at this time than ever before.

In summary, 1974 will not be an easy year for KSA/Worldwide. We are somewhat behind schedule YTD, but we have seen an improving trend recently and we do hold out hope that we will be able to achieve our goals by December 31, 1974. It won't be easy, but with an all out effort on the part of each of us, it can be done. Remember, *the final figure will be the sum of each of our efforts.*

Executive ability is a talent for deciding something quickly and getting somebody else to do it just as fast.

Engineered Jacket—Cont.

engineered jacket and KSA's European and USA expertise in this field.

Werner Iten and Jack Downie were our visiting experts on the stand. They showed engineered jackets made by KSA clients in Italy, Germany and the USA. These jackets together with one from a client in Ireland, were the focal point of the stand. They illustrated the point that low manufacturing time is compatible with good quality.

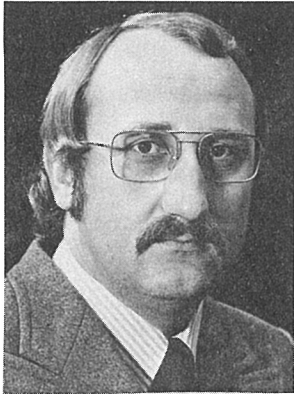
Manufacturers who visited the stand were encouraged to calculate their own manufacturing times using a display at the front of the stand which showed making times for various operator and production levels. They were then able to compare their own minutes with the minutes achieved for the jackets on display. This comparison provoked reactions from the manufacturers (including one who told us we were "darned liars" but could we visit him next week to meet his Board of Directors) and led to discussion about other displays.

The other displays included photographs showing some of the automatic equipment which is available for jacket manufacture; a description of all of KSA's services linked to provide the total approach which is necessary to realize the full potential of the engineered jacket; and samples of collars and sleeves with operation bulletins comparing engineered and traditional methods of manufacture.

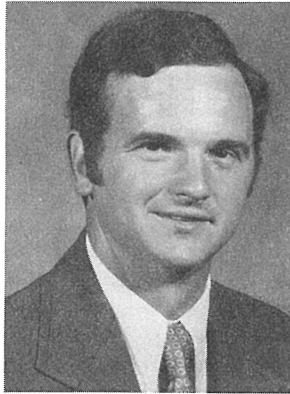
The response to our presence at IMBEX has been good. We had 70 solid contacts on the stand, and are in the process of following up 50 of these by visit, telephone and letter. We are hopeful of converting some of these to sales.

Promotions. . .

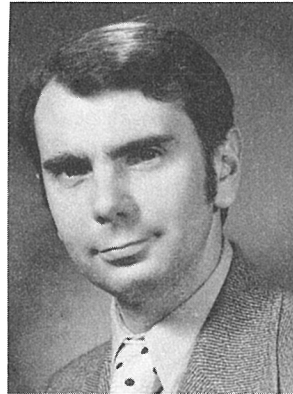
It is our pleasure to announce the promotion to Principal and to congratulate the following men on their well-deserved appointment: *Erich P. Breitschwerdt, Dale W. Dodrill, Jean-Paul Freneat, Wilfried Luetteke, Lee M. Ozley, F. Nigel Richardson, and Dwight L. Totten.*



Erich P. Breitschwerdt



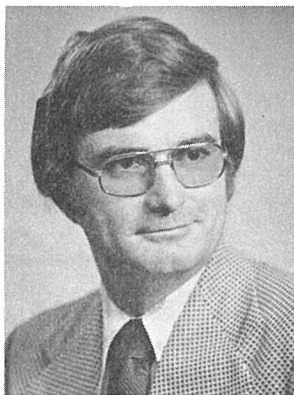
Dale W. Dodrill



Jean-Paul Freneat



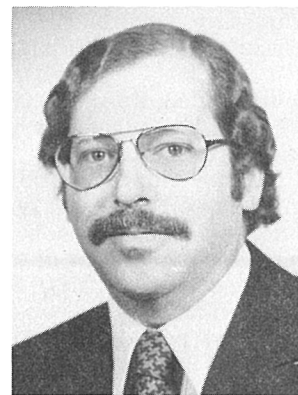
Wilfried Luetteke



Lee M. Ozley



F. Nigel Richardson



Dwight L. Totten

Erich Breitschwerdt also joined KSA in 1970. Before coming aboard he worked as a consultant in PD, mainly in food retailing for big retail companies in Germany.

After initial training in the USA, Erich worked on several jobs in apparel and retail PD in England and Germany and contributed a lot to building up our PD practice. His major project has been De Bijenkorf, Amsterdam, where he has worked very successfully on big ticket. On the basis of his good work there and the confidence the client has, we could sell extensions.

Erich is very active, creates a lot of initiatives and will be helping us to develop retail systems. He has a broad range of experience. His hobbies are swimming and aqua lung diving, and he is very interested in economics and finance, which he studies privately.

Erich, his wife *Regina*, and their three daughters live in Essen, Germany.

Dale Dodrill worked two summers with KSA before joining our textile systems group in 1967, as one of the original analysts in the group, and then spent two years with the Army. He has a Masters Degree and a lot of training and operations research.

Dale's work has been primarily in the design of produc-

tion planning and inventory control systems in textile mills, carpet mills, and sheet fabricating operations. For the last couple of years he has been a key analyst in achieving outstanding results in production and inventory control at J. P. Stevens. He is much in demand by our clients.

