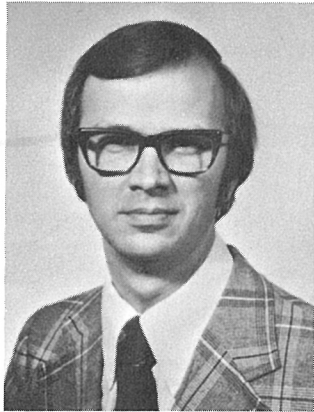


HIC Coordinates HCS Project . . .

By—Bill Luttrell

The Hospital Corporation of America signed both development and management contracts with Huntsville Memorial Hospital in Huntsville, Texas in 1976. These contracts represented a unique situation for HCA. . .they had neither owned nor managed facilities; they had not participated as developers; they had no one to serve as coordinator. The client had been fighting for five years for a new facility and felt he now had everything in his favor and was ready to move forward, yet HCA had a contract but no coordinator. They turned to HIC.



Basically, the development contract stipulates that HCA will coordinate all development and financial activities, including negotiating contracts with the architect and contractor, and coordinating the work of

feasibility consultants, financial advisors, and the move from the existing facility into the new one as construction is finished. The contract also stipulates that HCA will utilize its buying power, as requested by the Hospital District Board, to purchase equipment for the new facility.

The "name brand" players within this operation are Booz, Allen & Hamilton, financial feasibility consultants; White Weld & Co., and Rolls Winston Division of Cohen & Co., financial advisors and underwriters; Vincent, Elkins, Seals, Connally (the famous John Connally) & Smith, the bond counsel and also to serve as legal advisors for the District Board. The contractor and the architect were to be selected.

The project coordinator, having negotiated a contract with the architect and having met with the hospital Steering Committee, was beginning to feel things were running smoothly. Suddenly it happened. . .the architects were unhappy with everyone. Thinking the client was HCA, they quoted their fees much too low; they didn't like the contractors and didn't believe the quality of construction was suitable. The contractors wanted to run the show and said they didn't need architects, unless required by the owner. Various divisions of HCA (legal, accounting, development) disagreed on the development contract's meaning and the corporate role and responsibility.

Simultaneously, the bond counsel informed the owners and project coordinator that the current Certificate of Exemption for the project should be expanded from the original 112-bed to a 140-bed facility, more suitable for everyone and generating more profits. At the same time, Booz-Allen said it might be advisable to curtail costs wherever possible, and that coverage on the existing project was

not what they would like.

These events shaped the project into a clear-cut set of objectives. . .define what the project can carry financially; convince the physicians it is what they need; convince the State of Texas that it should permit construction; convince the architects and contractors they can work together as adults; convince Booz-Allen that a 140-bed project is financially feasible; do it at the lowest possible consulting fee so as to maximize HCA's profit. . .and do it immediately if not sooner!

An interesting sidelight is that in the State of Texas they highly recommend that an attorney be utilized to prepare and present your case for Certificate of Need. . .the setting is courtroom type and the hearing officer is an attorney. HIC had never used an attorney for this process, nor had HCA. When aware that an attorney was needed, the HCA corporate structure had retreated to a "think tank" session and was not available for two days. Therefore, the project coordinator bit the bullet, and retained a firm to represent HCA and the hospital. HCA was contacted as soon as possible to inform them of the action. Their response was one of utter disbelief. . .they saw no reason for hiring attorneys, had never done so in the past, felt they should be fired—early the next morning, if not sooner. This was a grave error in judgment. HIC assured them we would be happy to absorb the attorney fees (naturally, this would be recovered later in the development activities.) After an hour and a half long-distance discussion, HCA reversed its decision and stated what a remarkably good choice it was to select such competent attorneys at such a reasonable rate (\$85/hour) to represent them in such an important undertaking! Thus, the story ended on a happy note. . .the attorneys made their money, HCA got the Certificate of Need, and HIC obviously made a correct decision.

Another sidelight. . .the senior partner in charge of the San Francisco office of Booz-Allen retired from consulting after some 12 to 15 years and opened an ice cream parlor. Thus we have a new face from Booz-Allen. Simultaneously, the senior vice president of White Weld retired and went with another financial advisory firm.

Everyone seems basically happy now, with one minor exception. . .we have a third new face—from the White Weld Co.—an individual new to the financial world and understanding absolutely nothing regarding hospital financing. Secondly, Booz-Allen has projected that the hospital has retained earnings of approximately \$180,000 for fiscal year 1976, whereas their audited statements reveal they actually lost \$125,000. So we still have something to think about as we head into having the bonds rated in mid-March, placing the bonds, and beginning construction within 60 days thereafter. On balance, I am confident that the project will succeed in spite of all these little considerations.

Chairman's Corner . . .

A Look at 1976—Last year is now pretty well wrapped up. We do not yet have the auditors' report so the exact final figures will not be available for some time. We know that 1976 was a turnaround year for KSA/USA and we have reason to be pleased with volume and profits in North America.

The corporate picture of 1976 was not quite so good because of a difficult year in Europe where we, after tax and loss on foreign exchange, will show a loss. In Brazil we had a year of frustration. We are still of the view that there is a good market in Brazil but the authorities are keeping tight control over foreign currency with the result that we have not yet been assured that we will be permitted to build a practice there the way we would like to do it. Approval of plans submitted by KSA should have been given in writing but as this has not happened we may have to re-evaluate our approach there very soon.

Elsewhere on the international scene, some very major projects were started in 1976. Textile/Apparel projects of real magnitude are under way in Nicaragua and Egypt, and a very large apparel assignment is in progress in Bulgaria. The international side of our practice is developing nicely, although we still have lessons to learn on how to make this work consistently profitable.

Progress by industry has been somewhat uneven. Apparel in the U.S. recovered nicely and so did Textiles, with Knitting a good volume performer. Retailing had a flat year in the U.S., but in Europe we moved nicely ahead. HIC gained momentum toward the end of the year and continues to operate at a higher fee level than reached in the past. Mining work provided a nice addition to volume and profits and so did Holiday Inns.

On the functional side, MMD had a good year in the USA and Europe. Most of the Third World work tends to be in this function. GM&M was the star performer on the volume side in the U.S. and is a strong factor in Germany. While systems had a good year, we need new impetus for growth in this important service area.

Due to our overall profitability and effective management of accounts receivable, the cash position of the company greatly improved last year. . . . So, all in all, 1976 was a pretty good year, although a bit spotty.

What is the Outlook for KSA—The backlog of sales is satisfactory in the U.S. and the volume of new business has continued to hold up well. Some softness in MSD's schedules, combined with MMD losses in January due to the very cold weather in the Eastern part of North America, will make our first period a bit disappointing in the U.S. The longer term impact of the severe winter cannot be assessed. The final shape of *President Carter's* economic stimulus package is another source of uncertainty. Therefore, the general level of economic activity in 1977 can only be guessed at but most forecasters seem to believe that, on balance, it will be pretty good. With that, KSA/USA should perform well.

We must be prepared for a setback in Brazil and we may see a slowdown of business in Canada due to the debate over independence for Quebec. We shall have to make up for this elsewhere.

Europe started the year with strong sales in January.

Continued on page 5

Letters We Like To Receive

Everyone likes to hear when their efforts are appreciated, so you will be interested in a couple of recent letters from clients. The first one quoted is from *Angelica Uniform* and the other from *Manhattan Industries*.

"I cannot speak highly enough of the quality of work *Zeb Roberts* and his staff did in analyzing our direct labor wage structure and in providing us with the type of recommendations we needed.

"I think a lot of the success was due to the fact that we brought in practically all of the people (engineering, personnel, line management. . . some 20 people) to meet with Zeb before we started. Zeb was prepared to tell us exactly how he proposed to proceed and what the character of the final analysis would be. We established at the outset what *Angelica* would provide and what data *KSA* would have to collect. Therefore, everyone proceeded with the project confident we were on the right track.

"While in our factories, *KSA* personnel's conduct was of the highest professional order and in fact helped us to eventually sell the results.

"Both *Don Ferner* and I kept continually informed of progress and we felt that the project moved along expeditiously with no hangups. While we did have a few clarifying follow-up conversations with Zeb after the results were promulgated to us, basically, we felt the project was very clearly presented in his final presentation and, therefore, almost no additional amplification was necessary.

