

**Variable Base Rates Revisited****The Angelica Project . . .**By—*Frank Armistead*

Perhaps the most perplexing manufacturing problem faced in the fashion apparel segment of our practice is the tendency toward an inverse relationship between incentive earnings and the requirements of skill and versatility in the sewing room. All too often, we find the highest earnings on the simplest, least demanding operations, and the lowest earnings on those operations which demand the maximum in skill and flexibility.



In a recent engagement for Angelica Uniform Company, KSA's team—*Zeb Roberts, Richard Lusk and Frank Armistead*—was faced with the challenge of devising a solution to this problem. Our client, like many apparel firms, had historically maintained a plantwide incentive

base rate. Employees had the right to bid on openings in other operations on the basis of seniority. The results, in the client's words, could best be described as "having 747 pilots bidding on baggage handling positions!" Our task, as described in the proposal letter, was to "develop a plan to provide a means of recognizing different skill and versatility requirements by job class so that wage levels might be established commensurate with these requirements."

The study was conducted in four plants, where some 300 time studies were taken, covering virtually all job classes. In addition, an audit was completed by client personnel under KSA supervision, to measure the frequency of style change, as well as their impact on operator performance. Over 1700 operator-days were included in this audit. The client's work measurement and rate development procedures, and current supplementary incentive plans were also analyzed.

The KSA team concluded that the appropriate plan must be structured around the concept of variable base rates. It was felt, however, that those techniques of job evaluation which had been observed to date were much too subjective for our needs, and further, would not withstand close scrutiny by a demanding client, and a suspicious union. A completely new technique for job evaluation was needed. Working with the mountains of data which has been gathered, the team devised the needed procedures and tested them before finalizing the engagement report.

These new procedures were built upon KSA's experience in employment and placement testing, AAMT, SQC, and style shop engineering. Selected as pertinent job evaluation criteria were Hand Dexterity, Finger Dexterity, Perceptual Speed, Quality/Precision, Training Time, and Versatility. The team recognized that there is a substantial

overlap in these criteria, and that they should be assigned varying degrees of importance, and considered these factors in finalizing the job evaluation plan.

While the plan is much too involved to present in this writeup, we believe it rates consideration as a significant addition to KSA's MMD practice. The procedures outlined in the engagement report can be easily adapted to other sewing room situations, as they have already been, in fact, in two instances. We suggest to those who would like more information that they obtain a copy of the report, or contact one of the team members directly.

**Two KSA Veterans Retire**

On October 28 a retirement party was given in Nashville honoring *Russell W. Lewis* and *Warner W. Civitts* who have each completed 36 years with KSA.

Aside from *Jack Ullman, Kurt and Lula Maye Salmon*, as well as the Nashville "regionnaires" and a number of personal friends of the honor guests, it was a pleasure to welcome also such KSA-alumni as *John F. (Nick) Nicholson, Dick and Carolyn Hall and Craig and Nina Blair*. Some 45 people attended and witnessed the presentation to Russ and Warner of two grandfather clocks, each with three sets of chimes.

Russ was the subject of an Observer profile three years ago. . . we tell you more about Warner elsewhere in this issue.

Won't you join us in expressing once again our appreciation for their many years of dedicated service and in wishing them many happy and healthy years of retirement among their children and grandchildren.



**Honorees Katherine and Russ Lewis (left) and Margaret and Warner Civitts (right) displaying their clocks. KS chose the center where he could put his arms around the ladies. . .**

## Chairman's Corner

This is written after the U.S. staff meeting, held at Calloway Gardens, Pine Mountain, Ga., November 19, 20 and 21. By all accounts, it was one of the best meetings we've ever had. The format, balancing serious business with sports and entertainment, was widely appreciated. And, the wives lent grace to the meeting and supported our professional aims by taking a strong interest in the affairs of the company. . . witness the attendance at *Tom Lawrence's* session and at other parts of the program.

I'm mindful of the fact that this issue of the *Observer* will go not only to USA and European staff but also to our esteemed alumni. At the risk of being a bit redundant to my U.S. colleagues, I will comment on a few highlights of the meeting as I saw them, for the benefit of those who were not there.

We assessed the status of our operations and outlook for 1977. Our industries have recovered nicely from the depths of the recent recession. In pace with that recovery, KSA's business has recovered and we can look back on 12 good months. Volume development has been satisfactory and together with the tightening of our operation in certain areas, this has resulted in a greatly improved profit performance. We will enter 1977 with a strong sales trend and healthy backlogs of work in practically all parts of the company's U.S. operations.

We attempted to look ahead and identified some important priorities and objectives. We must continue to strengthen the company's financial position by prudent management of receivables, expenses, and new investments. We also have as a high priority to establish a stronger growth trend. This must be accomplished under somewhat sluggish economic conditions and with our major industries, apparel and textiles, in a period of slow growth. All the same, we believe that we can achieve our aims by a combination of modest growth in apparel, steady development of textiles, and by making more substantial headway in retailing and health care.

With a base to build much growth on in two new industries, and with a good beginning in Brazil, we have a foundation already in place for much development of our U.S. operations. No new investments are needed or contemplated. For the near term the stress will be on doing more in the areas in which we are already active.

Europe is winding up a difficult year. It has been a year of some retrenchment in response to a difficult economic environment. As a result of some cutbacks on the expense side, we are well placed for better performance in 1977. Preliminary—and conservative—budgets indicate that KSA-Europe will make a nice recovery.

The panel discussions at the meeting covered four main topics. By sending our background material ahead of time we intended to minimize the need for introductions and presentations and thereby allow maximum time for questions. This appears to have worked well as there seemed to have been a high level of interest from the floor in all the groups, and in the subjects assigned to the four panels.

One panel dealt with strategy and generally with future directions of the company in the U.S. and Europe. We trust that you agree that we have a coherent strategy which builds on the strengths we have while providing exciting

opportunities for the future.

Another panel dealt with our professional development as individual consultants. The stress was on the need for more account executives and their important role in KSA's future. No doubt the need will grow fast and tax our ability to broaden our skills. The company must stimulate this interest but the individual consultants must provide the drive and desire for the professional growth they seek and which the changing practice requires.

The third panel discussed quality of our consulting services. This subject was highlighted by the results of a recently completed quality audit, which involved the sampling of a large number of projects by way of independent evaluations by clients and KSA's account executives. The audit reaffirmed that the quality of our services remains at a high level, while indicating some opportunities for further improvement.

The fourth panel dealt with the management procedures used in KSA for planning, budgeting, and control. Hopefully, many of you gained a better insight in the way things are done and why. Maybe more Billing Instructions will come in on time from now on?!

This panel also discussed Deferred Profit Sharing and particularly the review underway of DPS objectives, and the selection of alternative DPS management firms.

The main stress of the program was on client-directed activities. We all realize that we live in a period of change. We have seen this process affect our services in the past. KSA has responded to these changes and our service configuration is substantially different now from what it was 10, or even five, years ago. This change will continue and the pace may well accelerate. It is incumbent on KSA management to recognize this and plan accordingly. However; the individuals must also be part of this process by providing input to management and particularly by continually striving to improve on their own performance and updating and broadening their own skills.

All business is first and last dependent on the quality of its personnel at all levels. Consulting firms, and indeed KSA, is very little more than the sum of its people. KSA has always felt privileged in having dedicated, talented and hardworking people. It is the general view that on this score we are stronger than ever. If that indeed is the case, our good future is secure.

So, we are pleased to close out a year of progress and satisfactory results. Our thanks to everyone for helping make it a good year. The near-term future looks good and 1977 may well be a record year for KSA. Let us make it the best year yet.

Very best wishes for the Holidays and for the New Year.

### 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: *Mary Baach* *Joe Scheines*  
*Jack Johnson*

Volume 7, No. 4

December 31, 1976



# My Ideal Assignment

By—Gil Llanes

After a 12-week suitcase tour, I finally received my first assignment with a new client, Interstate Uniform in Luquillo, Puerto Rico. . . a client who only wanted us to teach him Cut Planning/Cut Issuing/Marking, thereby eliminating an outside contractor.

Sergio Cruz and Ross Runnels had proposed a program consisting of two phases. Phase I was for Material Utilization, and Phase II for Cutting Labor, which had not yet been authorized.

Having just returned from Nicaragua to Miami, I thought I was in heaven, so on the plane to Puerto Rico as Sergio began describing a dream-like setting, I could not help but be a little skeptical. . . after all, Cubans tend to exaggerate! To my pleasant surprise, when we arrived it was even better than he had described.