Dale, *Carolyn* and their two children are settled in Greenville, S. C. He is known for his fanatic love of basketball and is also a golfer of note.

Jean-Paul Freneat joined KSA-France in July 1969 with prior industrial experience in personnel after graduating from the Conservatoire Art et Metiers. He attended the Language Laboratory in England and came to the U.S. in September, 1969, to begin KSA training.

Jean-Paul has had a variety of assignments including SRE, SQC, CUT/MU. In addition he has ranged from Canada to Puerto Rico, partly due to his language capability which includes French, Spanish and English. He will be heading for Brazil to direct the Sparta new plant start-up project where he will be joined by *Jacques Brault*.

We take this opportunity to welcome Jean-Paul and *Jocelyne* back to our USA consulting team.

Wilfried Luetteke became associated with KSA-Germany

Continued on page 5

Promotions—Cont.

in 1970 as a graduate engineer, after scientific and practical studies in work science at the Technische Universitaet in Berlin and some years of practical experience in the industry and in consulting.

Following training and several assignments in the U.S. (Amity Leather and Hickey-Freeman), he returned to Europe and began building up the PD service. After several assignments—most of them led to further work—he did some apparel systems assignments very successfully and some complex market studies. So, Wilfried has practical experience in most of the services we offer to the apparel industry. This ability is most useful for our market position in Germany, as the group is relatively small and therefore broad experience is essential for further success.

Wilfried, Erika and young daughter moved to Munich six months ago. (As a good Bavarian, he drives a BMW!) Apart from his present work on systems surveys and difficult retainer assignments (\$70/hour) he will help increase our market share in the southern part of Germany as well as building up HRD services in the German Region.

Lee Ozley received degrees in economics and industrial psychology from Auburn University and did post-graduate work in industrial psychology at the University of Wisconsin. Prior to becoming associated with KSA, he spent almost 10 years in the personnel field in the soft goods industry which included all phases of industrial personnel. He spearheaded one of the early successful efforts in the intro-

duction of more meaningful work concepts in the soft goods industries.

In KSA, Lee has been heavily engaged in human resources development activities for our textile clients. His activities have included attitude surveys, induction and orientation programs, supervisory development, organizational development and employee involvement programs.

Lee and his wife, Terri make their home in Atlanta.

Nigel Richardson joined KSA in March, 1968. He is a graduate of the University of Durham in Durham, England. A native of England, his early consulting activity was in the areas of operator training and production engineering. Since becoming a full-time member of KSA's physical distribution group, he has participated on a variety of warehouse engineering and facility planning projects in the USA and Africa.

Nigel, Clare, and their family are settled in Atlanta.

Dwight Totten became a member of KSA in September, 1969 after receiving his BSIE from the University of Texas at Arlington and his MSIE from Georgia Tech.

Dwight's distribution consulting work has covered retailing, apparel, and textile facility planning, transportation studies, operations engineering, and network modeling in the USA and Europe. He is the author of "Applications of Quantitative Techniques" in the Plant Layout and Facilities Planning section of Production Handbook, 3rd Edition, published by Ronald Press. He is based in Atlanta, the hub of our busy Physical Distribution division.

Congratulations!

Weddings

Marie Pierre Dufour, who manages our new Paris office, was married April 6 to M. Guy Huyghues Despointes. . . Gwen Dunfield and Bruce Grasso were married in Norfolk, Virginia May 4. . . Greig and Marie Barr of Paris were married in June. . . Solange Coulombe and Jacques Brault chose July 6 for their wedding. We wish every happiness to our newlyweds, which also includes those in Atlanta (reported elsewhere).

Births

Linda and Bob George, a daughter, Emily Rebecca, April 17. . . Josette and Bob Chaumontet, a daughter, Ingrid April 27. . . Jan and Harry Lack, a son born in late June.

JOSH TAYLOR, MANAGER TEXTILE SYSTEMS

Congratulations to Josh Taylor, who has been appointed Manager of Textile Systems. Josh has been with KSA over 10 years and in the last few years has sold, managed, and worked on a number of Textile Systems' projects.



SEPARATIONS

Dick Millberg • John Lackay • Jean-Luc Gonfard • Cecil Phillips.

CORRECTION

An error occurred in Dan Kennedy's "Videotape and Introduction Programs" in the last issue. Omission of the little three-letter word "not" gave an entirely different meaning. . . the sentence should have read "The human element of communication has not been overlooked. Sorry, Dan."

THE ACCEPTION

Except that sometimes I forget
the difference
between "Accept" and "Except"
I am usually accepted.

Otherwise I am excepted
for not knowing the
accepted rules for
accept and except.

Now that I know the accepted
rules
I am accepted
and no longer excepted
except when other unacceptable
exceptions occur.

Acceptably yours,
(Atlanta Office Secretary)

NEW STAFF

Tiziano Battaglia. . . Age 28. Wife *Chiara*. Eight years experience in the knitting industry. Native Italian. Fluent in French. Hobbies: Skiing and tennis.

Paul J. Connell. . . Age 23. Wife *Cheryl*. BSIE and MBA, Cornell University. One year management training program at Morse Chain of Borg-Warner included production and inventory control, material requirements planning and systems design. Hobbies: Music, golf, all spectator sports.