"In short, it was a fine professional job, which appeared to pull no punches and with which we were thoroughly satisfied. We would gladly commend your services to both ourselves and other business enterprises. —*Charles E. Pollard*, Vice President, Manufacturing."

The *Manhattan* letter follows:

"I am forwarding your questionnaire to *Howard Greenwald*, but wanted to personally express both my admiration and appreciation for the excellent performance of your associates conducting the *Americus* revitalization program. The plant is operating far better than it ever has and, certainly, without your project, it never would have happened.

"*Stig*, feel free to use us as an example of your most satisfied client any place, any time.

"Hope to see you soon. —*Laurence C. Leeds, Jr.*, Chairman of the Board and President."

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 8, No. 1

March 31, 1977

Rotation of Management Tasks

In keeping with our attempts to properly define management tasks, as well as to rotate such responsibilities when desirable, we wish to announce the acceptance of these responsibilities by several KSA'ers and to assure them of the cooperation of their colleagues. A brief listing of their responsibilities follows:

Ron Brockett, as functional manager, has responsibility for people and activities that relate to our HRD practice.

Bill Cameron, as training director, has assumed full responsibility of our training program for new consultants and administration of the client resident classes.

Tony DeMaria has administrative responsibility for PD, which includes scheduling of staff, reports/budgets, and sales of PD services in all regions.

Bob Frazier, having completed his course at Harvard in preparation for his new responsibilities, assumed the role of GM&M manager in January from his New York base.

Bob Hagen is responsible for PD business development and sales in the Northern Region and for functional development of PD consultants in that area.

Bob Reeves, having successfully broadened KSA's mining work (training, maintenance training, preventive maintenance), liaising with *Ron Brockett* and *Buddy Ruppenthal* is managing Special Training Services.

TO KSA WITH LOVE

The outpouring of warmth and affection afforded me at the staff meeting shall always be a most treasured memory. I cannot claim all that credit you give me for it is each of you who achieved the fait accompli by your personal qualifications and strengths.

KSA has a rich heritage which can only grow. It has a legend which we will cherish and nurture. And it has people who, in touching the lives of others, will contribute immeasurable good.

My heartfelt good wishes for all the years to come.

—*Abbie Jean Quick*

Coming Events

- April 23— Seminar on Factory Costing and Worker Involvement for the Clothing Manufacturers Association in New York. *Dean Vought*, *Ken Osborne*, and *Ron Brockett*.
- May 2-6— Knitting Arts Exhibition, Atlantic City, N.J. KSA will exhibit and introduce results of its Delphi Survey of the knitting industry.
- May 17-19— Mid-Atlantic Health Show, Atlantic City, N.J. HIC will exhibit.
- May 25— KSA's Financial Breakfast, introducing annual Profiles of Financial Performance for apparel and textile public companies, N.Y. Hilton Hotel (Tickets: \$25.)
- May 25-26— AAMA's 2-day conference, N.Y. Hilton.
- June 8-9— Textile Planning Seminar, Atlanta Hilton (Registration: \$300.)

Have You Complied With Policy Memo C-39?

If not, you are not taking advantage of all of the fringe benefits of your company. What is Policy C-39? Effective January 1, 1975, KSA requires a physical examination every other year for all professional staff between the ages of 30 and 40 (at age 40 and beyond, every year), and pays up to \$150 for the examination.

Statistics indicate that out of 110 eligibles, 46—or less than 50%—had their physicals in '76. . . that percentage is appalling. To make matters worse, 10 of these are indicated as never having had a physical!

KSA views this as a serious problem and wants to urge you—if indeed you are one of the 50%—not to delay taking care of your physical well-being, not only for yourself and your family but for KSA. You should never be too busy to schedule yourself for such an examination. . . and if you are, you should talk with some of your colleagues who paid the price of such things as heart attacks and other diseases.

We hope that the following letter from one KSA wife—the writer shall remain anonymous—will serve as a reminder to all KSA wives to continue urging—yes, nagging—until your husband has undergone his physical examination which is so necessary.

"Dear KSA:

"Someone should know just how pleased I am with KSA's "new" policy on required physicals. Without that push, I'm sure my husband would have continued to put off going to a doctor, ignoring my continuous suggesting—well, nagging! This physical was the first one he'd "had time for" since the year we got married—12 years!

"More than that, as a result of the visit, he has *stopped* smoking—at least for now! After smoking over two packs/day for probably 15 years he stopped when he left the doctor's office after the first visit. (Actually, he's shifted to a pipe, but that's still *quite* an improvement!) He's also working into an increased exercise program that was recommended after the physical which included the treadmill stress test and an EKG.

"I am so excited and want KSA to know how much the children and I appreciate this personal interest in our family's well-being, as well as KSA's future!"

Editor's Note: *KS* opined that the only way to get some of you to take advantage of this very worthwhile fringe would be to subtract the \$150 from your bonus at the end of the year if your physical had not been completed. . . hmmm?

KSA-L.A. HAS NEW HOME

Jim Trautman, our man in California, depends on the *Observer* to spread the word, and the word is. . . they've moved. With such inviting words as "c'mon out," KSA'ers from the Eastern half will no doubt continue to accept his warm hospitality. Here's where you'll find him. . .

KURT SALMON ASSOCIATES, INC.
21515 Hawthorne Boulevard
Torrance, California 90503
213/540-1952

DEPARTURES

Ron Beattie • Ted Horsley • Gary Stump.

How Other Consultants Manage . . .

A few KSA'ers had an unusual opportunity to mix with other consultants and discuss common problems when the annual North American Conference of Management Consultants held its meeting in New York in January. The two-day event was jointly sponsored by seven consultants' organizations from the USA and Canada, including the Association of Consulting Management Engineers, of which KSA is a corporate member, and the Institute of Management Consultants, which offers membership to consultants as individuals.

Workshop sessions were held to discuss subjects related to internal management of consulting firms, compensation, time management, developing new business with public relations, personal and professional growth, etc.

Here are some highlights of the sessions, as reported by KSA people in attendance:

- Turnover as high as 62% (more than four times the KSA rate) was reported by some firms. Our own experience was also the best reported in terms of payroll as a percentage of gross fees.
 - In a few HRD-oriented sessions (which dealt with the subject as a consulting service as well as an area for internal management), a general lack of interest and understanding in human resources development was apparent. KSA's approach is "definitely more sophisticated."
 - Most of the 30 attendees at one session were stunned to hear of KSA's recent staff meeting with wives. Few firms hold staff meetings of any kind.
 - A session on public relations attracted about 40 persons, representing a range from one-man firms up to George S. May, Price Waterhouse, Booz-Allen, and KSA. Most consulting firms are amateurs in this area; few are active in so many facets of PR as KSA. (Industry specialists make good use of trade shows, for instance, while generalists can't.)
- Different opinions as to the sales efficacy of brochures, newsletters, cold calls were reported. Some reported fabulous results; others told of disasters. The deciding factor seemed to be how well these materials and techniques were used. All agreed that there was no substitute for having "the right person" propose the project and close the sale—evidently meaning the best combination of understanding and the client's problem and personal chemistry. One without the other doesn't always work.
- A luncheon speaker, former head of the British Institute of Management (John Marsh, Chairman of W. D. Scott & Co., Ltd.) had some eye-opening and entertaining remarks about the eye-opening nature of consulting work. "Traveling is renewing". . . "One billion new jobs will have to be created in the next 8,000 days". . . "England is a greater melting pot than the U.S.". . . "Thousands of Chinese restaurants have opened in London in the last few years. During the same period of time, most of the city's cat population has disappeared. . ."

Peer Approval—In general, KSA attendees at the North American Conference came away with the strong feeling that we are ahead of most firms in the profession on many counts: the way we approach consulting; the way we view our people; the way we manage and compensate; the way we develop and market our services.

Perhaps the most gratifying element in all this is the fact that most of the other consultants present seemed to

feel the same way about KSA! Few in our company have the opportunity to see and hear what their fellow professionals in other consulting firms think of KSA. . . which is unfortunate, because peer approval and respect is a great feeling.

Kurt Salmon Receives Award For Excellence



States Meade of Chase Manhattan Bank presenting KS with award. . . a beautiful Steuben crystal bowl.