Luquillo is located on the coast, 45 minutes from San Juan. It is quite a resort area with the most beautiful beach in Puerto Rico and probably one of the best in the Caribbean. It also boasts of a charming old town, exciting discos, bustling hotels and casinos. I was fortunate in being able to get an apartment situated so that all I had to do was cross the street to the beach in the afternoon for my daily splash.

I am happy to say that the plant manager and his staff were even more wonderful than my surroundings. . . my wish was their command. They were not the typical Puerto Ricans we hear so much about; they were industrious, eager to learn, honest, friendly. You could almost say they were the Cubans! The plant manager and his family practically adopted Sergio and me. . . I was frequently invited to dinner and to watch TV with them and was also invited several times for dinner in the homes of the supervisors of both the sewing and cutting rooms. It was more like a family relationship than one of client/consultant.

With such wonderful cooperation on the part of everyone, it is no wonder the program was completed two weeks ahead of the original minimum estimate of 12 weeks. Needless to say, the client was very pleased and happy, but before authorizing Phase II he wanted to see how the Interstate management had absorbed and would use the acquired knowledge and to also make sure that the MU savings of 5-6% were not mere "paper savings."

As fate would have it, I was sent to Nicaragua for a month, where I managed to lose 25 pounds due to a case of gastroenteritis. I really thought I was going to disappear. . . and what a horrible thought to be flushed down the john! But after a brief recuperating stay in Miami—one day in the hospital—I was on my way back to Luquillo. . . Interstate had become a believer and signed the Phase II authorization.

I was so skinny that, on his first two supervisory visits Sergio was almost like my Mother with his advice. . . "You gotta clean your plate." "Have some black bean soup." Between him and Mr. Corchado's family I was nursed back to health.

Phase II, Cutting Incentives, did not have an attractive return-on-investment, due to the fact that there were only five operators in the cutting room. However, the idea was to completely modernize it from Cut Planning through Bundling. Mr. Polambella was sold by the success of Phase I, so the cutting room ended up with two operators who would spread/cut/bundle and a supervisor who would mark/duplicate/supervise. The rest of the personnel was absorbed in the sewing room and shipping area. They can also provided needed backup in the event of absences in the cutting room.

All in all, the assignment was a pleasure and a success.

## Coming Events

- Jan. 9-12— National Retail Merchants Association annual convention, N.Y. Hilton, NYC. KSA will exhibit, and *Pete Ehlinger* will speak on alterations room practices.
- March 3-5— Western Apparel Manufacturers Show, Los Angeles. KSA will exhibit and present a seminar on inventory management.

## KSA Christmas Card Fund

**Contributions Totaled \$5,428**—This fund, launched in 1968, is a means of helping those who are less fortunate. The total amount has increased each year since its inception, with the regretful exception of the current one. Time undoubtedly slipped away for some and the deadline passed before they responded. Our total for 1975 was \$7,334.

This year 108 KSA'ers, including Europe, participated by making a contribution to a cause of their choice—78 different organizations were the recipients. A Christmas Card was selected, the donors names imprinted and mailed to the entire KSA staff.

The company sent its annual contribution to the City of Hope, a non-denominational organization, known worldwide for its work in health care for children.

## Tenth Anniversary

*Bob Langley* joined KSA November 28, 1966, after four years in the U.S. Navy and after much deliberation on leaving the fair State of Texas. Prior to the Navy, Bob received both his BBA and MBA degrees from the North Texas State University.



Bob's earlier work centered around slacks engineering, ranging from KSA's first trimless installation (replacing trim and inspection with SQC) to the overall direction of engineering programs in all plants of Oxford's Slacks Division.

As he moved into survey and retainer work, Bob was promoted to Principal in July 1971. As KSA's Human Resource Development function took on new emphasis, he became involved in earlier pilot

work in supervisory development.

Today he is still involved with important slacks manufacturers—Tropical, Oxford, etc.—as projects require direction; however, his versatility shows forth in that he is also involved in our food and lodging work for Holiday Inns.

Bob and *Rita* live in Atlanta, even though they still call Texas home. We're glad they made that big decision 10 years ago. Congratulations and best wishes for the next 10!

## Sympathy

Our deepest sympathy to *Mary* and *Bill Schenke* in the recent loss of *Mary's* Mother. . . and to *Susan* and *Dean Vought* in the loss of *Susan's* Father.

# KSA/USA ACTIVITIES

By—*Jack Ullman*

By any measure, the outstanding event of 1976 was our staff meeting. It was our first ever for KSA/USA staff and wives. Our only regret was that a few associates and their wives were unable to be present.

I would like to again express our appreciation to the organizers who did so much to make the meeting an enormous success: to *Bob Pee*, his secretary/assistant, *Linda Keel*, and the entire Atlanta office staff who pitched in on the pre-meeting preparations; to the wives' committee; and, of course, to *Joe Scheines* and the P.R. Dept., as well as *Jack Johnson* for their fabulous Kensington Players production.

It was a great event and we look forward to future opportunities of a similar nature. Much of what follows is to repeat comments made at the meeting for the benefit of those not present from KSA/USA, our associates in Europe and Brazil, and our alumni.

**1976 and 1977 Outlook**—From a business and professional perspective, 1976 has been a good year. Following a difficult recessionary period, it is easy to develop a "euphoria" about that year. But, like the industries we serve, we need to put our performance in perspective and ask the question "compared to what?" Let's look at 1976 in relation to the following:

Compared to 1976 .....Solid recovery  
Compared to 1974 .....Reasonable growth and nearly doubled profitability  
Compared to Budget .....Right on!  
Compared to the 60's .....Mediocre  
Compared to Long-term Objectives .....Fair  
Compared to Current Target Objectives .....Very close

We're in the final budgeting process for 1977 and despite economic "storm clouds" we enter '77 in a sold-up position with solid backlogs. We expect to establish performance objectives in line with short-term targets for growth and profitability. The continuing softness in apparel/textiles—still the lion's share of KSA's practice—showed up in a slowing down of sales during the third quarter. Backlogs were sufficient to carry us through without any letdown in activity, and we've seen a strong resurgence of sales in virtually all functions during the last two or three months.

Despite continuing weakness at retail, which is reflected in both apparel and textiles, our clients seem to be looking to KSA for help. This is encouraging, and perhaps indicates that our work is more related to the capital spending plans of industry—which continue to be projected at high levels by most economists—than to the hopefully short-term slow-down in bookings and shipments being experienced by our clients.

**Management Philosophy**—The basic philosophy that has guided our practice since *Kurt* started us off in the 30's remains unchanged. Quality of service and our clients' interests are first at all times—before profitability, before growth, and before personal goals and objectives. Without quality and acting in our clients' best interests, none of our goals could be achieved.

A more recently developed part of our basic philosophy is to maintain our capacity slightly below projected sales. This permits us to maintain high utilization rates and thus profitable operations, providing for appropriate base com-

pensation and sharing of profits (both cash and deferred) with our associates, while affording shareholders a reasonable return on their investment.

**Highlights of 1976 Activities**—Our USA staff has been given reports on KSA/USA activities, covering our services in the major industries/functions/regions served. A report on KSA-Europe by *Stuart Hollander* was also included. We feel you'll find them revealing, of interest and worthwhile reading. Highlights of '76 which may not be fully apparent from those reports include:

- We made some organization changes. . .merged all industries' manufacturing activities into one manufacturing management division, directed by *Howard Cooley*; merged all systems for all industries into one systems functional group directed by *Jerry Kavanaugh*. We're beginning to see some positive effects from these moves.
- We set out in '75 to find a potential chief financial and administrative executive for KSA. *Jerry Churchill* joined us in December '75, and has already contributed greatly. He's a man of action!
- Service development efforts: Continued development of apparel systems for medium sized clients—not a "package," but a partially developed "Management Information Systems" for tailoring to individual needs; carpet systems package—nearly complete for marketing; advances in cut planning and work with computerized marker making; PD transportation services; shop loading advances using interactive computer application; development and refinement of traditional HRD techniques supplemented by the use of video tape, active listening, positive reinforcement, and other behavioral science applications.

In addition to our first staff meeting including wives, there are a few other firsts. . . We plan a company-wide attitude survey to be undertaken in early '77; we ran our first project quality audit, testing client reaction; we formalized our marketing strategy; we made a real start on our account executive development program and formalized career planning reviews with our principals.

**KSA Today**—At our meeting, we were overwhelmed to see the depth and breadth of our organization, when asking those who had worked in each of the industries and the major functional areas served by KSA to stand as that group was called. It was apparent that our organization, made up of individual professionals, has become very broad indeed. While offering all the advantages of intense technological specialization, many of our consultants have had opportunities to broaden by working in various industries and functions. As stated at the meeting: "*You are a professional group second to none.*"

Each individual is competent in one or more areas of management consulting. The synergism of your collective abilities, along with those of our European colleagues and our able support staff, all combine to make KSA a firm of outstanding professionals. . .second to none. . .who can go anywhere. . .anytime. . .and accomplish any goals we set.