Alvin E. Durany. . . Age 22. Wife *Debra*. BSIE, Penn State 1974. Managed college dining hall for four years (hired student workers—approximately 120—scheduling, writing job descriptions, job training, wage review, firing). Hobbies: Handball, squash, swimming, spectator sports.

Roger W. Freise. . . Age 30. Single. BA, Brown University. U.S. Navy 7 years: manager of administration, legal and personnel offices; project manager for Naval weapons test programs; conception and writing of test plans; coordination of test aircraft, equipment and facilities. Associate members of Society of Experimental Test Pilots. Hobbies: Skiing, sailing, flying, spectator sports.

Geoffrey J. Gibson (Geoff). . . Age 24. Single. (Brother of Maureen White of Atlanta office) BA, Vanderbilt. Football grant to Vanderbilt. Starting lineman on Freshman and Varsity teams. Squad leader during basic training in Air Force. 18 months in sales and promotional work. Hobbies: Sailing, skiing, tennis, pottery, flying gliders.

Harry Gruen. . . Age 44. Wife *Margarita*. Has 18 years experience in ladies, mens and sportswear as well as knitted fabrics. Native Austrian. Fluent in Spanish and has some knowledge of English, French and Italian.

Mark S. Goldberg. . . Age 23. Single. BA, Philadelphia College of Textiles and Science, 1974. Worked in delicatessen four years while going to school. Duties included refilling and ordering stock. Hobbies: Music, theatre, reading and writing, and all sports.

Hal P. Ivey. . . Age 22. Single. BS, Textiles, Georgia Tech, 1974. Eight quarters of experience in textile manufacturing operation at Chicopee Mfg. as co-op student. One quarter of co-op experience was spent in the Industrial Engineering Dept. working with production scheduling and cost accounting, production planning, and plant design. Employed by Georgia Tech during last year to work on a fiber blends research project and in the physical testing lab. Hobbies: Sportscar racing, swimming/all water sports, hunting and fishing.

Timothy C. Ponder (Tim). . . Age 26. Wife *Emma*. Two children. BS, Spring Hill College, MS (Information Systems), Georgia Tech. 2½ years with Ashland Oil Co. as systems engineer. Also worked year and a half as programmer/analyst at Spring Hill College. Tim came with us in April and is already on assignment. Hobbies: Softball, racquetball, basketball.



Battaglia



Connell



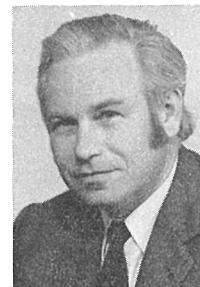
Durany



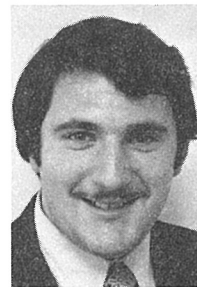
Freise



Gibson



Gruen



Goldberg



Ivey



Ponder

Functionally Speaking . . .

AMMD

The following internal memo was found in the office of our new client, Eddie Bauer Expedition Outfitters:

"We have some problems with unauthorized fishing in the pond. It is now being patrolled by the Redmond Police Department during off-duty hours. Please inform your people not to fish in the pond any time other than working hours. Also, any fish caught *must* be released back in the pond."

Bob Tabor, John Champion, Bill Sand, and Dan Bray are in for an interesting assignment with this Seattle-based purveyor of luxury sports equipment and apparel.

—Howard Cooley

CARPETS AND RUGS

Activity in the carpet industry has continued to be of a relatively broad nature. We recently completed a corporate overview for a fairly large company, Magee Carpet, and are now following up the work with detailed studies and implementation in marketing, systems and manufacturing under the guidance of Bob Heiland, Cecil Phillips and Hugh Tannehill.

We are, likewise, involved in acquisition activity, energy crises related studies, long range planning efforts and turn-around assistance for others. Aldon Industries, which was on the verge of bankruptcy a year and a half ago, is now solidly in the black and attribute a good deal of the dramatic improvement to the help we provided in a multiplicity of areas.

Currently, we are conducting a market research and plant location study for a company interested in Europe. This is being done with the exceedingly helpful cooperation of our European offices and with the able assistance of Gerry Vercaemert, Dudley McIlhenny and Ted Horsley.

The carpet industry, along with many others, is soft at the moment, but we look upon this as a period of opportunity for KSA.

—Bob Saunders

HIC

With our practice established in the Southeast—over 65 clients, we have begun formal efforts to develop more of a national and even international reputation.

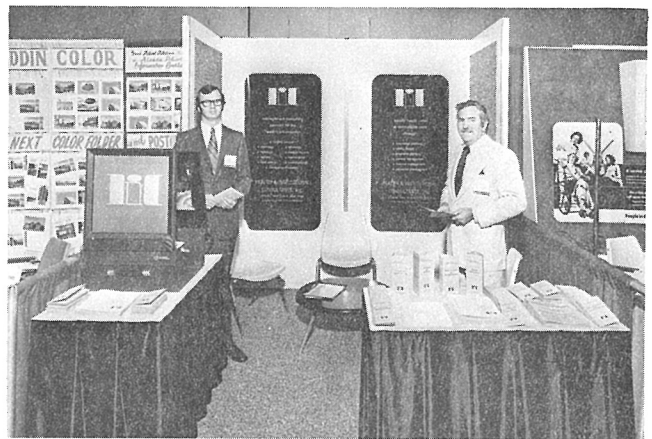
These efforts began last December with a new type of communication device we call "Management Memos." Developed by Kathy Couch, these are flyers which briefly discuss pertinent problem areas in hospitals and include information reply cards. With a new mailing every two months, the topics covered to date have included long-range planning, facility design, management controls, and nursing service problem areas. To date, over 50 hospitals have responded with requests for overviews, proposals, or further information. Our first mailing also led to a break-through in the Northeast at Clara Maas Memorial Hospital, Belleville, N. J. HIC outdistanced four other competitors to win a contract for a long-range planning study. The study is being primarily conducted by Bob Reeves and Dick McCaskill.