A special highlight for KSA at the North American Conference was the Award for Excellence in Management Consulting that was given to *Kurt Salmon* during the banquet. (Other recipients: *Richard Paget*; *G. P. Clarkson*; *Albrecht Lederer*.)

The awards were inaugurated last year as a means of recognizing leaders in the consulting profession, and the criteria employed by the awards committee are demanding ("...Recognition by clients and peers. . . model of excellence. . . substantial contributions to the development. . . advancement. . . status, esteem, and importance of the profession. . . evidence of national and/or international influence as a professional management consultant.")

We'd like to reproduce below some portions of Kurt's award citation:

"...Kurt Salmon has displayed professional competence, undeviating devotion to quality performance, and inspiring leadership. These characteristics have been recognized repeatedly by his clients, his associates, and his peers. Indeed, the success of any consultant depends upon his ability to earn and retain such recognition—a point which Mr. Salmon's career amply demonstrates.

"As a specialist in consulting, he has had a singular impact upon those industries he has served as well as upon the management consulting profession. . . He has probably done more than any other individual, directly and indirectly, to raise the professional management level of the apparel manufacturing industry in the U.S.

"Those who have worked with and for him feel that his greatest contribution to consulting has been on a personal level. He built a very successful organization by assembling a group of highly independent individuals, imbuing them with the concept of professionalism (repeatedly expressed as "keeping the client's interests foremost at all times")—and then giving them the freedom to function as

professionals. This early commitment to the policy of recruiting new college graduates and training them as consultants has not only helped to fuel Kurt Salmon Associates' growth over the years, but has also spread the virtues of consulting as a professional career on the campuses. One indication of his success with this general formula—a small but telling one—is that KSA's rate of turnover in a field surrounded by distractions remains remarkably low."

KS' PERSONAL NOTE OF THANKS

"When I came to the USA in 1930, I came for the "traditional one year in America" to polish up my English and learn something about the way things were done in the "Mecca of Productivity." My father had the good judgment to see to it that I was equipped with an immigration visa at the time (a matter which required 18 months advance application under the then existing quota-system.) So, I had options.

"It took me all of two days to decide that the USA was where I wanted to stay.

"My decision enabled me shortly thereafter to meet the young lady who became my wife two years later and it enabled me to save the German government the trouble and expense of exterminating my immediate family by bringing over here my father, mother and sister in 1933.

"Next to those two events, one of the nicest things that has happened to me since then is the approbation of my peers so handsomely expressed by the Award for Excellence in Management Consulting. My valued associates helped me to build our firm and its reputation which earned this award and I should like, therefore, to accept it in the name of all of us with gratitude and humility. I am very glad my father gave me the option to stay in this great country and very happy that I had the good sense to exercise it.

"May I thank you and the members of the Awards Committee in this spirit?"

Chairman's Corner—Cont.

The indications are that fees for the first period were also at a high level. West European economies remain sluggish and inflation is still high. There is nothing easy about the year ahead but the feeling right now is that we will have a reasonably good year in Europe.

This could add up to a record year of over \$15,000,000 in fees and record profits as well. To make that a reality a lot of things must break right and all of us must give it the best effort of which we are capable.

Our first priority remains the further strengthening of our financial position. With good profits in sight, progress here is clearly within reach. We are aiming at elimination of the need for borrowed money under normal business conditions and that includes the need for the \$500,000 we now have in insurance loans.

More and more, we need to turn our attention to our second priority. . .growth. Our business development efforts over the past several years have not been adequate to secure enough real growth. There are plans underway to strengthen the marketing of our services and we hope to see results in due course.

All in all, the state of KSA is good and the outlook for 1977 favorable. Much can happen to overturn our expectations but our best effort, coupled with a bit of luck, can add up to the best year in KSA's history. —SAK

Tenth Anniversary

The Atlanta office celebrated yet another 10-year anniversary for one of its administrative staff. . .the fourth one in 17 years of operation. *Linda Keel* joined KSA on March 6, 1967 after moving to Atlanta from North Carolina.



In her early days, Linda became a vital part of the newly formed Report Department and was recognized for her ability in handling such work, a skill she still has today. However, the growth of the Atlanta office and Linda's interests led her to providing secretarial support to functional groups, including MMD, PD, TSY, as well as Training and Professional Development.

Linda's prime responsibility in recent years has been internal training, and except for two leaves of absence to start her family, she has been around to greet all new KSA consultants. One of her trademarks is her willingness to help. . .not only with the new consultants but anywhere in the office.

Congratulations to Linda and her family—husband, Jimmy and two children, Amy and Todd. KSA looks forward to the next 10, Linda.

A TRIBUTE TO LUTZ KOHNAGEL

Roberto Rodriguez, responsible for all distribution centers and R&D for G.C.A., is also becoming one of the most knowledgeable men in the industrial laundry field regarding FR. KSA men who have worked with him consider him a solid performer in all aspects of the business.

In an informal talk with one KSA'er, Roberto stated that when he graduated from college he was full of theory, with no practical expertise, but that he had the opportunity to work with a man who taught him how to translate the theory into final results and action. It is to this man's "professorship" that he attributes his success in the practical world.

Congratulations, *Professor Kohnagel!* This is an outstanding tribute and you must be very proud of your student's performance and potential.

Cole Elected STECOM Chairman

David Cole has been elected Chairman of the Steering Committee for 1977-78. Dave joined STECOM in the spring of '75 and has been a most active member. This, coupled with his diverse KSA background, sets the stage for solid leadership of this important internal committee.

Five new members will begin serving on STECOM at the spring '77 meeting. . .*Tony DeMaria, Joe Irastorza, Bill Luttrell, Bob Saunders, and John Wilcox*, who is returning after rotating off several years ago. These five make a fine addition to the remaining members of Chairman Cole,

Continued on page 11

The Account Executive's Role In Business Development

By—Jack Ullman

A good deal has been written and said about the role of, and need for Account Executive (A/E) development in KSA. Why discuss this in the *Observer* rather than in more restricted communications of more limited distribution? Our reason relates to the long-term plans and development for all KSA consultants. At present our A/E's are primarily our more senior principals and officers, although younger principals are beginning to assume those responsibilities as well. Staff and senior consultants, potentially principals who will also be assigned such responsibility in due time, should also be fully aware of the role and the importance of this responsibility to KSA's future.

In the broadest sense, the A/E in KSA will become a generalist within his/our industries. He must develop himself—along with what professional development help KSA may provide—to the point that he is capable of recognizing and understanding the fundamental business problems of those KSA clients to which he is assigned. This is not to say that he will ever be technically proficient in all areas—we have specialists for that—but he must become conversant with, and aware of our specialist capabilities and able to recognize problem areas.

This will not happen over night, and most of us coming from a technical specialty—systems, engineering, marketing, personnel, etc.—will require a great deal of self-development, as well as some planned professional development and, perhaps more importantly, exposure to the problems themselves before we can qualify as true generalists and business counselors.

It is not our purpose at this time to review the potential development of A/E's and the need for accelerating our efforts in this direction. . .there are plans under way. Perhaps they are not progressing as rapidly as some might like, but we are making progress, and to the extent development can be accelerated, we have every reason to believe it will be. Rather, we would like to discuss the *business development aspects* of that role.

The A/E—Salesman, Consultant, or Both?—Certainly, the answer is that the true A/E in KSA must be both salesman and consultant. In the consultant role, he must place emphasis on the client's needs and interests, even though these do not always match what might be in KSA's best-short-term interest. However, he does have a dual role, as he must at all times place a great deal of emphasis on his responsibility as a business developer in KSA.

Repeat Business—Why does the A/E's role play such a prominent part in our business development efforts? One only needs to examine our repeat business statistics to answer that question. We've been watching these statistics closely for a number of years, and they tend to confirm that in the mature industries (apparel and textiles) some 75% to 80% of our volume is generated by clients for whom we have worked in the past. When we add to this a very significant number of client referrals, the importance of the A/E in maintaining and expanding our old-client business and referrals becomes self-evident.

Does this mean that our A/E has a conflict of interest? How does he balance the client's interests with KSA's needs for business development without compromising on "what is really in the client's best interest?" He does indeed have a tightrope to walk. . .if he becomes over-zealous in his busi-

ness development efforts, he might in fact influence some KSA clients to undertake projects not truly in their best interest.