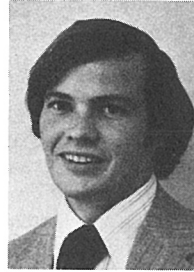
As we looked around the room, we saw a most remarkable group. . .professionalism, ethics, commitment to quality, competence, flexibility, drive and willingness to go the extra mile.

If we properly direct our efforts, we can only continue to grow and prosper—individually and collectively.

*Kurt* and *Karl*, our two honorary chairmen and Board members, must have been the proudest of all. As we said at the outset, *Kurt* got us started, *Karl* gave us a shove, and together they built the best consulting organization in the world.

## New Staff

*John R. Dye*. . . Age 27. Wife *Barbara*. Western University, Cleveland, Ohio. Three years with U.S. Peace Corps, Dept. of Housing and Planning Research, Kumasi, Ghana, which reportedly gave him his greatest feeling of accomplishment to date. Interests: Swimming, hiking, golf, coins (U.S.), photography.



Dye

*Blake G. Lowman*. . . Age 30. Wife *Diane*. One child. B.A. Political Science, The Citadel, Charleston, S.C. Recently graduated as a Computer Science/Programmer, following military service with duty in Vietnam, where he instructed in customs and language, and was directly responsible for the Regional Self Defense Forces for a population of 10,000. Interests: Boating, bicycling/motorcycling, ink sketching, photography, music.

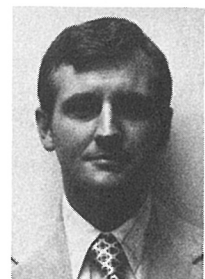


Lowman

*Robert E. Nahas*. . . Age 32. Wife *Virginia*. Two children. B.A. Political Science, Princeton University; Textile Design and Fabric Analysis course, Philadelphia College of Textiles & Science; Burlington Industries Professional Management Course. With Burlington from 1966 to present. Held positions from Management Trainee to Asst. V.P. of Merchandising to National Sales Manager of the men's wear division. Interests: Tennis, swimming, reading.



Nahas

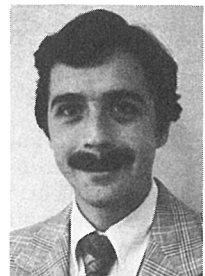


Reid

*Joseph B. Reid*. . . Age 27. Wife *Diane*. One child. B.S. in engineering, U.S. Naval Academy. One year as flight instructor for student naval aviators; three years as helicopter pilot and division officer. Interests: Boxing, gymnastics, parachuting.



Rezai



Stevenson

*Soheil Rezai*. . . Age 24. Single. B.S.M.E., Iowa State University. M.S.I.E., Georgia Tech. Citizen of Iran with application pending for U.S. permanent visa. Multilingual. Research assistant at Georgia Tech, working on contracts for the Productivity Improvement for U.S. Postal Service, Research for the Sloan Foundation, and coordinating a program between Georgia Tech and Japanese management engineers. Interests: Volleyball, tennis, soccer.

*John D. Stevenson*. . . Age 25. Wife *Annick*. B.S. (cum laude—marketing major) Boston College and Masters in International Management, American Graduate School of International Management. Fluent in Portuguese and Spanish with French proficiency. Field advertising representative with Proctor & Gamble's Consumer Products and two years with U.S. Peace Corps in Manaus, Brazil instituting and implementing standardized accounting systems and training personnel to maintain the system. Interests: Photography and sports (tennis, sailing, bicycling, jogging.)



Thornton

*Craig D. Thornton*. . . Age 28. Wife *Barbara*. One child. B.S., Operations Management and M.A., Management Science, University of Alabama. One year systems and buyer experience with grocery chain; one year as academic fund raiser for University of Alabama; five years in U.S. Army, attained rank of Captain. Interests: Photography, travel, tennis, golf.

## Letters To The Editor

To the anonymous pleader for more pictures of females (I'm all for it), this modicum of consolation: The horse was a filly. But how about more two-legged ones?

—*Nata* (Not all that anonymous)

In response to the letter suggesting more pictures of our "beautiful girls of all ages" in the Observer, my comment would be: The pictures of KSA men are due to either promotions or trips to interesting places. . . not because they are "good looking boys of all ages." Maybe the problem is more serious than indicated by the obviously male writer.

—*Also Anonymous*



# Functionally Speaking

## CUTTING/MU

### KSA Prominent in Expanding Use of Computers for Cutting/MU

The computer has arrived in the marking and cutting operations of our larger clients. While the Camsco and Hughes Systems have solved many old problems (pattern making bottlenecks, inconsistent grading, missing pieces in markers), they have also re-emphasized others (capacity, scheduling, need for control).

Twenty-seven per cent of year-to-date CMU sales are projects involving computerized pattern grading, marker-making, and cutting. In 1976 we have assisted three manufacturers in the analysis, justification, selection, and installation of systems to meet their requirements, and visited six others to observe and discuss their needs. We are currently engaged in an improvement program to upgrade an installed system and refine the software to improve the ability to generate markers "automatically." We are also leasing time on a computerized marking system to complete a major study in material utilization and look forward to further use of this tool. . . sure beats spraying "Sticky" on the board.

Several proposals are outstanding in the Cut Planning area, and we anticipate that 1977 will bring about a computer-assisted system installation which considers labor and material factors in a real-time environment.

—Nort Eberly

## HIC

Varied projects in several sections of the country have been quite interesting. Actual billings this year will be approximately \$350,000, compared with a 1976 budget of \$285,000, and HIC will go into 1977 with its strongest ever sold-ahead position. This is a tribute to the hard work by *Bill Luttrell*, *Pete Paddrik*, and *Dick McCaskill* in particular, as well as support efforts from many KSA'ers. HIC seems to be gaining momentum on several fronts and some of the interesting projects follows.

Bill Luttrell is coordinating the planning and construction of hospitals in Huntsville, Tex. and Helena, Ark. In Huntsville, Bill will serve as the owner's representative during the construction phase. He is coordinating the results of the financial feasibility efforts of Booz, Allen & Hamilton, the architectural work conducted by a Nashville firm, the contractor's work developed by a Houston contractor, and the underwriting and financial advisor efforts of a New York investment banking firm. . . In Helena, Bill is coordinating the efforts of the investment bankers in Little Rock, Ark., and the preparation and submission of a Farmers Home Loan guaranty, and again is negotiating contracts with the architects and preparing specifications for contractors' bids to be submitted early next year. Bill's rather complex mission can be simply stated as balancing various components into an organized effort to get two hospitals built on time and within project estimates so that they can be operated at a profit.

Bill is developing an in-depth financial feasibility study to be used in a prospectus for revenue bonds, the first of its kind developed with HIC's or KSA's name on it, with the bonds being sold to the general public. *Jerry Churchill*, as well as others in HIC/KSA, will support Bill in this important endeavor.

Both of these projects are new programs for HIC. If successfully completed, they will offer considerable promise

## Gerald Turbyfill Manages Textile Engineering

During *Freddie Wood's* illness Turby was asked to assist in functional management for Textile Engineering. He has been carrying out this additional assignment since June and we are happy to announce that he will continue to do so for an indefinite period.

Congratulations, Turby! With a 1977 sales forecast of \$780,000 for this function, we're looking forward to your assistance in planning, staffing, and service development of this growing function.



for future expansion and profitability.

Dick McCaskill has completed many projects in New Jersey recently. He is making proposals to existing clients to follow up on recommendations made in long-range planning studies and is also developing new prospects. He and the author are meeting with the Executive Director of the recently created Health Systems Agency for Northern New Jersey, to develop the first areawide health plan under the guidelines established by Public Law 93-641. HIC could receive considerable publicity from this endeavor as it will be the first plan published by an HSA in the U.S. Dick assisted the former agency in developing an areawide priorities plan last year and is quite familiar with what should be done in a new plan. . . Now that cold weather is here, Dick is also spending a considerable amount of time working with several HCA hospitals in Florida and other southern locations!

Pete Paddrik is conducting an evaluation of the cost of indigent care at Memorial Medical Center in Savannah for the Chatham County Commissioners. The significance is that it's the first evaluation HIC has done for an organization that actually pays part of the hospital bills. (*Karl Striegel* will remember the difficulty we had in selling Blue Cross this idea several years ago!) Pete and Bill recently completed a large and successful master plan for St. Thomas Hospital in Nashville. In addition, Pete is working with the hospital in Americus, Ga., in both a cost reduction program and a systems project. . . *Ken Campbell* is working with Pete in the systems area.