Previous project efforts are beginning to show the results of the establishment of a reputation, as evidenced by the

fact that over 60% of the proposals we have made this year were client-originated. Examples are two financial systems projects in North Carolina being performed by Bill Luttrell and Pete Paddrik, and the planning of a new medical school for East Carolina University which resulted from the local hospital administrator recommending us to officials of the university.

On the international scene, efforts by Bob Frazier have resulted in Paul Flood making two trips to Iran and presenting seven proposals—not international, but—Lutz Kohnagel also visited hospitals in Puerto Rico, with a resulting overview scheduled for June. Ruth Duke has offered to carry briefcases.

—Eric Bossak



Bill Luttrell and Paul Flood prepare for another big day at the middle Atlantic Health Congress.

HIC is expanding its trade show attendance 300% this year in an effort to attract additional clients outside of the Southeast. Instead of having a booth only at the Southeastern Hospital Conference this year (May 1-3 in Atlanta), HIC also exhibited at the Middle Atlantic Health Congress in Atlantic City, May 21-23, and will be on hand for the national show in Chicago, August 12-15.

In anticipation of the expansion, public relations designed a booth especially for HIC, with a black and white color scheme and large, attractive plexiglas signs. A whole tableful of new literature and a slide presentation on long-range master planning and facility design were prepared to outfit the booth.

It's too early to tell how well those long hours and tired feet will pay off, but one thing's for sure... a lot more people know about HIC.

—Kathy Couch

GENERAL MANAGEMENT & MARKETING

It is not unusual for clients authorizing GM&M projects to request a completion date of "yesterday." In most cases, it's possible to agree on a more reasonable time frame, but not always.

The Guthrie Corporation, headquartered in London, recently requested KSA's participation in a study of the U.S. molded brassiere market. The authorization was signed on April 2; the preliminary results were to be telephoned to

Continued on page 8

Functionally Speaking—Cont.

London on April 4. And, to make the problem more interesting, the trans-Atlantic time difference resulted in a deadline of 11 a.m.

Recalling what went on in the two-day period, it seems that the entire time was spent on the telephone talking with everyone in KSA who had any remote association with or knowledge of the brassiere market. In reality, there were occasional breaks to conduct interviews with the trade press, set up on a crash basis. Finally, the appointed hour came for our trans-Atlantic call and, as a result of internal input and our contacts with major brassiere manufacturers, we delivered our preliminary findings in time for Guthrie's board meeting.

This took the immediate pressure off and allowed us to develop our findings in more detail for an agreed upon "draft" report which would provide an opportunity to overcome the handicap of long distance presentation. Three weeks later, our work paid off in a very gracious letter from the Guthrie Corporation indicating that the draft report was, in their estimation, a final and complete presentation. Of course, they had one or two additional questions they hadn't thought of earlier, but considering the communication problem, that wasn't a bad batting average.

Participation in a project of this nature did confirm two of the hypotheses that we have long suspected to exist:

- When required, KSA can meet ambitious completion dates with a professional response.
- Everybody is a comedian when asked for his feelings on the shape of the brassiere market.

—Dudley McIlhenny

PUBLIC RELATIONS

Due to the paper shortage and year-round daylight saving, this report will be uncharacteristically brief.

During April, May, and June, the PR Dept. has churned out six seminars, seven articles and speeches, three trade shows, a half-dozen new ads, one retirement dinner, two interviews in the trade press, lots of publicity, and a tub of super-fat butter. We also billed about 20 person/days, and hung three new bulletin boards.

Some details. The seminars covered the gamut of industries and functions: one on textile costing (fee paid) proved so successful in May that it was repeated in June; another was presented to a small but elite group of retailers; a fourth to a small but not-so-elite group of women's wear producers in Philadelphia; a fifth was delivered to both apparel fabric buyers and textile sellers at the Texpo show in New York, and the sixth homed in on HRD for manufacturing executives in Nashville (also fee-paid.)

Among the articles, subjects ranged from carpet and rugs and industrial laundries to the shape of the apparel/textile industries in the years ahead. HRD continues to be a hot topic, regardless of industry.

The retirement dinner, of course, was in honor of KS, and sponsored by an ad hoc committee of *Joe Lipshie* (Salant Corp.), *Bob Dale* (Arrow Co.) and *Bill Reid* (Riegel Textiles.) It was designed to give Kurt's many friends in the industry a chance to show their admiration for him, and to chip in to support the Apparel Education Foundation. They did, over \$35,000 was raised, and everyone had a fine time. But dinners don't just "happen." *Jill Steinberg* did everything but make the chopped liver-type invitations, mail tickets, keep the boxscore on donations, etc., etc., etc. *Kurt*, we love you, but please don't retire again this year. Okay?