Does this pose an impossible dilemma? I think not, if he carefully thinks through the importance of his role to KSA as well as to his client and asks some rather fundamental questions about his relationship with his client and satisfying the needs of that client. It all has to start with his keeping in mind in all of his dealings with those clients to which he is assigned, that to KSA he has a very important business development responsibility.

For many years, I have consciously—or subconsciously—made it a practice to ask myself in nearly all dealings with clients for whom I have served as A/E: "What KSA services can I sell my (KSA's) client that will benefit his business. . .that will improve his performance. . .that he needs?"

The important thing is to be constantly on the lookout for opportunities to interest the KSA client in additional services. This may not always lead to the "one service" he needs the most. He may not perceive that need, even though you do, and no matter how skillfully you, aided by functional specialists, try to convince him of this need, he simply may not be receptive. It is rarely, however, that the client does not have other needs which KSA can fulfill. These may well be needs which he perceives and that you and he together are satisfied will contribute to his company's performance.

By pursuing this newly identified area—though it may not be in your judgement what should be highest priority—you are able to undertake a consulting assignment which does, in fact, make a contribution. You will have succeeded—assuming the project is successfully

Continued on page 7

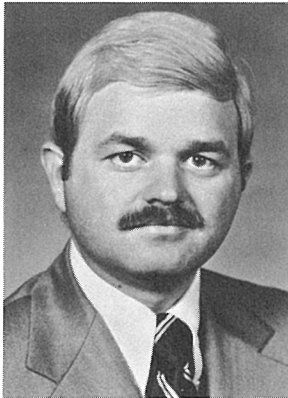


For more "selling" ideas by Cartoonist Cooley, see page 8.

Promotions . . .

In recognition of their many contributions, we wish to congratulate *Gerald J. Churchill* and *Paul M. Flood* on being appointed Vice President (their photos appeared previously), as well as the six shown below who were recently promoted to Principal.

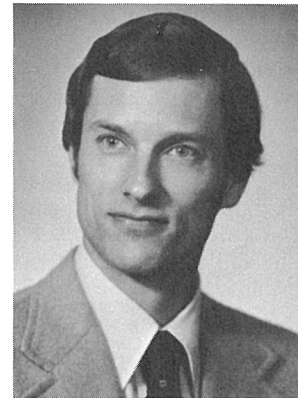
Vern Deming: Various successful MMD projects, and more recently, major responsibilities in our Holiday Inns work. . . *Glenn Larsen*: Almost exclusively in men's tailored clothing and is recognized as one of KSA's several authorities in this segment. . . *Richard Lusk*: From jeans he moved into fashion apparel where he will continue making important contributions in this fast-moving area. . . *Pete Paddrik*: HIC activities covered systems/financing/nursing services, and more recently involved in master planning project for St. Thomas Hospital in Nashville. . . *Dudley McIlhenny*: With his eight years of marketing experience, he's added staff strength to GM&M for three years in diverse and complex projects. . . *Charles Topping*: Competent in many MMD areas relating to technical side of apparel—foundation garments, shoes, men's coats, slacks, laundry products, etc.



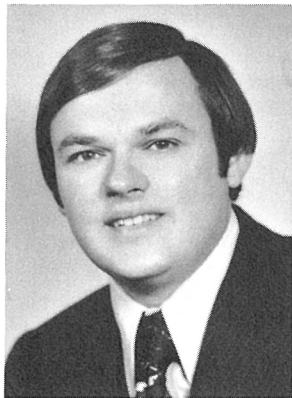
V. D. Deming



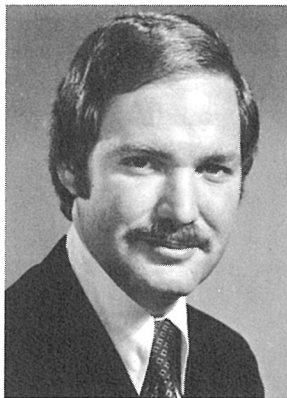
G. W. Larsen



R. D. Lusk



P. E. Paddrik



D. F. McIlhenny



C. H. Topping

A/E Role—Cont.

executed—in adding to the confidence the client has in KSA, in you as his A/E, and ultimately in your ability to persuade him that he really should address the problem area you identified earlier.

In our view, this presents no conflict of interest so long as the projects we propose and undertake lead to successful results and make a contribution to the client's performance. If the nature of other problems is so severe that "no matter how successful the operation, the patient will die," we obviously must face up to this problem in a forthright manner. This is rarely the case, however. More often than not, a client may be in need of an organization study, a marketing analysis or an engineering program, but he may be placing greater emphasis on his distribution center, an attitude survey, or his information systems. It's up to the

A/E, backed up by functional people, to go after that business which we can sell the client so long as it makes a contribution. To insist on what you perceive as highest priority—unless it's actually critical—may result in doing nothing, and this is of little value to the client or KSA.

A/E or Hero—Years ago we stopped keeping "who sold what" records. How do we really know who sells most of our work—the A/E. . . the last consultant to do a successful job. . . the staff man on a current project. . . the functional specialist called in. . . the project manager on the survey. . . or just KSA's overall reputation.

The effective A/E understands this. He's not "out to become a hero." His objective is to bring the best talent KSA can muster to bear on the problem and, as a result of team

Continued on page 8

effort, to secure the assignment. He does not:

- Try to handle it alone to get the credit if others can contribute.
- Try to sell only what he's most comfortable with based on his personal experience.
- Look at his business development opportunities parochially trying to sell for his function or division.

Rather, the effective A/E takes the broadest possible view of:

- The client as KSA's . . . not his.
- The client's needs and opportunities for KSA's business development.
- The personalities that will best help sell the client.
- The functional expertise needed to convince the client KSA can be of help.
- The need to sell the time of others. . . not just his own.

The effective A/E is not only a competent professional consultant, but a successful business man as well. There are no heroes in KSA, but there are outstanding A/Es who make their individual contributions to our business development. They depend on functional specialists for their contribution to the selling effort as well.

Do I Call Him, Or Does He Call Me?—The active A/E, fulfilling his business development responsibilities, must maintain contact and initiative with the clients to which he is assigned. If he waits "for them to call him," he will by no means make the contribution to KSA's business development efforts of which he is capable. Rather, he must take the initiative and at each turn ask that fundamental question: "What KSA services can I interest this client in which will benefit his business and improve his performance?"

Business development must be properly balanced by serving the client's needs, but must remain at the top of the A/E's priority list, for as *Kurt* has so often quoted, "NOTHING MUCH HAPPENS UNTIL SOMEONE SELLS SOMETHING." Those words are equally applicable to a professional practice.



"NOW THAT I'VE RETIRED I EXPECT YOU TO SIGN THESE AUTHORIZATIONS COVERING THE NEXT 35 YEARS IF IN THE COURSE OF THESE ENGAGEMENTS WE FIND THAT AN EXTENSION IS IN YOUR BEST INTEREST"

“. . . And Now, Here's Freddie!”

KSA'ers in Atlanta who are late night TV viewers recently were surprised to see one of our own right there—big as a 23" screen could show him—on *The Tube*. When it was just about time to switch to Channel 11 for *Mary Hartman, Mary Hartman!*, there he was . . . *Freddie Wood, Freddie Wood!*

To participate in National Heart Week, Atlanta's CBS affiliate did a five-part series concerning heart disease which showed some of the programs carried out in the Atlanta metropolitan area.

Lest you conclude that our Mr. Wood was a "Poster Boy" for a fund raising drive, we will, herewith, set the record straight. As most everyone in KSA knows, Freddie suffered a heart attack while working in North Carolina last May. After a month's stay in the hospital, and another six weeks recuperating at home, he joined in a cardiac rehabilitation program at Georgia Baptist Hospital.

It's an unusual program, according to our celebrity subject, for he and others go to the hospital gym three days a week and walk, jog, do calisthenics, and play games like volleyball. Incidentally, *Bob Reeves* is also in this program and breezes through all the exercises with Freddie.