It is interesting to note that the hospital in Americus is eight miles from the new "Southern White House" in Plains. This is the hospital where *Jimmy Carter* used to be on the Board of Directors, and where his brother is currently serving as a director. Pete is working with the Board of Directors to obtain a grant from HEW to design and develop a Presidential Suite within the hospital in case an emergency befalls our new President, members of his family, or Government officials while in Plains. —*Paul Flood*

## PUBLIC RELATIONS

One's pulse quickens (for good or ill) at even a simple recital of the PR Department's exploits over the last hyperactive quarter. Consider the salient events of a turbulent 15 weeks:

Continued on page 10

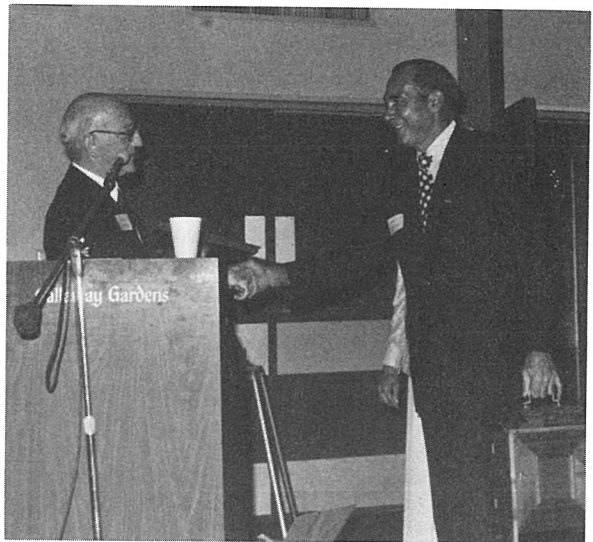
# KSA AT CALLAWAY

Our long awaited staff meeting at Callaway Gardens was well worth the wait. According to on-the-spot reactions from *Observer* reporters, the three-day event was a smash hit. Not even an uncooperative weatherman could dampen the spirits raised by some 250 KSA consultants and their friends.

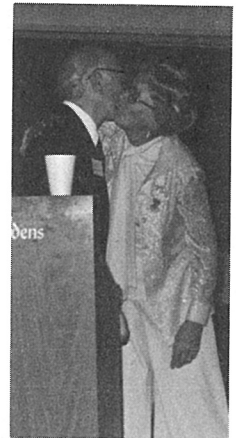
Space does not permit a full report of all that went on. Further, we understand that certain final rankings in what must have been the largest tennis tournament ever attempted are still being negotiated. But certain highlights deserve mention here, particularly the Saturday night banquet and attendant festivities. (Besides, we only have pictures of that event. . .)

- Despite his retired status, *Kurt Salmon* was hardly the "retiring" sort that evening. The man turned up everywhere, obviously relishing several roles. To start, KS and *Lula Maye* greeted all female guests with a surprise orchid. Then he made a gracious and thoughtful "thank you" presentation to *Jane* and *Karl Striegel*—a lovely Grandfather Clock—with the admonition to Karl that, after being utterly oblivious of time during his 35 years with KSA, he really should change his habits and enjoy a relaxed and thoroughly well-earned retirement. Hear! Hear!
- KSA evidently has more than its share of tennis nuts. Never have so many uniformly fancy tennis outfits been seen cavorting in 40-degree temperatures—at 11 pm under lights, or at 8 am under clouds. Pity the quality of tennis played couldn't match the styles being worn. . . Further fashion observations: *John Wilcox* walked away with the "Most Colorfully Dressed Seminar Leader" award.
- Some amateur drivers complained about Bob Pee's carefully written instructions for driving to Callaway Gardens from Atlanta. The directions only read "one-way"—and several cars on the return trip drove around and around the courthouse in Luthersville until their navigators figured how to read Bob's instructions "backwards" to Atlanta.

**CHAIRMAN'S WIFE** (wearing orchid at right) tends to "stockholder relations."



**Kurt Salmon presents Jane & Karl Striegel with a clock to mark Karl's retirement after 35 years with KSA. At right, Jane busses the boss. This "formal" ceremony took place before the Kensington Players got started. See next page for the real denouement. . .**



- The *Kensington Players* production featured more singing than usual this year. One veteran observer was heard to mention that it was "nice to be able to tap your feet and hum along for a change instead of having to concentrate on all those words and long-winded jokes. . . Do you know where I can get hold of the lyrics to the songs they sang?"

Herewith, as a public service for the hard of hearing, the *Observer* publishes a selected (carefully) set of the words that were "sung" during the post-banquet show:

## ALL THE WAY WITH KSA

By *Jim Hicks*

(Sung by the Class of '72 Quartet)

We flew down to Atlanta in the summer of seventy-two  
To go to work for KSA and show what we could do  
We didn't know 'til later what we'd let ourselves in for  
When RDP and Cameron came charging through the door.

First we learned the basics, then moved on to the rest  
We made our trips to Roswell, and saw Elwyn at his best  
We learned all the initials: J-J-U and K-D-V  
But the ones that we remembered best were those of H-D-C.

And we are Kurt Salmon, from the thirties til today  
Yes we are Kurt Salmon, all the way with KSA.

Now KSA has many folks, each one a different man  
Representing colleges from all across the land  
There's N.C. State and old Cornell, Penn State and Auburn U.  
And for those who could not go to school, there was North Avenue.

We all like the Observer, it brings news of our lives  
With stories of our many men and all their lovely wives  
There's always news of Europe, life on the other side  
And sometimes there are stories about Trautman and his bride.

And we are Kurt Salmon, from the thirties til today  
Yes we are Kurt Salmon, all the way with KSA

Now there are different functions within this KSA  
In addition to the sewing room from which we draw our pay  
There's H.I.C., Retailing, P.D., and carpets too,  
But we all know that M.M.D. pays all the bills for you.

In HRD we have some guys who really give their all  
Under the able leadership of Buddy Rupenthal  
Ron Brockett covers attitudes, Greg Murphy A.M.T.  
But whatever happened to Bobby-D and Su-Per-Vi-So-Ry.

And we are Kurt Salmon from the thirties 'til today  
Yes we are Kurt Salmon, all the way with KSA.

Let's move along to systems, the luckiest group that's here  
All their staff consultants can settle in their first year  
They have a fearless leader, he lays down the law  
In case you did not know it, we sing of Kavanaugh.

We work South of the border; winter, spring, and fall  
It's Sergio Cruz and Williamson who often get the call  
But who's the man who gets us there, we hear of constantly,  
Yes that's right you guessed it, it's Lutz of Germany.

And we are Kurt Salmon from the thirties 'til today  
Yes we are Kurt Salmon, all the way with KSA.

We have a group in Princeton, branch office for Quebec,  
With Hagen, Bath, and Messinger but none from Georgia Tech,  
They work on projects far and near and never let you down  
For standing by to lend a hand; Our man in Jenkintown.

Let's sing about the staff men who make our company great  
Moving about from town to town in almost every state  
There's Grasso, Price, and Riepenhoff, Dick Lusk and Sydell too  
And if we had some extra time, we'd name more than a few.

For we are Kurt Salmon from the thirties 'til today  
Yes we are Kurt Salmon, all the way with KSA.

**FRUSTRATED CHEERLEADER** gets down on one knee and puts heart into choir direction; gets mixed results from mixed chorus. *Jack Johnson*, who has already retired four times from Kensington Players, did his usual inspired job as songwriter, chorus-master, stage manager, and "off-stage voice" once again.

Group of thoroughly mixed singers at far right (including five-day trainee, VP and wife, volunteers from Central America) mastered strange lyrics and obscure meanings with tuneful abandon and hearty enthusiasm.



**CLASS OF '72 QUARTET** brought down house with swinging song. *Bill Sand, Hal Wilson, Jim Hicks, and Vern Deming* were highlight of show.



Bob Reeves is working in the mines, Jim Giddings in the shops,  
We're in the hotel business too, but MMD's still tops  
In Atlanta, Nashville, or L.A., Greensboro or big "D"  
We're always there to do the job for a pre-determined fee.

Our jobs aren't always fun and games, sometimes they even hurt  
But we cross our T's and dot our i's for dear old Uncle Kurt  
He did his best to spread our name from the thirties 'til today  
With a little help from Jane and Karl and a gal named Lula Mae.