Dan Kennedy and *Steve Jones* continue to mix their PR work with the production of induction videotapes for HRD clients.

We used some of the super-fat butter to glue the bulletin boards to the wall. Works fine. . . .
—*Joe Scheines*

TRAINING AND PROFESSIONAL DEVELOPMENT

This department has had another first. . . We have just completed an exclusive training course for 10 men from Warnaco, Inc. These men came from three divisions of Warnaco including Hathaway, Warners, and White Stag, with plants spread from Puerto Rico to El Paso to Waterville, Maine.

The experience level of the people in the course varied from two weeks to 18 years providing, of course, a wide range of discussion and opinion.

Prior to this, we had a resident class in March, made up of five men from five different companies. One of the men was *Wilson (Ho Fung) Chan* from Union Special Corporation. Wilson stayed on for an additional three weeks of special industry and product training in preparation for assuming the manager's position of the Union Special Hong Kong office.

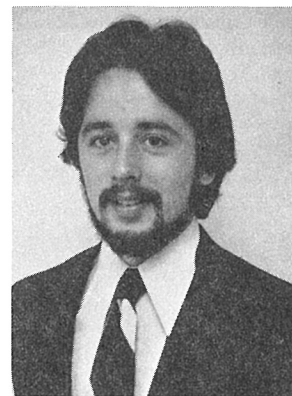
Last, but not least, a large class of KSA recruits began June 17. Their names, background and pictures can be found under *NEW STAFF*.
—*Bill Cameron*

Continued on page 9

SUMMER POSITIONS



Phil Vercaemert



Fernando Silva

Phil H. Vercaemert and *Fernando B. Silva* are college students with us for the summer. They are in the June class of trainees and are wetting their feet, so to speak, in the field of consulting before returning to school this fall.

Phil, age 19—yes, he is the son of Gerry Vercaemert of our Textile Division—is a Junior at N.C. State. He reads and writes French fluently, and has been assigned to AMMD. Hobbies: Handball, tennis, watersports.

Fernando, age 20, will receive his B.S. at Georgia Tech in 1975. He is fluent in English and Portuguese; speaks and reads French and Spanish. He has done part-time translations for our competitor, Summerour; assigned to AMMD. Hobbies: Photography, skiing, tennis, soccer, cinema.

We hope they have an interesting summer.

KSA—WEST

KSA—West is beginning to find a few gold nuggets in its prospecting pan! We presently have six clients in this area with sales amounting to \$500,000—thanks to the combined efforts of many associates—and also have a long list of additional, good prospects.

While KSA is fairly well known in the West, we are certainly not without competition. We've heard Sumerour and Sedlak mentioned several times. East or West, the story's the same. . . we must try to be there first, follow up on every lead, and keep our name before them (seminars, ads, articles, mailings, etc.).

Our Western P.R. efforts to date have been worthwhile and we should consider more extensive P.R. KSA—West seminars were the Western Apparel Magazine (WAM) in San Francisco in December of '73 which was instrumental in our getting *Pyke* and *Beehive* as clients, and the Utah Needlecraft Association talk in February '74 which put *Mini World* and other Utah prospects on our list. We're planning a booth/seminar at the next WAM show.

With the number of ongoing projects in the West and regular western trips by principals of almost all functional disciplines, we have an excellent opportunity for additional Western business development.

—Jim Trautman

EUROPE—GENERAL

Europe has just received *Stig Kry's* annual visit and the first visit from *Dean Vought* in 14 years. Last time Dean was on his honeymoon and the year before that he negotiated the KSPEA agreement which first got KSA in business in Europe. We also welcomed *Bob Frazier* to our meetings on the Third World developments around Europe.

After a two-day meeting of EUROCOM which Dean, Stig and Bob attended, we had a two-day Principals' meeting which was the best yet. Guest speakers included a competitor from France in the HRD field and a senior official of the Common Market Commission whose speech we managed to get into the "Financial Times" with our name included.

The Principals' meeting program included

- Three case studies where KSA is providing a total business development service.
- A half day on meaningful work concepts.
- A review and discussion of apparel manufacturing services in USA, the Third World and in Europe.
- A review and discussion of our retail practice.

The first four periods in Europe have been difficult, as elsewhere. However, sales of \$800,000 in the last two periods are encouraging and we are still hopeful of making the year's budget.

—Stuart Hollander

GERMAN REGION

Since the last issue of the *Observer*, the picture has changed. Our sales efforts have been successful. . . we sold about DM 1,000,000 (\$400,000) in Period Three and Four. The backlog is increasing and all Principals and staff are on full billing.

A number of important and very well known companies have been added to our list:

Macintosh, Holland: The conceptual design is followed by a big implementation phase, DM 320,000 (supply control, EDP/Management/Information System). *Peter Amrein* will be supervising the project and *Josep van Gent* is our man there.



Harry Lack, left, and Stuart Hollander at KSA/UK dinner dance: "Who does Harry think he's kidding?"

Ahlers, Herford: After having done the survey, management decided to do the next step—sewing room engineering, DM 200,000. This is more important, as we now know that Capelin tried very hard to get this job, and in spite of their offer at a much lower price we got the assignment. *Helmut Blettenberger* is supervising and *Richard Menzel*, who joined KSA in January as an experienced apparel manager is performing the job.

