

## Entering the Reinell Triangle . . .

By—Roger LeBarron

Kurt has often counseled that the quality of our work keeps the client coming back for more. In this case, KSA's successful completion of a multi-program project at Eddie Bauer in 1974-75 was responsible for our unscheduled entry into the \$2 billion pleasure boat business.

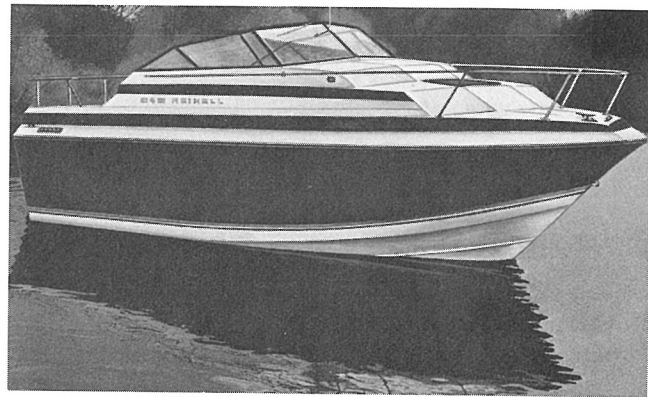
Reinell, once the quality leader in mahogany boat manufacturing, was wallowing in a sea of management inattention. Employee supervision was minimum because employees were maximum. . . a condition which ostensibly enabled the co-ed workforce to christen the "pleasure craft" in advance of dealer shipment. In addition to unproductive direct labor expended daily, the double-digit material variances in such foreign categories as Woven Roving, Resin, Chop-Strand, Solid/Veneer/Photo Teak, ACX/CDX Plywood, Regalite, Marine Vinyl, Poly-carpet, and Malden, were likewise contributing to Reinell's sinking from first to third among competitors. But, all material was not exactly lost. . . employee hobbies proliferated, producing a gamut of by-products from wooden toys to artistic collages of solid teak (\$2,000/1,000 Bd. Ft.) At Halloween, three employees arrived in rabbit costumes made from scrap Malden.

**The New Owner**—Although not to be confused with Jules Verne's anti-hero, Captain Neimi acquired Reinell's tiller in late 1976, and with the assistance of his new Exec Officer and new IE-j.g., 200 of the 500 crew members were eventually made to "walk the plank." The next campaign was to launch a broadside attack against material variance. However, poor visibility and inexperienced navigational skills left the well-intentioned armada stranded in the doldrums. Recalling the "magic markers" from Bauer days, *Captain Neimi* sent an SOS to *Commander Trautman*, Lighthouse Manager—Pacific, requesting a war council.

When the council adjourned, KSA's mission was clear. . . to explore new material routes and establish usage control systems. In their mighty ship "*Accountability*," the KSA navigators set sail with only their "mini-graph" sextant to guide them and vague, sea-tales of inconsistencies of the Reinell Triangle awaiting them.

**The Mission**—The first port was the Isle of Marine Vinyl (32 oz.), somewhat civilized (patterns available), but their products were largely prepared by hand, marked and cut from the roll, piece-by-piece. As expected, the natives were responsive and lead the navigators around their points of interest:

- **Sleeper Seat Sea**—A standard offering on most larger models, which are back-to-back, double-cushion deck seats that convert to a narrow bed.
- **Jump-Seat Jungle**—Complicated storage-providing seats built in conjunction with the inboard motor box.
- **Side Panel Swamp**—Similar to auto door panels, constructed of vinyl-covered plywood panels; these components span the sides of the boat and offer multiple storage



How different assignments can be. . . Look at this finished product vs. maternity clothes for instance. Roger LeBarron found this one unusual and challenging.

potential for drinks, ashtrays, etc.

- **Cabin Cushion Panel Cove**—Vinyl panels and skirts that make the underside of the dinette/cabin cushions.
- **Canvas Channel**—Convertible top coverings for the open-deck areas; windows made of "regalite."

After negotiating with the natives (pattern engineering, marking rule revisions, spread loss controls, incoming quality specifications, etc.), their products became more valuable by 10-12%. With the initial conviction that the traditional "garment" approach was logical, the sail was hoisted for the "Straits of Teak," rumored to be unchartable because of shifting surface defects.

Enroute to the Straits, a squall line blew "*Accountability*" off course and induced Mal de Malden in the navigators. This colony, located in the Gunnel/Deck trim area of Pre-Final Assembly, was swamped with remnants of their activities. After a brief swing around the 8-meter deck/hull, the pile-liner fabric (headliner) was recharted with a 38% reduction. But the value of the mission's queue lay in charting the Straits of Teak first. Heady with anticipation, "*Accountability*" hoisted anchor and plotted a landfall course for the Teak Archipelago.

The first sight of the island group was the Reef of Real Teak Plywood. This 1/30" laminated veneer on clear marine plywood was one of the richest finds (\$44/4' x 8') of the mini-graph. Used exclusively in the 27' sailboat (*Sun Yacht*) a 20% improvement was calculated and "*Accountability*" pressed on to the next island.