And we are Kurt Salmon from the thirties 'til today  
Yes we are Kurt Salmon, *all the way with KSA!*

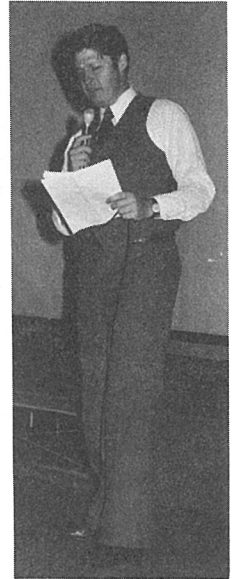




**HOWARD COOLEY** was perfectly willing to sing a solo about the virtues of KSA engineering, to the tune of "As Time Goes By," but few in audience could understand the words. Here they are in response to requests of "Sing it again, Howard!"

You must remember this  
 All jeans are not the same  
 A coat is not a tie. . .  
 But money can be made by  
 counting time go by. . .  
 A seam is just a seam  
 A hem is just a hem  
 A tack's another tack. . .  
 The fundamental thing is  
 time as each goes by. . .  
 How long to pick up, position-sew-and-throw?  
 Why is it some girls never  
 learn to sew?

Every new fashion needs a brand new rate. . .  
 On this we all rely.  
 We hear the same old story. . .  
 The client's inventory  
 Grows larger every day. . .  
 But that's because he's engineered by KSA!



**MEMBERS OF FINCOM** and other assorted budgeteers opened show with tuneful explanation of 4-year hiatus between staff meetings. Some difficulty arose as *Churchill, Vought, Ullman, Schenke, Hollander, and Kry* sang words to tune of "It's Been A Long, Long Time" while band played Auburn fight song. No one seemed to notice, however.



Photos by Mike Couch



**NEWS TEAM** of "Brinkly, Vawters, and Cronkheight" (*Runnels, Ullman and Deming*) provided keen analysis of what's been happening to KSA since 1972.

(Below. left) Kensington Players TV show also included panel of inquisitors in "True Confessions" segment. *Caldwell, Pee, and Wood* "proved" that *Karl Striegel* was actually a myth, invented by *KS*. Things looked grim as evidence mounted, but *Bob Malburg* saved the day by bringing *Scott, Deb, and Pam Striegel* on scene (right)—much to their surprised parents' delight.



# Warner W. Civitts

After graduating from Penn State as an I.E. in 1933, Warner worked on farm equipment, Philco radios and for two apparel firms (Van Heusen and H. D. Bob), including a stint of replacing *W. T. (Bill) Cagnon* (a KSA'er now deceased) as sewing room foreman in Meridian, Miss. for six months. Warner also had the good judgment to marry his lovely wife, *Margaret*, before leaving there.



In 1940, *KS* interviewed him in Nashville, Tenn. and employed him at the "magnificent" salary of \$50.00 per week! (Karl Striegel, who joined us a year later, with only six months (U.S. Steel) experience after college, received the then going rate for college grads of \$125.00 per

month!)

After KSA orientation/training at Big Jack in Bristol, Tenn. (under the late *Charlie Rousseau*), Warner began a

long string of staff assignments in products as varied as gloves, parachutes, bras, and men's clothing. . .and covering all production functions.

Warner and Margaret settled in Nashville in 1948 and his varied staff work continued from that base. Somehow, they found time to raise three fine children. . .*Frances*, who has already given them three grandchildren, *Warner, Jr.*, who is a journalist, and *Glenn*, a sophomore at Duke, pointing toward law school.

Since 1952, Warner has been a Mason and both he and Margaret are members of the First Lutheran Church of Nashville. In his spare time he loves to putter in their garden.

There are two outstanding characteristics in Warner: First, his never-failing equanimity and friendly nature and next, his readiness—at all times—to undertake any assignment anywhere to the very end of his 36-year career with KSA.

As noted elsewhere in this issue, Warner will retire on January 1, having reached the age of 65.

We thank him and say "well done" and we wish Margaret and him all the best in the years ahead.

## Functionally Speaking—Cont.

Four trade shows; five seminars, three brochures; three Perspectives; a couple of solo speeches; a one-night stand at RKO Callaway (famous "make-or-break" rung on the ladder to show-biz stardom); two (2!) European vacations, and a couple of hospital visits. Zounds! Considering that one of the aforementioned hospital visits was *not* on behalf of HIC, your correspondent can only express great admiration and public thanks for the super efforts of *Kathy Couch*, *Deborah Galloway* and *Jill Steinberg*. They didn't drop a stitch.

**Trade Shows**—While the last issue of the *Observer* was being produced, KSA was participating in the Bobbin Show in Atlanta, the American Health Congress in Dallas, and the American Footwear Institute show in St. Louis—over a period of eight consecutive days! All three shows were successful in terms of new contacts, and we know of at least two bonafide consulting engagements that have resulted to date. Despite their fuss and cost, trade shows remain our best sales-generating PR effort.

They also give rise to some zany incidents—not the least of which occurred in Atlanta when our man from Canada was denied his rightfully reserved room (and roommate.) "There is no Mr. Johnson at this hotel," they told *Chick*, "and furthermore, we doubt that you exist. Go away. . ."

He went away, in high dudgeon; but instead of calling a cop or otherwise exercising some independence, *Mr. Schwartz* descended upon a sleeping and innocent PR Director with a display of rationalization unequalled since Attila the Hun claimed he had been "provoked" into sacking Rome: "They didn't have a bed for me. Your department arranges beds at conventions. So move over. . ." (If we had been awake and alert, we would have offered *Chick* the whole bed. Clay crumbs are worse than cracker crumbs.) Otherwise, it was a pretty good show. . .

The Textile Machinery show in Greenville (October) was not as crowded (plenty of beds), but it was hard to complain about the quality of attendance in our booth. Along

around closing time on Saturday afternoon, a lone visitor ambled in, courteously waited while KSA's representative finished making small talk over the phone, and introduced himself as *Roger Milliken*. *Turby* didn't bat an eyelash. (Nor did he ask "What firm are you with?") The first time KSA exhibited at this show, in the early Sixties, the only people who came into our booth were seeking directions to the men's room. So we are gaining recognition. . .

**Seminars**—A repeat of last spring's Textile Planning seminar was offered in Atlanta at the end of September, and it was also a success. *Josh Taylor*, *Dale Dodrill* and *Bob Gargan* presented the two-day program. Meanwhile, out in Chicago, *Bill Reed* delivered a speech at the Disposables convention (well-received, he says) and in Charlotte *Barry Mademann* spoke to a group of knitters on the complexities of half-hose production.

At the Greenville textile show, KSA presented a seminar on capital investment which featured *Bob Coleman* of Riegel Textiles as well as our own *Freddie Wood*.

Although bad weather kept attendance down, this effort was also judged a success. Full details are promised in the December issue of *Textile World* magazine.

We didn't allow enough time to build attendance and reluctantly cancelled the first of our series of seminars on Fashion Industry Performance in New York. The Atlanta installment took place, however, and those scheduled for Chicago and Los Angeles in December are set to go with modest but sufficient participation (total of 21 registrants as of 11/30.) Once again, Messrs. *Wilcox*, *Emmons* and *Kavanaugh* are prepared to enthrall the folks with the further adventures of the B/A Sportswear Co.

**Brochures**—The first of this season's crop—for HIC—appeared in August, followed in October by a new brochure on textile services. Both feature a new approach: less words, more pictures. A reprint of our recruiting brochure is scheduled off press in December. As might be expected,

## Director of Tech Info

# Smiley H. Jones

Congratulations to *Smiley Jones* on his recent appointment as Director of KSA's Technical Information Service.



Smiley's experience with KSA—10+ years—has been very broad. Engineering assignments in sewing and cutting have been augmented by his leadership in our initial efforts in leather products, shoes, industrial laundries, and mining. This experience, plus his exceptional mechanical aptitude, certainly equips him for this new post and we wish him well.

Smiley replaces *Jack Murray*, who has returned to V-F Corporation, and will be

assisted by *Lauren Northington*, who has made many contributions to Tech Info as well as the ARF Journal. He will continue as an MMD consultant more than half time.

### Functionally Speaking—Cont.

recruitment advertising efforts in newspapers and trade magazines have been stepped up.

**Written Stuff**—Perspectives on inventory management for apparel, workers' attitudes for textiles, and physician recruitment for HIC, have been produced and mailed to our various lists in the past quarter. In addition, speeches and Perspectives have been reprinted in some magazines, and several articles are in various stages of production.

**Interesting Sidelights**—Each year, we offer full print-outs of KSA's annual Financial Profiles (600+ page affairs) to interested parties at \$150. Our goal is to cover *some* of the expenses of this giant undertaking. We are happy and slightly embarrassed to report that a record 56 print-outs have been sold this year, and we may have edged into the black after all the bookkeeping is completed. . . . One of our men's clothing clients, *L. Greif & Co.*, recently took a full-page ad in *Daily News Record* to laud its progressive new policies—one of which was to "engage Kurt Salmon Associates to engineer its factories. . ." Thanks, L. Grief, but you're making it tough for us to get more advertising dollars for next year's budget.