Konen, Munich: This is one of the most important clients in the menswear industry (market leader). We have now taken the first step into width costing. *Peter Schueler*, our costing expert, has just started the job. On the other hand, we have a chance to do a number of surveys that will probably lead to further, bigger assignments.

So, in spite of a still slow economy, we see a good market for consulting business that will enable us to expand further. Full service is the key to the market and we are coming into it more and more with our multifunctional approach.

—Hans-Horst Hensche

LATIN REGION

We operate in three major "home territories". . . Italy, France and Iberia (Spain and Portugal) with a full-time staff of 21—including two trainees. Outside these countries, we are either working in or have prospects in Algeria, Turkey, Greece and the Ivory Coast, with lesser developed contacts in Tunisia, Morocco and Poland.

In terms of fee income, the Latin Region now contributes about one-third of the European total.

At the beginning of 1974, the Italian tax laws were completely changed. Among other things, a 20% withholding tax was introduced covering professional services rendered from abroad. We have been unable to get a ruling on whether this tax is applicable to foreign companies, or whether the double taxation treaties signed with such countries as France, U.K. and U.S.A. would cover this tax and hence make it non-applicable to a company registered in one of those countries not having a permanent establishment in Italy. As most of you know, KSA has been operating in Italy out of Switzerland since September 1972.

In order to reduce the risk of KSA's being considered to have a permanent establishment in Italy, it was decided to

Continued on page 10

Functionally Speaking—Cont.

close the Milano sales office at the end of July. New office facilities for our staff operating in Italy will be set up at Chiasso in Switzerland, which is just across from the Italian border and about an hour by train or car from Milano. Once the tax situation is clarified and provided our operations in Italy continue as successfully as they are now, we might well review the situation again fairly soon and possibly re-establish an operating company in Italy.

In Spain we are reviewing our operational setup and are making preliminary inquiries for possibly setting up an office in Barcelona. For the time being, we are contracting and invoicing out of Switzerland. . . In Portugal, *Gianni Marello* has settled there permanently and all other assignments are staffed by Spanish or French-speaking, Portuguese-learning Frenchmen, and we are also operating there out of Switzerland for the time being.

After the usual slack sales period at the beginning of the year, we should meet our sales forecast and keep a fairly solid backlog. In addition to the two men who joined us at the beginning of March (*Battaglia* and *Gruen*), we are most fortunate and happy to announce that *Michel Cardon* is rejoining us July 1. We are also trying to recruit one man for AMMD and MSD in France and Italy, which should represent an important increase in our capacity for 1975.

The split in different operating and language areas, with language barriers and long and difficult transportation makes it necessary to spend an unproportional amount of time on nonbillable activities such as administration, sales and PR. In addition, our "Latin" clients and governments seem to create more "crisis" situations than in other regions, i.e., Portugal recently issued a decree stopping transfers of foreign exchange—for the time being. . . can-

**IT MIGHT BE AMUSING,
IF IT DIDN'T HURT SO MUCH!**

(The late Sir Alan Herbert, in his book, "Look Back and Laugh," records in his own words the present Government's financial policy in deathless verse. . . Submitted by *Stuart Hollander*.)

Save, save, they say, and put away
What you would like to spend today.
Don't drink—or smoke—or go abroad
And all the parties will applaud.
But when the money's in your banks
Expect no more the nation's thanks.
Your earnings now have changed their name;
They're CAPITAL, a cause for shame.
While any yield that they may bring
Is DIVIDEND, a filthy thing.
And, what may make the saver sore,
It's UNEARNED INCOME, which pays more.
But selling won't remove the stain,
You make a beastly CAPITAL GAIN.
You should be like the State, you fool,
And make a CAPITAL LOSS the rule.
Give some away to poorer men?
Oh, no, you're DODGING TAXES then.
In short, the patriots who save,
Remain in error 'til the grave.
So die as quickly as you can
And pay DEATH DUTIES like a man.

celling arranged visits with no notice. . . postponing assignments the day before they were supposed to start. . . Latin clients' utter unreliability to pay their invoices 10 days after receipt.

Fees for work under way for four very large clients, ABITAL and ISMA in Italy, TEBE in Portugal, and SONITEX in Algeria, should well exceed \$1.5 million over a two year period. We will conduct about 330 seminars in France this year and several in Italy, Spain and Portugal. We gained over 30 new clients in France alone last year as a result of our improved marketing, and with 80% of our fees earned on follow-up contracts, this should be a great help in the future.

Another very positive aspect worth mentioning here is the development of Retailing activities in the Latin Region. Work for Coin in Italy, under *Greig Barr's* direction seems to be going well and we have a good chance to sell a major distribution study to this client. In France we have a proposal pending with SAPAC, the buying organization of the Prixunic Department Store group.

It is certainly to the credit of our principals and staff that despite our many difficulties, our current performance in terms of sales, billings and profits compares well with the other regions of KSA Europe. Our thanks to them, our guests from other regions and our assistants and secretaries at the Zug, Paris and Milano offices.

—*Bob Fitze*

Coming Events. . .

- August 12-15 — American Hospital Association show in Chicago. HIC will exhibit.
- September 11-13 — Bobbin/AAMA show in Dallas. KSA will exhibit and present a Production Clinic on sewing, featuring as many TAB representatives as can fit on the platform. Attendance groundrules forthcoming.