For those of us who compare a fast-sprint-to-Gate-72-to-catch-an-earlybird-flight with a stress test on a treadmill, hear what FHW has to say: "The treadmill essentially tells you 'if, what and how much exercise one can take at a given time.' Whether you are a victim of heart disease or not, I think everyone over 40 should have one; it is a more valuable diagnostic method than an EKG, in my opinion."

Meanwhile, "back in the studio," as they say in the video business, Channel 5 wanted to do a sequence on the life of a person who lives with the disability without open heart surgery. So there he was, our Mr. Wood—smooth,

Continued on page 10



"HOW ARE THE WIFE AND KIDDIES, YOUR DOG, YOUR BOAT AND ALL OF OUR MUTUAL FRIENDS? REMEMBER THE GOOD OLD DAYS? HOW'S YOUR MOTHER? BY THE WAY, ONE OF OUR TOP MEN IS AVAILABLE MONDAY AND WE HAVE THIS BRAND NEW SERVICE"

Functionally Speaking

PUBLIC RELATIONS

Our annual Soft Goods Outlook peeked around the corner at 1977 and ventured a conservative estimate that things would be relatively moderate, if not downright normal. The apparel, textile, and retailing trades were electrified by the news; two dim bulbs flickered and went out.

It may not have excited the press, but it was a reasonably well done think-piece, and we know that those who read the 5,000+ copies that were mailed out thought it made sense.

If we don't score big with publicity in one area, we start landslides elsewhere. The news of *Smiley Jones* ascending to the post of KSA Tech Info Services Director has thus far appeared in more than 20 publications. The moustache probably did it. . . .

In early January, we had a successful exhibit at the NRMA retail show in New York. *Pete Ehlinger* conducted a seminar on alterations room practices which was well received. His manual on the subject is undergoing some last minute RFA's, and should be published this Spring by NRMA.

Retailing was also covered at the Menswear Retailers of America show in Chicago in March, with *John Phillips* coming over from England to join *Jim Giddings* in a seminar before 600.

Also in March, an apparel trade show in Los Angeles, including programs by *Jim Trautman*, *Randy Nord*, and *Dave Cole* on Inventory Management, and by *Ron Brockett* on Operator Training.

(What verb do you use if it hasn't taken place yet when you're writing about it, but it will be history when it's read? Near Future Improbable?)

KSA's 1977 advertising program represented an operations research planning problem—42 different ad negatives for 124 insertions in 24 publications covering 8 industries, a couple of regions, and 5 major KSA functions. A week after the insanely complicated schedule was finally worked out, its first quarter was scrapped in favor of an all-out recruitment advertising effort. (That's show biz. . . !) Despite all this, you may see some of the new ads soon. Let us know what you think of them.

—*Joe Scheines*

SUNNY CALIFORNIA REPORT

Now that the '77 deep-freeze is finally over, it's interesting to note that KSA-L.A. had an average temperature of 42.6 degrees higher than the weighted average temperature of all other KSA office locations. . . .calculator with dead battery accuracy. (This is reported with mixed emotions by a Western skier who had to go East this year!)

There were many eager and capable Eastern volunteers lending a hand—and thawing out—out West this winter and in view of the current drought, all Eastern-based firemen are kindly requested to bring a jug of water—or something stronger—on future visits.

We're enjoying a smorgasbord of Western activities. . . .*Alex Colman*: Our first work for this \$100 Million sportswear firm. They currently contract all manufacturing, and we're helping them plan to manufacture "up to 50% in-house!". . . .*Alfred Paquette*: Now in the midst of pre-engineering facilities planning, to be followed by

\$135,000 worth of sportswear SRE. . . .*Ratner*: Going full steam ahead developing an interactive cut planning system upstream from their Camsco system, with a team of cut planning superstars. . . .*Nord*, *Irastorza*, *Eberly* and *LeBaron*. . . .The Gap: We're going to "share some manufacturing secrets" with the Gap buying group in a seminar on Apparel and Textile Costing. . . .*Leegin Leather*: \$70,000 sold and waiting for our "Spanish-speaking-belt expert." (Any volunteers?)

Nylon de Mexico is the major producer of synthetic fibers for the Mexican market, and has an additional capacity for some 50% to 60% more fiber production with its current equipment and facilities.

A combination of factors—current economic problems in Mexico and a new government program to provide low-cost apparel for the poor—led to their recent decision to enter the apparel industry. Their initial plans are to commit some 10% of their total polyester fiber capacity to their own apparel production. Rough calculations show that this will support some 1600 operators. Their longer term (in the next two years) goal is to build apparel capacity to utilize up to 60% of their capacity—roughly 10,000 operators!

We've completed initial product plans and economic models, and by the time this is printed, we should be in the midst of everything from site selections, plant evaluations, and planning, to "HRD" and sew in their first plant(s).

—*Jim Trautman*

TRAINING AND PROFESSIONAL DEVELOPMENT

The most recent class to graduate Atlanta training consists of *John Desormeau* and *Bob King* (see photos elsewhere), and three holdovers from 1977—*Blake Lowman*, *Bob Nahas*, and *Joe Reid*. A class of four graduated last October.

Between those two KSA classes, we conducted two resident Apparel Engineering Basics courses with 17 students participating, and at this time we are anticipating another resident class of 6 to 10.

The following three or four months will be devoted to training classes for new recruits, as well as helping recruit them.

—*Bill Cameron*

TOP BANANA IN THE WEST

"Top Banana in the West—Hughes Airwest". . .so goes the latest TV jingle, followed by "testimonials" from frequent flyers. KSA's "Top Banana in the West", *Jim Trautman* was "volunteered" for a 20 minute taping session, from which two complimentary statements were carefully extracted. Visitors to L.A. and Salt Lake, stay tuned!

Congratulations!

Michael Love and *Ada Lucia* were married December 27 in Houston, Texas. *Ada* attended Auburn University, as did *Mike*, and because of the close proximity to Calloway Gardens, she had the opportunity to attend the Staff Meeting in November and we understand she feels well prepared for the role of a KSA wife. We wish the "Loves" an abundance of happiness.

Congratulations to *Sydney* and *Dudley McIlhenny* are two-fold. They not only welcomed their first child, *Ashley Maryalissa* December 30, but the proud father also became a KSA Principal (see Promotions) January 1.

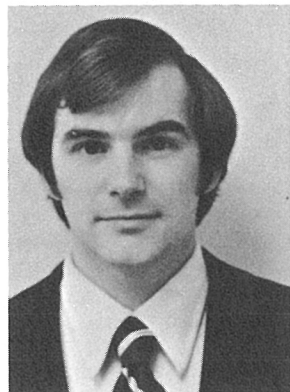
Here's Freddie—Cont.

svelte, articulate, and ready for the cameras:



Desormeau

John L. Desormeau. . . Age 36. Wife *Joyce*. Two children. AAS, Rochester Institute of Technology; MA and MBA, Florida Atlantic University. Two years in paper industry as research technician prior to nine years in U.S. Army as infantry unit officer. In addition, formed and operated his own secretarial agency while earning MBA. Interests: football, fencing, skiing, gourmet cook and excellent bag-piper.



King

Robert A. King. . . Age 29. Wife *Sharon*. One child. BS in Engineering, U.S. Military Academy, West Point. U.S. Army for seven and a half years. Served in Germany and Vietnam and later as operations and plans officer at West Point. Was awarded Bronze Star and two Army commendation medals. Additional academic work includes courses at Augusta College and the Traffic Institute at Northwestern University. Interests: auto racing, swimming, stage performing (emcee, magic, acting.)

Announcer: And what is your occupation, Mr. Wood?

Mr. Wood: I'm a management consultant to the textile industry.

ANN: What kind of car do you drive?

FHW: A vintage Mercedes, of course.

ANN: How old are you?

FHW: Let's just say I'm over 40, under 50 and bigger than a breadbox.

ANN: How do you feel?

FHW: Great.

ANN: Were your legs always that skinny?

FHW: Yes, there's been absolutely no change since I won the Best Looking Limb Award at the ATO house back in my Tech days.

ANN: Do you have a dog, and how is your sex life?

FHW: (Unperturbed) Yes, and normal.

As the TV interview ended, we knew that Freddie had come through once again; it would have been a stress test for most of us but not for our colleague. Aside from a few offers to star in some low-grade movies (he claims), considerable kidding at the office, calls from sympathetic friends, former clients, his seventh grade school teacher and others, Freddie says that he's back in the old routine. He adds "I *do* stop to smell the roses *now*."