—*Joe Scheines*

## HUMAN RESOURCE DEVELOPMENT

**The People Side of the Productivity Formula**—The recent staff meeting write-up on HRD stated that: "*HRD is the service function within KSA that has as its primary charge to be people-oriented and to provide—from a KSA core group for all of KSA—the people knowledge and skills most applicable to us and our clients.*"

Everyone is familiar with the basic HRD service of personnel, orientation/induction, AAMT, supervisory training and development, attitude surveys, and labor surveys. However, there are other areas of Human Resource Development under study. Under various names there are advanced work concepts such as job enrichment, participative management, "behavior modification," "more meaningful work" schemes, etc. Formally, we have not done any of this, though we have researched it. We believe KSA has the competence to operate in the "advanced work concept" area, if any client is interested in this. Few seem to be, thus far. We do *not* believe that we should *lead*, although we are

trying to remain up to date in these areas, as to do so might give too many of our clients a wrong approach. We are exploring an association with a practical educator in this entire area.

Also, there is operator involvement and its implication. We are currently engaged in an R&D project utilizing video tape on the sewing room floor and reviewing it with the operator and management.

We have a group functionally assigned to HRD who work in one of three ways: They do this work themselves where called upon to do so. . . they work *with* other KSA consultants on pertinent portions of an assignment. . . they are prepared to advise and/or supervise other KSA consultants working in HRD.

We have not begun to see the potential of the people-oriented services. By offering our HRD services—either separately or as a part of a cost or productivity improvement package—we are doing a better job for our clients in the areas of training costs, turnover, absenteeism, supervisor effectiveness, and plant morale. In most cases we can show an ROI for this work which is quite acceptable.

There is nothing mysterious or complex about HRD. It's similar to PD or Systems or Material Utilization. A consultant who spends a great deal of time acquires a certain special expertise which others of us may not have had a chance to acquire yet.

—*Buddy Ruppenthal*

## After Hours Activities

Several girls in Atlanta who handle reservations for the KSA-Nomads belong to an organization called HERS (Hyatt Executive Reservation Secretaries). In addition to giving a 20% discount to our travelers, they also provide special occasions for HERS members.

On October 4 they held a first-class bacchanalian bash which was attended by *Diane Bailey*, *Edith O'Connor* and *Roslyn Wade*. They were successful in conning *Dave Cole* into being their escort. . . reportedly, they were supposed to take their "boss", but Dave measured up splendidly as the closest they could get for the occasion.



Clockwise, *Dave Cole*, *Diane Bailey*, *Edith O'Connor* and *Roslyn Wade* attired for the Gay 90's theme of the party.

## Congratulations!

To *Margaret* and *Bill Luckert* on the birth of their daughter, *Noeleen Bridget*, October 11.



## Third World— Latin American Style

By—*Edith O'Connor*

"Write something about Latin America," says *Lutz*. And, although I haven't been there for 10 years, I agree. . . perhaps because he's mentioned it frequently. "How about giving me some human interest anecdotes to put in," I ask, "Can't you give me some recent humorous happenings in



Nicaragua, for example, since you just returned yesterday?" "Not necessary," says he. "Just write up for the *Observer* what we've been doing lately. . ."

So here goes. Knowing *Mary* doesn't want an annual review—it has been almost a year since we've received on-the-spot commentaries such as "Brazilian Adventure" by *Solange Brault* and *Brian McCall's* "Drive to Nicaragua Without Laughing"—this will only cover the first

three-fourths of '76 South of the Border.

It's been a banner year for KSA's Latin American activity. . . we surpassed \$1 Million in sales for the first time in that region. The first nine months sales were over \$1,320,000, about double the total for 1975. And, if only we had come up with a young, adventurous, Systems expert with about 20 years' experience in data processing (plus at least 10 PhD type schooling), completely fluent in Portuguese and ready, willing and able to spend the next five years in Brazil, we'd easily have passed the \$2 Million mark!

Of this year's sales, about half a million dollars was in the small Central American country of Nicaragua, where a concerted effort is being made to upgrade the apparel and textile industries. After the devastating earthquake in '73, the country is recuperating/rebuilding nicely and, with our help, should have more jobs, more income and more exports in the form of the ever-popular jeans, plus terry towels, undergarments and textiles.

On the scene in Managua for most of the year have been *Brian McCall*, *Roberto Pavia*—on loan from our Italian company, *Fred Evans*—from our Atlanta textile headquarters, and many others on shorter assignments.

*Brian* had been on the Inroesa assignment for many months. Shortly before it was finished, he sold his car, furniture, etc., preparing to return to the States when suddenly a new client appeared. . . and who did they want to staff the job? Of course, *Brian* and *Vilma* were delighted, somehow managed to get car and furniture back, and will probably be in Managua until mid-77 on the Bayly job. *Vilma* is from El Salvador, and since they are both fluent in Spanish they feel right at home and are "naturals" for such assignments. (When *Brian* was applying to rejoin KSA, I was asked to go to the conference room to chat with him in Spanish to check his fluency. . . we had a fine conversation, after which *Jack Ullman* was heard to remark how entertaining it was to hear two "Irishmen" jabbering away in Spanish!)

*Fred* and *Lorna Evans* and their three children returned to the U.S. in mid-November, after six months in Managua on the Fabritex assignment.

Moving farther South, we come to the biggest and the best (in my humble opinion), Brazil. *Jean Paul Freneat*, our man in Rio, has been walking a tightrope not only trying to be in three places at once, but mainly trying to convince the Brazilian government how much they really need our services. (Several clients are convinced but special approval is needed for them to pay us in dollars rather than cruzeiros.) By year-end we should know whether or not all systems are "go."

By the way, *Jean Paul* found a novel way to commemorate Secretaries' Day. . . he fired her! Now *Jocelyn* is his secretary "par excellence" as well as his wife!

Brazilian sales alone were about \$300,000 for the year thus far, about half of which were extensions on the Santista project in Sao Paulo. . . *Doug Moore's* "home base" at the moment. He has been in Sao Paulo for the past year and is now fluent in Portuguese, as well as COBOL and FORTRAN. *Elaine* and their two children are enjoying life in "beautiful, downtown Sao Paulo," the megalopolis of South America, which is certainly fortunate as they will probably be there for a while. Santista, a part of the Bunge and Borne conglomerate, has one of the largest textile enterprises in Brazil and is still growing strong.

*Jacques Brault* and *Solange* have finished several assignments in Brazil, the latest being a jeans project for Sparta in the Northeast. They are now on a sightseeing trip through South America on their way back to the U.S. and Canada.

*Jeff Gibson* has also been in northeastern Brazil for the past year on an AAMT assignment for Ibrave. At this writing, he and *Celia* are probably somewhere between Machu Pichu and Lima, Peru on their way back home, and they should have fascinating tales to share with us about backpacking and busing through much of South America, as well as about life in Natal and Joao Pessoa, Brazil.

The Rubin Bros. project in Cali, Colombia, accounts for another \$300,000 for this year.

The tiny island of Puerto Rico is the scene for over \$200,000 in sales. *Gil Llanes* completed several assignments for Interstate Uniform and *Fernando Silva* is still working on sewing room engineering for "Hunca Munca" (named after a flashy discotheque in the El San Juan Hotel), having finished jobs for Sportscribe and Proper International, with a side trip to Mexico for Manufacturas Yedid.

Speaking of Mexico, now that the value of the Peso has shrunk to less than half what it was just a few months ago, we'll have to see how that situation will affect our planned sales push in that country. (What poor timing for the Peso to go from 12.50 to the dollar to over 25. . . just a week or two after *Lutz* and *Doris Kohnagel* and *Ulf Weise* returned from a three-week vacation throughout the Yucatan Peninsula. Until that happened they thought they'd had a good time!)

Two new areas we hope to explore are in Uruguay and Venezuela, where proposals are outstanding for revitalization of the apparel and textile industries. We're keeping our fingers crossed, hoping they also realize how much they need KSA.

So to new trainees. . . and old-timers. . . we suggest that you keep those cassettes spinning, and soak up as much Spanish and Portuguese as possible, as you may be asked to spend some exciting months in such exotic, out-of-the-way places as Tachira or Tegucigalpa!

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### DEPARTURES

*Tom McCain* • *Jack Murray* • *Tim Ponder* • *Gerry Vercaemert*.

# EUROPE . . .

## How Do We Do

**An Overview of Activities**—After what might be described as a traumatic year, KSA-Europe is now operating profitably again. Backlogs have increased appreciably and capacity now matches sales much better.

Investments to assure our future development are being maintained. Primary aims of these investments are

- To broaden the scope of our services to the apparel industry.
- To continue the development of our retail practice.