TEXTILE SYSTEMS SOCIAL NOTES

On Mother's Day weekend many of the TSY group and their families retreated to Callaway Gardens for an annual spring frolic. The families participating included *Doug and Elaine Moore, Dale and Carolyn Dodrill, Josh and Jeanne Taylor, Freddie and Jarnetta Wood*, Freddie's mother, Jarnetta's mother, *Barry Watzman, Cecil and Lee Phillips*, and an energetic assortment of some 14 children.

The group stayed in a colony of Swiss Chalet cabins near the Gardens. Activities included golf, tennis, horseback riding, flying, swimming, sand castling, bird watching, classic guitar music, notably non-classic ukelele music, and several disastrous hands of "Oh Hell."

In the "proud papa" category, Cecil Phillips mentions a couple of achievements of his sons. *Taylor* reached the Eagle rank in scouting recently at age 15. *Dan*, age 10, won a Georgia AAU swimming championship in the breast stroke in April.

SYMPATHY

All of us are saddened by the passing of *Joyce Lutz*, a KSA wife for almost 27 years. Our deep-felt sympathy to *Phil* in his sorrow. . . To *Betty and Mike Barnes* in the loss of Betty's father. . . To *Gill and Stuart Hollander* in the recent loss of Gill's father.

Around The Company . . .

CONGRATULATIONS!

Verena Wintsch of KSA's Swiss office has recently completed her part-time studies leading to a degree in Business Administration from the Institute for Higher Business Education at Zurich.

Verena reports to Bob Fitze and is responsible for running the Zug office, which serves KSA's Latin Region. In order to avoid any "ample spare time" problems, she has already gone back to school in order to improve her Italian language skills. We have no doubts that she will master this. . . Verena is fluent already in German, English and French and speaks Spanish quite well.



Please join us in congratulating Verena on her diploma and in expressing the hope that she will be with us for a long time.

ATLANTA

Wedding Bells. . . for Carol Englund, who recently became Mrs. Ken Daniel and departed KSA June 1 to become a full-time mother (to her daughter and son) and wife (to her new husband). . .

April Hightower, who became Mrs. Peter Stollmack on June 1, replaced Carol as secretary to our Human Resources Division. And, finally, Joy Henderson, our new receptionist, became Mrs. Steve Hadden on May 15.

Other New Office Staffers. . . are Liz Freeman, secretary to P.R. and R&D functions; Yvette Parker, Central Records clerk and typist; Barbara Hardy (a former KSA'er) who returned to oversee the P.D. fellas. Hearty welcome to all.

The Stork. . . paid a visit to Linda and Jimmy Keel on May 22 presenting them with 8 lb., 1 oz. Jimmy Todd.

The Office Appearance. . . is at long last shaping up. New furniture (most of it) has arrived. Most notable is the multitude of live plants (both company and personal) which now populate the office. Fran Preston's work area looks like a veritable jungle. Rumors have it that a neighborhood dodo bird laid an egg in her ficus tree.

The Evil Eye. . . of CBS cameras paid a visit to the AO to interview Jack Ullman and Freddie Wood for an upcoming TV special on inflation in the U.S. (Program killed June 13.)

On the Horizon. . . is another infamous raft race down the Chattahoochee River.

Vacationers. . . include Andrea Dillon and husband Pat to Britain; and Ruth Duke on a five day trip down the Mississippi River on the old paddlewheeler, Delta Queen.

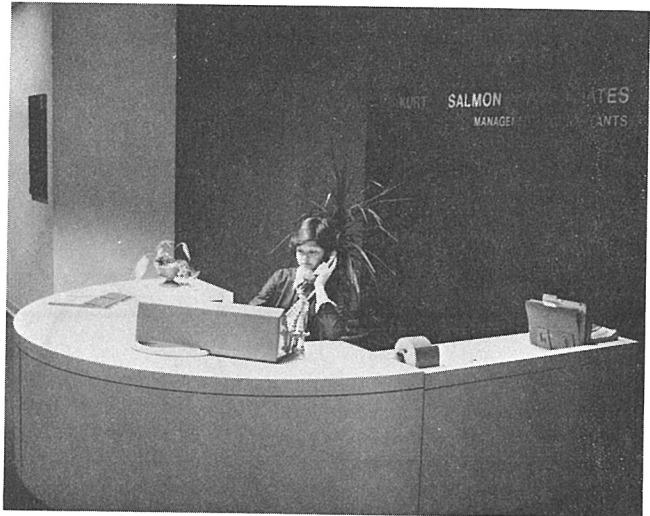
When Next We Meet. . . the tranquil (tsk) AO offices will have been fully invaded by that most dreaded of company afflictions, the big, bad "Corporate Office." C'est la vie.