So, we're happy, (indeed overjoyed), to report that, with Freddie, everything is normal. —JAJ

ATLANTA

Recent months have brought many changes to KSA-Atlanta. Please meet these newcomers.



Janice Cagle

Janice Cagle and *Kathy Anderson* joined us in February. . . Janice as secretary to *Jack Johnson/Frank Armistead/John Caldwell/Nort Eberly*, and *Kathy* as secretary to *Ron Brockett/Greg Murphy/Buddy Ruppenthal*.

Shirley Beauford reported for work last November, assuming responsibility for our Xerox copy center (in conjunction with *Richard Cheatham*), receptionist relief, and



Kathy Anderson



Shirley Beauford

other general office duties. She performed so well that effective May 1 she'll move into our Corporate Accounting Office where she'll handle accounts payable, key-punching/data entry, and other responsibilities now being handled on an interim basis by *Carolyn Vanderwater*.

New responsibilities are in store for *Mickey Yount* (previously MMD secretary) who now functions as assistant to



Mary White

Technical Director, *Smiley Jones*; and *Linda Broadrick* who will assist yours truly in Atlanta office administrative matters.

The stork, long absent from KSA Atlanta, has returned fully resplendent. *Barbara Hardy's* expecting her first in July, and *Norma Hendrix*, her fifth in April. Both plan to return to work after a short leave. During *Norma's* absence, *Mary White* will head up Central Records. Mary joined us in January 1976, and though only part time most of the school term, she has proven invaluable in Central Records and in the multitude of tasks she performs for Tech Support. *Brian Tully*, also a student at GSU, has been hired to assist Mary during *Norma's* absence.

And lastly, anniversaries galore. . . *Dorothy Sossaman*, *Millie Simeone*, *Mickey Yount*, *Andrea Dillon* marked five years with KSA, *Ruth Duke*, her seventh and, of course, *Linda Keel* celebrated her 10th.

Maybe spring will make up for winter. . .after all, hope springs eternal. . . .
—*Vallene Baker*

NEW YORK

Armaiti Mistry was welcomed to the New York office secretarial staff on March 2. She will be taking care of *Bob Frazier's* secretarial work and "Girl Friday" of the GM&M function. *Armaiti* was born and raised in Bombay, India and emigrated to Frankfurt, Germany in 1969 where her most recent position was Secretary to the Managing Director, PA Management Consultants, GmbH.



Ruth Turton, who has been a NYO Secretary since 1953, will be moving to Florida at the end of April. Ruth will be missed by her NYO colleagues who thank her for a job well done. All of us join them in wishing Ruth much happiness in her new home.

Scenes from KSA Staff Meeting

As evidenced by the following, there were photos galore. . .but not in time for the last issue. KSA'ers indicated once again that they are a dancing group.



PRINCETON



A warm welcome to *Debbie Porter* who has been with us since December 1 and is now quite familiar with the workings of the Princeton Office.

Debbie holds an AAS degree. . . her courses included typing, steno, business law, business accounting. Her educational background plus several years of secretarial experience well qualifies her for her varied duties with KSA, where she will be spending a large portion of

her time working with *Bob Hagen*, but is also ready/willing/able to assist with other general work.

Is There Something You're Not Telling Me?

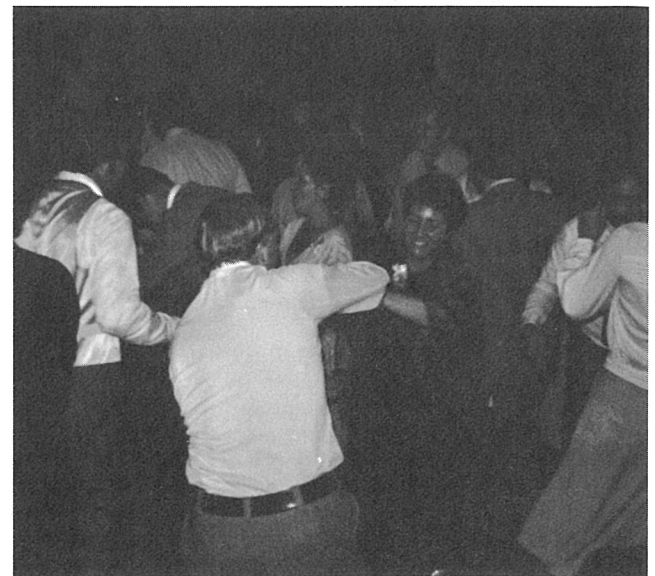
You've all been interrupted by phone calls during client visits, but the timing of this call was particularly interesting. The scene: Peterson Baby Products—*Jim Trautman* starting a new manufacturing survey. The call: From Motherhood Maternity Shops, a manufacturer and retailer of maternity items. JET's next call: Home! (No news, folks.)

Chairman of STECOM—Cont.

Frank Armistead, Mike Barnes, Dick Bath, Ron Brockett, Jack Downie, and Bob George.

Members rotated off in the fall were *Bob Frazier, Jim Giddings, Ken Osborne, Bob Pee, and Josh Taylor.*

STECOM is always interested in hearing from any KSA associate who has an item they would like STECOM to consider. All that is necessary to set this in action is a note to the Chairman or any active STECOM member.



More photos on page 16

EUROPE . . .

Achievements and Prospects

Apparel—The lion's share of German region's total sales was accounted for by a massive \$340,000 assignment at Frey AG, one of the largest men's clothing firms in the country. The complete program involves cutting room engineering, jacket shop and trouser line engineering, and a retainer contract for assistance in general organization. The contract is believed to be the largest single sale ever made to an individual company in Western Europe. It is the result of 18 months cumulative work by *Werner Degen* and *Hardy Artelt* and provides further evidence of the value of the commercial manager concept for individual markets.

A particularly interesting assignment in Italy is for a feasibility study on made-to-order production of men's tailored clothing. The objective is to break away from the traditional six-month cycle of orders and delivery. Instead, a 14 day cycle is envisaged (10 working days) so that a suit ordered on a given day can be delivered to the customer exactly two weeks later. It is expected that the additional costs involved will be offset by savings on retail inventory so that retail prices can remain unchanged. The study involves a comprehensive appraisal of marketing considerations, production and organization. It is the type of study which can only be carried out effectively and economically by KSA, thanks to our familiarity with production, retailing and systems.

For Levi Strauss in Belgium, we are making a study of 12 countries—mainly in the Mediterranean area—considered as locations for a new production unit. *Claude Reynvoet* is handling the project, with *Bob Fitze* as Account Executive.

Another significant development is the increase of activity in the women's wear field. Several assignments are in progress, including a survey for Kemper (*Dieter Fertig*), a leading German producer of tailored outerwear for women and a cutting room assignment for Steinberg (*Bill Wing*), a comparable producer in the U.K.

Finally, an overview in Italy by *Giacomo Ronco* and *Ricardo Stretti* with some help from *Tony Maule* provided an entry into one of Europe's largest vertically integrated manufacturers of textile products. The company is Bassetti, particularly well known for its branded bed and table linen.

Retail—One highlight of the new year is the assignment with Debenham, one of the largest store groups in the U.K. This major contract involves over 300 man days on big ticket physical distribution and warehouse planning. It is the outcome of truly international cooperation, involving an impressive initial definition phase done by *Eric Breitschwerdt* and steady development of our relationship during the concept planning over six months, by *John Rutherford*, assisted by *Geoff Ayling*. The team now includes *Greig Barr* and *Richard Bett*. Before finally signing the contract, Debenham's management checked out KSA performance with no less than seven previous clients.

Another important advance was marked by the successful completion of a complex economic distribution study for the U.K. subsidiary of one of the world's largest producers of food specialities and canned goods. This work was made possible by the knowledge of *Brian French* and *John Phillips* in the food retailing industry. Distribution input was

provided by *Greig Barr*. It could provide an entry into a number of large U.K. food chains.

Finally, further progress was achieved in our relationship with Bally of Switzerland, one of the world's best known brand of shoes for men and women. We concluded our second major contract with this client, for a cost accounting assignment done by *Peter Amrein* and *Edgar Reinhold*.