Assignments we seek, requiring long implementation and providing opportunities for repeat business will come increasingly as a result of our ability to help in longer term strategic planning. This total approach has proved its worth in the German Region, and in other countries it's evident that general business conditions are rapidly developing the industry's awareness of the importance of strategic planning.

While traditional aspects of our practice remain the nucleus of our work, there is a need to set ourselves apart from the low-cost competition we face in most countries. When we establish our ability to make valuable contributions to policy development, we create opportunities for implementation projects within the company.

The quality of our work is of paramount importance. *Stuart Hollander* puts these elements in perspective when he says: "In those areas where we are most successful, the decisive element is the quality of work done for large clients who use our services on a repeat basis. Quality of work, therefore, must be a key priority for the future of our practice."

In the almost completed 1977 budget, we're aiming for a \$4.3 Million turnover, representing an increase of 6% over 1976 billings. The budgeted turnover is expected to yield a pre-tax profit of 8%. In a turn-around year, when we must maintain an adequate level of investments, this is regarded as acceptable. However, we must complete the key investment phase in retail before we can achieve the 16% pre-tax profit needed to produce a good year.

*Hans-Horst Hensche* reports from Germany that the election had no influence on general business. However, as expected, the many glowing promises by the politicians in their appeals to the electorate were conveniently forgotten after the votes were counted. Consequently, unemployment is rising again at a rate that exceeds normal seasonal fluctuations.

Yet, the findings of a recent survey by I.F.O.—the leading German research institute—makes more cheerful reading. The study states that apparel and textile producers accord high priority to investment projects intended to rationalize all aspects of their operations. In view of KSA's solidly established dominance in Germany, this should promise good results for us in 1977.

Engineering backlog in Germany now extends to 16 periods. The GMS backlog of four periods is largely due to the shorter average length of EDP assignments. The market for EDP work is described as "sensitive" due to oversupply of standard software programs. GMS sales receive high priority because these assignments open doors to top management and lead to other work. Most such assignments have originated from or been influenced by financial

institutions. Consequently, an appreciable proportion of the 1977 PR and Promotion effort will be aimed at the financial community.

In his short round-up of Latin Region developments, *Bob Fitze* describes the general business climate in France and Italy as "surprisingly good." It remains to be seen whether this favorable situation proves "solid." Reduced capacity in France has led to a heavily oversold position for the next few periods. The problem is no longer utilization. . . rather, it concerns the shortage of selling time to ensure adequate utilization next spring when current assignments are completed. . . In Spain, the cautious progress toward democracy continues to contribute to economic and political uncertainty. Expansion of our practice will resume only when confidence shows signs of returning.

*Harry Lack* reports from the U.K. that after a quiet middle year we have once again begun to make substantial sales. We still have spin-off from our investment in Iran and Scandinavia, and in early December we began an interesting HRD assignment in Norway. Our work for retailing continues to grow and we have been very fortunate in acquiring the services of *Brian French*. Brian, who joined us in October, has a very strong retail background and has a European reputation which he has developed during his time with J. Sainsbury, a major British food retailing chain, where for some years he was technical assistant to the chairman.

We are again recruiting for staff for both the apparel and retail divisions and the state of the U.K. economy and the blundering about of our politicians still give us cause for alarm, but we are growing used to it. We hope that our international readers will take more note of our cynical optimism and less of Newsweek's and Time's destructive and debilitating realism.

### FAME AT LAST!

A communication recently sent to *Harry Lack* in the U.K. was addressed to "LEWT SAIMAN ASSOCIATION" at our Altrincham office. Since the sender is a client, we can only conclude that our PR effort has not yet permeated down to the grass root level. At the same time, there is a sneaking suspicion that the typist made a mistake in spelling either "loot" or "lewd." Either way, our corporate image projections may require some reappraisal.

## Achievements and Prospects

**Apparel**—For the first time, KSA obtained an assignment through a high-court judge. We had been asked to provide an expert assessment in an action involving a large Swiss apparel manufacturer and a supplier of material handling equipment. Subsequently, the manufacturer retained KSA to do an overview of their men's wear manufacturing operations. The company, Schild AG, is one of the largest apparel manufacturers in Switzerland and is also involved in retail distribution. . . . Another European first included a cutting room engineering assignment for a pro-

*Continued on page 14*

## Oh! (and Ah!) de Cologne

Highlight of our PR year was undoubtedly our participation at the International Fair for Apparel Industry Machines and Equipment (I.M.B.) in Cologne, Germany, November 3-7. Held every three years, this is one of the rare, genuinely international events in Europe that attracts apparel industry personnel from all countries and where we participate with our own stand. We took particular care through the concept and design of our stand that we would derive full benefits from our excellent location. . .by the main entrance to one of the two exhibition halls.

The major theme was our double-meaning promotional slogan: "KSA speaks your language." Printwork in four major European languages was displayed prominently, along with multi-lingual slogans.

Before the show opened, *Hardy Artelt* and *Heinz-Juergen Krogner* gathered comprehensive information on the novelties and improvements presented by all exhibitors. Working late into pre-opening night, they produced a detailed list of significant new equipment and were on the stand by 8:00 a.m. opening day to brief the consultants from France, England and Italy who were in attendance. Thanks to their efforts, we were able to fulfill the promise made in our publicity and press release: to provide all visitors to the stand with an overview in their language of the significant novelties. We were able to ensure permanent attendance by enough multi-lingual personnel to cover all major European languages. . .an important factor in events of international significance.

Response from visitors fell short of being overwhelming by just the right margin. As the first visitors entered the hall, we were in business, and old and new contacts steadily beat a path to our stand to talk to a consultant who "spoke their language." We were complimented by many on the concept and appearance of the stand. Across the gangway *Duerkopp*, a leading producer of special machines, occupied an area some 10 times larger than ours, and rumor has it that one of their clients complimented them for having obtained space next to KSA!

A final evaluation has not been completed, but we know many new contacts were made and that proposals are being written to clients who visited our stand. Staff who attended the event in 1973 were unanimous in their belief that this



**Hans-Horst Hensche (Center) gives Werner Degen (left) food for thought, while Hardy Artelt makes a last minute check on his list of new equipment at the show.**

year drew many more potential clients to our stand.

We were delighted to get to know *Smiley Jones* whose Southern humor, especially when applied to his efforts to acquire some basic German, kept us amused when we relaxed. His determination to sample the best of German cuisine prompted us to discover several excellent local restaurants. We expect *Smiley's* first issue of *ARJ* to include a guide to where to eat in Cologne.



**Efforts to attract visitors to the stand included selection of KSA-Europe's attractive, multi-lingual office staff to welcome visitors. Right to left: Alma Filpa, "Sissy" von Zedtwitz and Irma Bernet. Bob Fitze keeps a fatherly (?) eye on them. Our thanks to these ladies who did so much to make the show a success.**

### *Achievements—Cont.*

ducer of tents.

In Germany, there has also been a considerable increase in the volume of strategy planning work for both existing and new clients. One contract now being discussed involves a company with a turnover of DM 130 Million. Other marketing and strategy overviews and planning assignments involved in retail distribution. . . Another European first a major vertical operation with its own textile plant at one end of the chain and some 170 retail outlets at the other. All these multi-functional, multi-industry assignments are typical of the work which KSA, with its extensive specialized knowledge of all sectors of the industry, is particularly well equipped to handle.

These ambitious projects have not caused us to lose sight of the vast volume of work which remains in the engineering field. One of our German clients, *Kirches*, with whom we have worked for over five years on jacket shop engineering, and which is now one of the most efficient producers in Germany, has just given us a new assignment to reduce jacket production time by yet another 10 minutes. In Sweden, KSA consultants are engineering the *Schlasberg* jacket shop to produce Europe's fastest jacket at 46 minutes. . . At *Lovable* in Italy, we have secured our first EDP-oriented assignment in that country in connection with a costing project.

Despite several still unresolved legal problems, work is starting on a mammoth DM 1.4 Million assignment in Bulgaria. *Helmut Blettenberger*, *Lothar Brucher*, *Dieter Fertig* and *Guus van der Wolf* flew off to Bulgaria on December 8 to get the project moving.



## Yes Sir, We Have no . . . . . . Marketing Policy

To an English speaking reader, any company that adopts the words "Yes Sir" as its slogan in Switzerland appears headed for marketing problems. Ritex of Switzerland did. . . and this is the story of how KSA got involved, how we provided the answers, and how we received highly valuable spin-off from it.

As *Jack Moos* likes to put it: "'Twas the night before Christmas. . ." that we had a call from Ritex inviting us to discuss falling sales and generally poor profitability. Between Christmas and New Year, Jack and *Werner Degen* met the Ritex top management and KSA-Europe got its first major marketing assignment in the men's clothing field.