—Vallene Baker

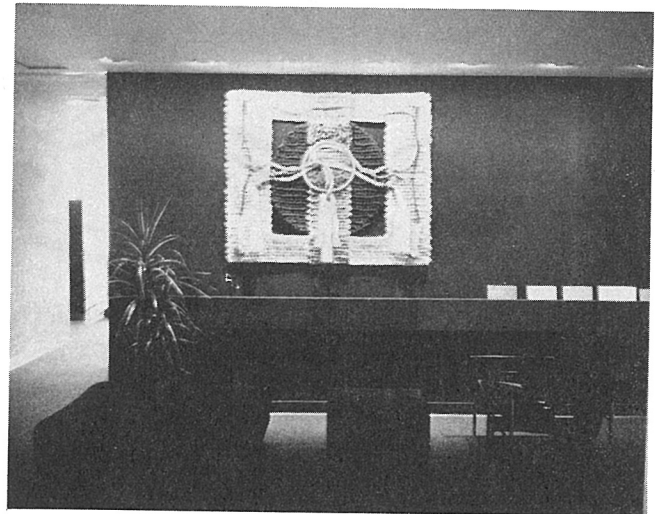
HOW A KSA SECRETARY KNOWS SHE'S "OVER THE HILL"

You know you're "over the hill" if:

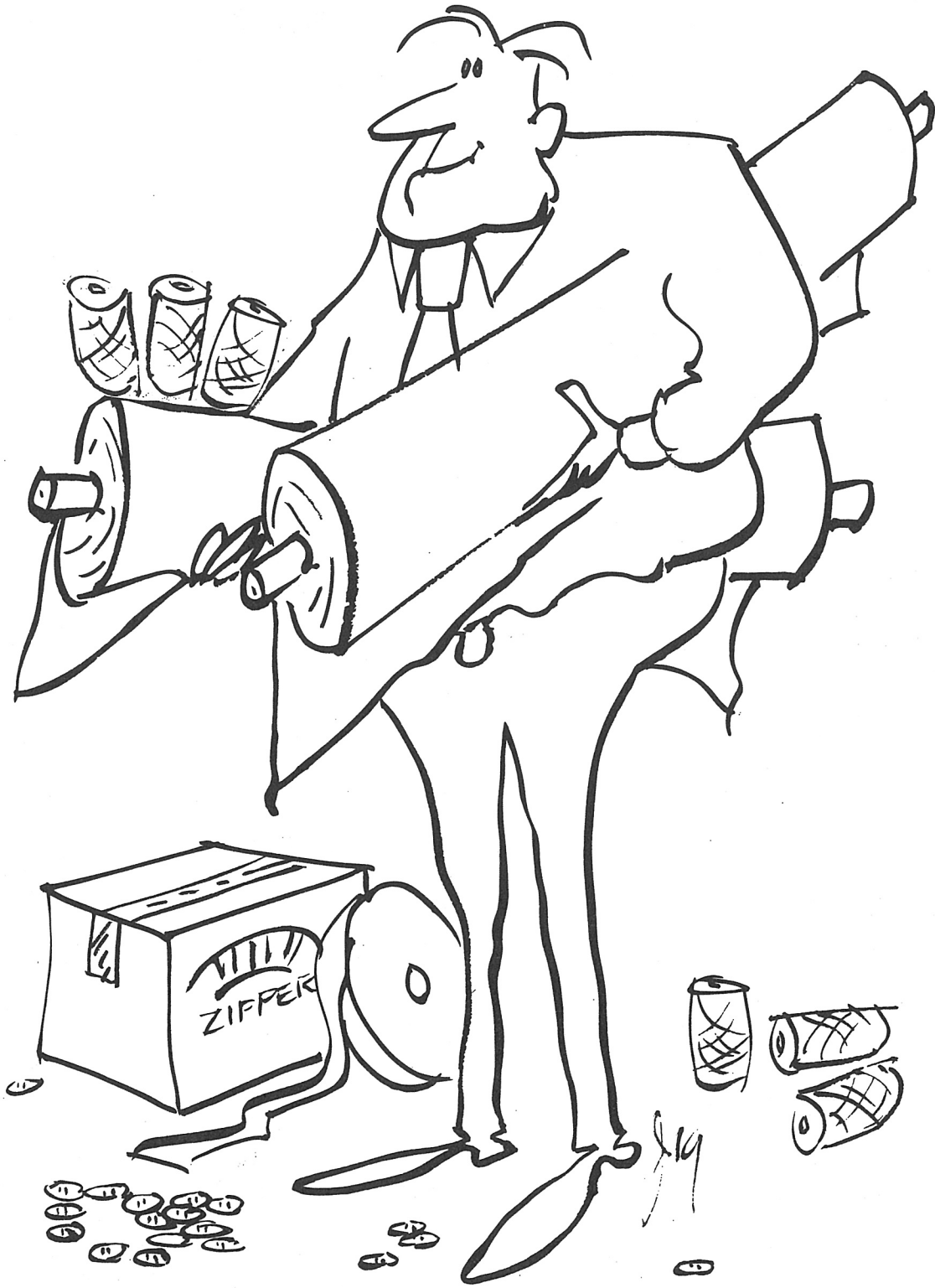
- You remember when pegboards came with painted pegs, and you had to count them for shipping;
- You remember when there wasn't a Central Library;
- You prefer wearing comfortable shoes rather than stylish ones;
- The new men begin to look awfully young, and they call you "Mrs. " rather than by your first name;
- Your insurance and retirement benefits seem more important than the number of paid vacation/holidays KSA offers;
- Your daughter's boyfriend sends you flowers on Mother's Day;
- And your boss starts saying things like, "Let me lift that box for you" . . .



Joy Hadden, the Atlanta office receptionist at their equally new white, circular reception desk.



Atlanta Textile people are very proud of the wall hanging which so appropriately decorates their wall.



Oh, no! And I only asked for enough doubleknit to make a dress. . . not dozens.