IMPACT

In an attempt to highlight the significance of the Frey AG assignment described in this issue, Central European PR asked for an independent assessment from Privatdozent Prof. Dr. Ing. Leberwurst, temporary (for this issue only) Head of the Centre for Illogical Studies at the night school down the street.

Referring to his multiplication table no more than three times, Prof. L. pointed out that because Switzerland has a population of some 6 million as against 150 million for the U.S., a comparable assignment in America would be worth almost 9 million dollars.

We were more impressed by the figure than the reasoning, and declined his request for a voluntary contribution toward a new battery for the school pocket calculator.

We are now obliged to ask for assistance from any KSA consultant who happens to have nothing better to do. Who will provide a realistically weighted basis for translating the amount of the Swiss contract into a comparable figure relating to the U.S. industry?

There is a prize of a *whole and guaranteed new and unused* 9-volt calculator dry cell battery for the best answer to reach us before May 1. Replies to J. P. Adeline at Zug office. Note that the budget being what it is, owners of calculators powered by mercury cells are regrettably requested not to send in their suggestions.

The Italian Connection

Due to a variety of regional characteristics, not to mention the language problem, it is often difficult for KSA people in individual countries to look beyond their national activities.

Yet, despite the problems involved, our Italian colleagues recently supplied several examples of international collaboration that helps to maximize the potential of KSA as international consulting specialists.

When B & B of Italy, a leading producer of upholstered furniture foresaw cutting and sewing problems in connection with a new range of styles, they contacted KSA. None of the Italian consultants knew much more about the product than how to sit on it. To ensure that the client received the best possible service, a call for help was sent out and the needed assistance materialized in the person of *Tom Austin* from the U.S. Tom spent a week in Italy to survey the factory and his findings are now being written into a proposal. If, as confidently expected, an assignment follows, Tom can

Continued on page 13

Giacomo Ronco

A meeting with some people described as "brilliant young men doing a strange kind of job," that took place at the main railway station in Turin is hardly an encouraging introduction to KSA. But that's just the way it happened with *Giacomo Ronco*.



The girl who supplied the description was Giacomo's sister. She was employed by GFT/FACIS interpreting for *Fredy Hollenbach*, whose "strange sort of job" was an assignment in their trouser plant near Asti. The other "brilliant young men" were *Stig Kry* and *Bob Fitze*. Despite the unusual introduction and venue, all the people concerned were suitably impressed, and Giacomo joined KSA. He was sent to the U.S. for long term training in October 1964.

Perhaps a little too much emphasis was given to the long range aspect of the training. . . when Giacomo returned to Italy, he had to be re-educated to the Italian way of life. This process included a change from coke and hamburgers to more typical Italian foods.

Giacomo's enthusiastic acceptance of American habits underlines his most remarkable characteristic. Because of his upbringing in an old Turin family, and of his early education at a Jesuit college, Giacomo combines strong conservative traits with a capacity for appreciating and accepting novel ideas and situations. His personal opinions are strongly held and often forcefully expressed; yet, given the time and opportunity for objective reflection, he will change his views when such a change is justified.

One of his colleagues recalls a heated argument on the merits of Mercedes automobiles, when Giacomo argued that he would never accept their stodgy appearance and unimaginative design. A short while later, seeing a particularly attractive new car parked some distance away, Giacomo pointed to it as an example of the kind of design that he liked. On being told that the model he was looking at was the latest Mercedes, he immediately admitted that his former views were prejudiced.

In his professional career, Giacomo's development followed different ways that eventually joined together. His first qualification was a diploma in Business Administration, followed by a course at the Turin School of Economics where he got his degree. His first job in the family food wholesaling company involved mainly administration. His initial KSA training made a technician of him. When he returned to Italy, his first assignment was a cutting room project at Lebole in Arezzo, one of the largest Italian men's wear producers. Many other significant assignments served to broaden his skills in sewing and cutting room engineering, M.U., H.R.D., accounting and, at Helos, in Account Executive consulting at top management level. His promotion to Apparel Industry Manager for Italy in 1974 enabled Giacomo to combine his wide administrative and technical skills. It also allows him to exercise his will to convince which, even in a country like Italy where convincing other people is a national sport, is regarded as exceptional.

Other notable assignments completed in the recent past include marketing and cost accounting seminars for the Italian Federation of Apparel Manufacturers (AIIA), his involvement as Account Executive at Mavif (knitwear), Lidman (children's wear) and Monti (men's clothing.)

Now, Giacomo spends about two-thirds of his time on marketing and sales of KSA services in Italy and the remainder on surveys and as Account Executive for our most important clients in that country.

Like most KSA people, Giacomo has moved around a good deal. His first home when he returned to Italy from the U.S. was in Arezzo, near the Lebole plant, and then he moved into an apartment in Milan. Later, he inherited from his father a beautiful villa on a hill overlooking Turin and renovated it in 1974/75. He now lives there with his wife, *Cate*, his five-year old daughter, *Barbara*, his four-year old son, *Giovanni*, *Hansel*, a German sheep dog, and an unspecified number of chickens. The villa is surrounded by a large garden and it is Giacomo's ambition not yet fulfilled, to start raising edible snails. In Italy, as in several other European countries, snails are considered a great delicacy. It is not clear whether he wants to secure his own private supply or develop an alternative source of income. Perhaps he just likes snails because of the contrast to his own dynamic, and often hectic, professional life. —JPA

Italian Connection—Cont.

look forward to another spell in Italy.

At the Lovable plant, *Renato Tarditi*, has been working on an EDP oriented assignment intended to improve planning and administration. Although the assignment is not yet completed, the Lovable management was so impressed with the work to date that they recently suggested that a presentation of the concept should be made to executives of other Lovable companies in Europe. These are located in the U.K., Holland and Spain, and their managements have

in common a frequently expressed reluctance to work with consultants. However, thanks to the insistence of the Italian management, they all agreed to attend the presentation, to which KSA also sent some of its best men. The event proved most successful and there are good grounds for looking forward to further assignments, especially in the U.K. where discussions are now under way.

Another good example of inter-European collaboration

Continued on page 15

How Do We Do

An Overview of Activities—Whereas our last report tended to look back on the past year, our sights are now fixed on the future.

In brief, the 1977 budget objectives for Europe are: A fee volume of \$4.51 million, a pre-tax profit of 8.3% producing 5% after taxes and a substantial growth in billed days of 6.7% for apparel and 48% for retail. The considerable increase in retail billed days, budgeted for despite the lack of a sufficiently long history to serve as a firm base, reflects the anticipated impact of increased personnel resources against the background of recent sales performance. To cope with growing backlogs in Germany and the U.K., we also plan to add to apparel capacity in those countries. Real growth in terms of total apparel and retail billed days is budgeted at 11%.

Sales for the first period provided a particularly encouraging start for the year with German region producing 30% of its total budget. Retail backlog increased quite dramatically, while billings exceeded the budgeted amount by some \$60,000. All this reflects the hard work put in by all European personnel during the last part of 1976.

As yet, we do not have the audited results for the past year, but we know that they cannot be any better than expected. Before accounting for tax bills and unavoidable currency losses it is unlikely that the projected break-even performance will be improved upon. The tail-end of the recession was still being felt keenly during the first half of the year, but current results are reflecting the higher backlogs built up and the cost reductions implemented during the last six months of 1976. However, no account of that year would be complete without a special tribute to *Harry Lack*, *John Beddows* and the rest of the U.K. apparel team for the complete turn-around achieved in 1976, with high profits and considerably increased backlogs.

Briefly mentioned in the last issue, the huge contract in Bulgaria is keeping between five and six of our brave colleagues busy in the wilds of the Balkans. Few maps even show where the small town of Biala Slatina is located, but the work we are doing there could add significantly to Europe's 1977 results. Because this unusual contract involves some element of uncertainty, it is being managed with particular attention by *Hardy Artelt* and *Helmut Blettenberger*. However, the potential rewards are considerable. In effect, the timely and successful completion of this assignment at a large apparel factory may add a further \$221,000 to our projected 1977 volume increase pretax profit margin by 2% and boost growth of apparel billed days from 6.7% to 11.5% as against 1976.