Ritex, an old established brand leader for high quality men's clothing, was faced with two major marketing difficulties. On its home market (80% of turnover) its traditional outlets were gradually losing their market share to the stores and multiples. At the same time, export sales were suffering from exchange rates that put Swiss products at a distinct disadvantage. The same exchange rates were also favoring imported goods.

Our survey findings revealed that Ritex had attempted to remedy the situation by selling their normal range, but unbranded, to multiples and stores. This was too obvious to be overlooked by retailers of branded garments; additional sales resistance was generated and sales to traditional outlets declined even faster. A subsidiary range of lightweight, more casual, tailored clothing was launched which was successful in terms of volume, but at the expense of the established range that represented the bulk of their turnover and profits.

The KSA survey established that:

- Production costs were acceptable, and any desirable improvements could be carried out by in-house personnel.
- Fixed costs were too high.
- Planning and control procedures needed improvement.
- Product range was spread too widely in quality and price in an attempt to serve too many market segments.

The survey findings were presented to the Board and agreement obtained to proceed with the next phase.

**Marketing Concept**—We secured the collaboration of *Hans Gallman*, a specialist who was formerly marketing director of Lindt & Spruengli, a leading Swiss chocolate producer. Hans' extensive knowledge of consumer marketing techniques was combined with Werner's specialized experience in the men's wear industry. For each problem area, Hans would suggest solutions he had applied in other fields, and Werner would then assess the value of the proposed solutions in the light of conditions that applied within Ritex as well as within the apparel retailing industry. Hans' proposed suggestions would then be discarded or modified to meet the client's specific objectives. The resulting new marketing concept was based on selective market segmentation as influenced by changing consumer purchasing trends.

The product range was defined as follows:

- Classic suits, main house brands. . . high quality, exclusive fabrics, high price, high margin. . . to be distributed exclusively through specialist retailers. . . aim to increase share of declining market at the expense of competitors in same price range.
- Classic suits, unbranded. . . good quality, cheaper fabrics, lower price, economic margin. . . distribution only to

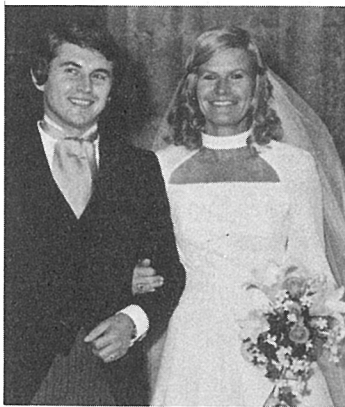
## It Happened in Europe



*Edgar Reinhold* was welcomed to the German Region as a member of the Systems Division. Edgar, age 40 has a wife *Erika*, and two children. He has a degree in apparel engineering from the Hamburg Technical College and previously worked with IBM in Germany. His previous experience also includes consulting with a German company. Interests: Swimming, hiking, dancing, chess.

The U.K. welcomed a recruit to the Apparel Division, *Roger Head* (from Courtaulds) and his wife. . . *Rowan Stracey* joined the Windsor office, and *Val Coyle* joined the Manchester office. . . Although the Dalkeith office is now being reduced in size, we're happy that *Etta Chapman* is remaining as *Richard Clarke's* secretary, but we will reluctantly be losing *Dorothy* and *Betty* who have given us many years of loyal service for which we thank them. . . The Paris office welcomed *Francoise Madelaine* as secretary. . . We also said farewell to *Kathy Tebby*, Harry Lack's secretary who left in October "to move on to better things."

Congratulations to *Charlotte Schmaedeke*, who worked part time in our Duesseldorf office for over a year, on the birth of her son, *Phillip Christoph*, October 9. . . and to *Alberto* and *Ana Luisa Figa-Beleta* on the birth of a son, *Edwardo*, November 9.



**CONGRATULATIONS** to *Henri-Louis Stimfling* of the French Region, who married *Francois Clergeot* on Sept. 25. They honeymooned in Mexico.

multiples and other large volume outlets. . . large orders with minimum quantities imposed. . . aim to increase share of slowly expanding market so as to build up volume and turnover.

- Casual suits and leisure wear, secondary house brand. . . casual design, lighter construction, medium price, good margin. . . distribution by separate sales force to specialist retailers as well as to large volume outlets. . . aim to increase share of expanding market.
- Separate trousers and jackets, branded and unbranded, excluding jeans. . . to be distributed according to design, quality, fabric and price.

Production of top coats for the winter season, low profit articles in a declining market, was abandoned to economize seasonal change-over costs not justified by turnover. . . Target consumers and price segments were also defined, and the decision taken to concentrate on a restricted range of price groups.

**Management Structure**—To ensure adequate marketing and sales efficiency, it was necessary to modify manage-

*Continued on page 16*

# German Staff Meeting

Held in Munich, September 17 and 18, the German Region Staff Meeting was unanimously described as the most successful ever.

On Friday evening an attractive bar was taken over by KSA for a most enjoyable "Happy Hour." The Saturday meeting featured two marketing-oriented "case history" presentations by *Geert Seidel* and *Peter Amrein*, a presentation by *Richard Clarke* on the Account Executive concept, an interview by *Hans-Horst Hensche* with *Albin Graeser*, an ex-KSA'er who now manages Europe's largest men's clothing company, and an overview of the European scene was provided by *Stuart Hollander*.

During this time, staff wives enjoyed a sightseeing and shopping tour of the Bavarian Capital.

We rejoined forces for the traditional Saturday evening dinner dance. During breaks in eating and dancing, Hans-Horst told us how pleased he was with developments in the region, *Stig Kry* made an overdue presentation of a 10-year watch to *Harry Lack* (Harry's reply was in his usual highly humorous style), Stuart Hollander proposed the toast to the ladies, confirming his gift for descriptive verse and, finally, with slides and xeroxed copies, *Helmut Blettenberger* presented his special mock edition of the *Observer*, a satirical publication that spared none of the KSA notables present and few of the staff consultants.

Despite a close to dawn bedtime, we were up on Sunday morning to watch the folklore procession that marks the opening of the Munich *Oktober-Fest*. Many guests followed the procession to the "Fest" Center to drink beer in one of the enormous tents set up for that purpose by the Munich breweries.

Because the staff meeting followed a EUROCOM meeting, we were fortunate to have with us *Stig Kry* as well as *Gerry Churchill*. Arrangements were made by *Ulf Weise* with indispensable assistance from *Ingrid Zillis* of the Darmstadt office. They well deserve our sincere compliments and thanks for faultless organization, as do all other German members who helped with the preparations.



Left to right above, *Gill* and *Stuart Hollander*, *Lothar* and *Barbara Brucher*, and *Stig Kry* enjoying the party. Below, *Hans-Horst Hensche* has the undivided attention of *Irene Spoerl* (center) and *Sigrid Nessler*.



In "Oktober Fest" style *Miriam Hensche* and *Stuart* refresh themselves with liquid, while USA visitor, *Jerry Churchill* samples king-size pretzels along with the contents of his stein.

## Marketing Policy—Cont.

ment structure. The existing one with centralized sales and purchasing for all product groups was not suitable for the implementation of the new marketing policy.

Product managers, reporting to a marketing manager, were introduced into the structure with responsibility for the three main product groups. Other structural changes were made to achieve more effective planning and control of production and sales.

**Procedures and Planning**—Price is a major factor that is influenced by overall effectiveness of the operation. Consequently the implementation of the new policy called for modification of many procedures and systems, including fabric purchasing and supplies. Reduction of the number of fabric sources made possible more effective supply and control organization. Order analysis and cutting room cost analysis, indicated that if the average size of single orders from specialist retailers could be raised from 11 to a minimum of 15 units per model and fabric, average lay heights could be increased by four plies and reduce costs by 6%. Consequently, customers were offered a 3% discount on orders of 15 or more units. The highly satisfactory response not only reduced production costs, but increased total sales volume and produced savings in order processing and accounting.

**Results**—The first season provided conclusive proof of the effectiveness of the KSA approach; the decline in sales of all classic garments was halted, although the total market suffered appreciable contraction; stock sales of classic house brand garments rose by 15% with a reduced number of styles and fabrics contributing to higher profitability; unit sales of the casual house brand doubled while exports rose by 50% despite previous forecasts of a considerable reduction; better use of personnel resources led to an appreciable total productivity increase.

Werner is continuing the assignment on a retainer basis and further progress is being made during the current season.

The unexpected spin-off came some months after the marketing policy was conceived. . . Hans Gallman joined the giant Bally shoe concern as Marketing Director, and his influence helped KSA obtain a major assignment with the wholesale division of that company.