Our German colleagues are certainly starting the year with spectacular results. They closed Period I with sales of over \$500,000, equivalent to 1/8 of total projected European billings for the year. As *Hans-Horst Hensche* puts it, their sales reports should have been published with a Swiss flag on it. In effect, over \$375,000 of the total originated in Switzerland.

As regards the German region in general, the nature of assignments sold indicates that the sustained efforts to achieve an equitable balance between the main service sectors are bearing fruit. Formerly, practically all systems work was sold as a follow-on to technical work. Now, there is a two-way flow, with General Management Services (GMS) assignments providing an increasing number of opportunities for Production Management Services (PMS). The Account Executive concept is increasingly effective in getting this sort of results, with much help from *Richard*

Clarke in opening up the horizons of consultants who are starting to take on this type of responsibility.

The economic situation has not improved and much uncertainty still remains. In this climate, companies are being forced to engage in conceptual thinking and to invest as necessary, the alternative being stagnation, or worse. Poor consumer performance coupled with high imports have created a situation where expansion can only be achieved at the expense of competitors.

These attitudes have led to continuing interest being shown by German clients in strategic planning. Assignments in this field involve KSA assistance in the development of long term needs with a heavy accent on marketing.

German region KSA management is also paying increasing attention to long term concept. It is clear that the evolving needs of the industries we serve call for a corresponding development of our functional strengths. It is equally clear that, despite recent sales successes, our longer term objectives, image projection and commercial activities deserve close attention if the rate of progress is to be maintained in future years.

As regards Latin region, *Bob Fitze* reports that forceful and creative selling in Italy is also producing some interesting strategic assignments with larger companies in that country. This despite an economic situation that still causes some concern although some degree of stability appears to have been reached. The situation in France remains difficult although two factors are expected to contribute to an improvement soon. Externally, falling export sales with a stagnant domestic market may well sharpen awareness of the need to achieve greater efficiency with the help of consultants. Internally, the efforts to broaden and strengthen our skills, based on last year's audit findings, are still going on and we are confident they will bring improved results.

From U.K. region, *Harry Lack* points out that, there also, the uneasy balance achieved by the economy is causing management to pay close attention to opportunities for improved performance. Although the original government grant scheme to help apparel producers benefit from consulting help to plan investment programs proved unsuccessful, it is to be extended this year. The improved scheme will enable a broader cross-section of the industry to apply for grants, and it may produce more work for KSA than did the previous arrangement.

It Happened in Europe

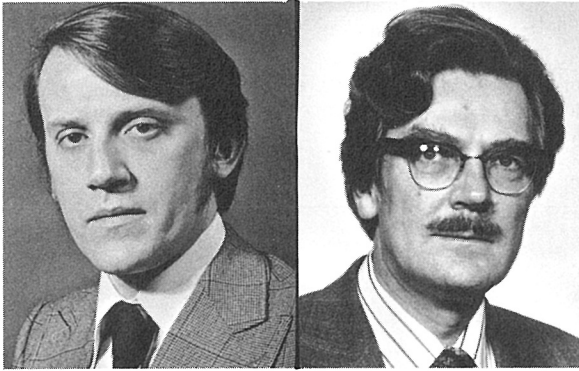
Late last year, *Roberto Pavia* returned to Italy from his assignment in Nicaragua. Our much traveled colleague had only little time in his home country. . . he left again in early January for Bulgaria where he is expected to stay for some months.

Congratulations to *John* and *Sue Rutherford* on the birth of their daughter.

Welcome to KSA: For *Inge Lauterbach* who joined Dueseldorf office in January as manager and personal assistant to *Hans Horst Hensche*. In addition to her native German, Inge speaks fluent English and French as well as some Spanish. . . for *Sue Fecitt*, who joins Altrincham office as report typist. . . for *Marcelline Boiret* who joined Paris office as secretary to *Guy Vidal*.

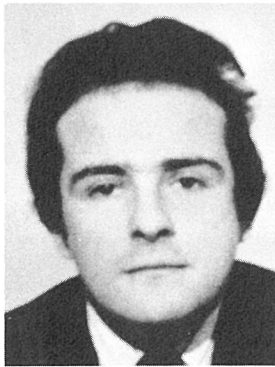
Thieves who broke into Dueseldorf office one night in January were disappointed. . . the cash box was almost empty and they took nothing else. Fortunately no other damage was done.

New Staff



Roger Head

Brian French



Robert Chester

Robert Chester (26) joined U.K. apparel division in January. A degree in mechanical engineering from Bristol University and one in business administration from Manchester Business School. Previous business experience includes engineering work for General Electric, and production manager with an apparel company. He is unmarried and lives in Altrincham.

Roger Head (32) also joined the U.K. apparel division at the same time. Roger has a degree in chemistry from Manchester University and began his working life with Courtauld where he worked in fiber R&D, sales, marketing and production. Subsequently, he joined a knitting subsidiary of the same group where he was responsible for sales administration and production control and planning. Roger lives in Derbyshire with his wife *Christine* and his three children.

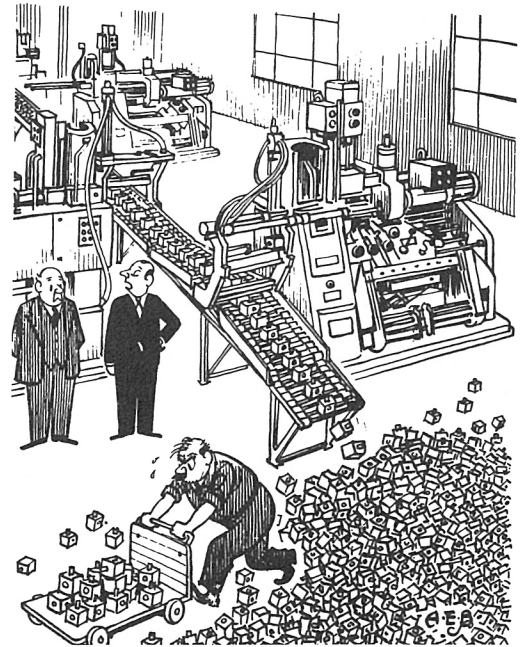
Brian French joined the U.K. retail division as a senior consultant at the end of 1976—too late to get more than a short reference in the last issue. He has a degree in electronics from the University of London and was a member of the team that designed a production control system for one of the first commercial computer installations in the U.K. Subsequently, he joined J. Sainsbury, Ltd., a leading food retailing chain, to take responsibility for the introduction of an integrated computerized stock control system for the retail and wholesale operations. Later, he was appointed Manager of the Administrative Services Division and eventually became advisor to the Chairman of the company with responsibility for appraising all developments affecting the future of retailing. His involvement in many major projects allowed him to gain extensive experience across the whole scene of economic, political and operational aspects of retailing.

The Fragmented Continent

The British and the Americans were once described by George Bernard Shaw as a single people divided by a common language. Europe could be described as a single continent divided by a common heritage.

Each of the countries that constitute Europe have common historical links. But because these links so often involved wars, invasions and other forms of strife, they tended to promote division rather than unity. These national differences are now expressed not only in language and customs but also in economic and political attitudes. In recent years, non-Europeans may have overestimated the true extent of supra-national cooperation as outlined in the Treaty of Rome. The Economic Community has made some progress, but the major economic and social bridges have still to be crossed.

The fragmentation of Europe poses many problems for an organization like KSA. To help *Observer* readers to appreciate its implications, we plan to start publication of a series of market background articles in the next issue. (*Editor's Note:* Space prohibits the reproduction of a table giving an indication of the diversity of economic trends affecting individual European countries (reproduced from "Business Europe"), however, a copy can be obtained by writing *Jean-Pierre Adeline* at Zug office.)



Of course, there are one or two minor problems on the physical distribution side!

Italian Connection—Cont.

was provided when *Tony Maule* from the U.K. was asked by *Giacomo Ronco* to come over to Italy to help solve a knotty shirt production problem at the Bassetti plant.

In Malta, an independent island close enough to Italy to justify the headline, *Heinz-Juergen Krogner* from German region has been busy on quality control systems and productivity development at the local plant of a German producer. A delegation from the U.K. Clothing Institute visited the plant during a study tour, and were so impressed with what they saw that they invited Heinz-Juergen to address the Institute's Directors' Forum on "The Psychology of Management."