The Port of Photo Teak was a copy of the first, but different in that it had been captured first by Japanese ingenuity. Photo Teak is a 4' x 8' photographed paper laminate, heat-sealed to marine plywood and closely resembles real teak to the unseasoned eye. Due to the methods and practices the wood-shop natives employed to

*Continued on page 2*

# Chairman's Corner

## "COLD CALL SELLING" Is It Professional? How To Do It Right

KSA is pushing for business development on many fronts with a view to gain a substantial increase in real volume. Our KSA budget calls for a 15% dollar increase in 1978 over 1977. To achieve this we must grow in Apparel and Textile volume and must particularly gain volume in Health Care, Retail, Interior Furnishings, and Shoes... our new industries. We also hope for good contributions from Holiday Inns and Mining.

The expansionary push will require a more active business development stance, through such elements as PR, trade show participation, and maximization of repeat business. It also means that we must step up the number of visits on our initiative to firms who are not clients but highly desirable prospects. This visiting activity is usually referred to as "cold call selling." As such, it is at times regarded as unprofessional, unproductive, and frustrating. It is my view that this key part of our business development program should have none of these negative connotations, provided it is understood and properly conducted.

I would agree that if these visits are undertaken with a view to develop immediate business, the consultant is likely to come across as a high-pressure and unprofessional salesman. The meager results he is likely to show will be unproductive and leave him frustrated, however, the objective for KSA, or at least the primary objective, should not be to develop new business in the short run. This may happen by some chance situation in which the company was about ready to call in outsiders anyway, but such a coincidence of timing is bound to be very rare.

The objective of these calls should be more long range. We like to tell the executive with whom we meet about KSA in a factual way and without boasting. We should outline our services and, through the preparatory work we have done for the visit, be able to relate our services to the needs within the company.

We must also strive to make the impression on the executive that we, as individuals, are competent and knowledgeable professionals to whom he can turn with confidence if, on a future occasion, he should wish to call in consultants.

The first visit should be the beginning of regular contacts with that company, so we will remain in their minds as new needs for assistance occur. If the prospect is not already on the PR mailing list...we should see that the company is put on it.

If we can achieve these objectives, presenting and relating KSA's services and capabilities to the prospective client, and leave an individual impression of professionalism and competence, we will have very greatly improved our chances for future business. And that is the purpose of this prospecting activity...or "cold call selling."

If these visits are conducted with this intent and in this fashion, we shall not be frustrated by lack of immediate payoff and shall certainly not be regarded as unprofessional, high-pressure salesmen. On the contrary, these

visits are, in my experience, usually stimulating and pleasant and, seen over the long term, are very often productive.

It is important that we develop a positive approach to this activity because we shall have to intensify this phase of an improved approach to marketing if we are to give ourselves a fair chance to meet our objectives of growth in real terms for 1978 and beyond. —SAK

## Reinell Triangle—Cont.

produce their component parts (router-cut by hand, one sheet at-a-time, with wood patterns nailed-on), "Accountability" ran aground on shifting surface defects. After resolving supplier quality problems with a native interpreter, and "shading" allowable defect locations on the component patterns, the reduction should average 30%.

In summing up the visit, the usual hazards had to be considered—multiplied effect of pattern engineering, grain directions, router-cutting allowance 9/16" around, right/left parts on one-side teak, the questionable necessity to make "hidden" parts teak, etc.—but the logic of the "nested" arrangement prevailed and the navigators set sail to the last island in the chain, the Tropic of Real Teak.

This "variety" is perplexing. Bangkok teak is offered at prices ranging from \$1100 to \$2100 per thousand board feet (B.F. = 1"x12"x12"). Within a sling of teak, an inconsistent range of widths/lengths will be found and the price is established on the average width/length purchased. The use of solid teak is mainly for railings, foot-steps, edgework, etc. For this purpose, a premium length was purchased (average 9' x 12') and was cut into components that averaged 4' x 4'. The approach to this problem was evident...purchase shorter/narrower stock, sort into general width/length groups, and develop a matrix of parts required per model against width/length groups. The results of this approach are not in force yet, but if the rumored 40% loss is accurate, no less than 20% should be recoverable.

**The Monsoon Season**—Unfriendly weather has slipped in (International Wood-Workers of America) and has caused the crew to mutiny, in spite of a final company offer of 13.5% over the next calendar year. With company supplies (cash) running low, the continuance of the mission is jeopardized. The ACX/CDX plywood continent (hull stiffening/deck structures) still remain to be explored, as well as the Fiberglass Longitudes (colored Gel-Coat—the "skin," Woven-Roving—roll lengths of woven fiberglass strands, Resin/Catalyst—sprayed on fiberglass to "melt it" into

*Continued on page 4*

## 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 9, No. 1

March 31, 1978

# The Mining Industry

By—Steve Avary

On October 20, 1975 I was two miles underground, wading through a foot of mud, trying desperately not to lose sight of my fast disappearing guide, who was putting me through the paces of indoctrination by initiating me in the worst environment. If you haven't ridden two miles of rough track in a metal car with no springs, walked a quarter mile under a four-ft. roof with only a flashlight on your helmet to see by, and bumped your head on every roof bolt and overhang that comes along, you haven't had the thrill of working in KSA's new Mining practice. This was my first day in an eastern Kentucky mine and not at all representative of how we spend our time.

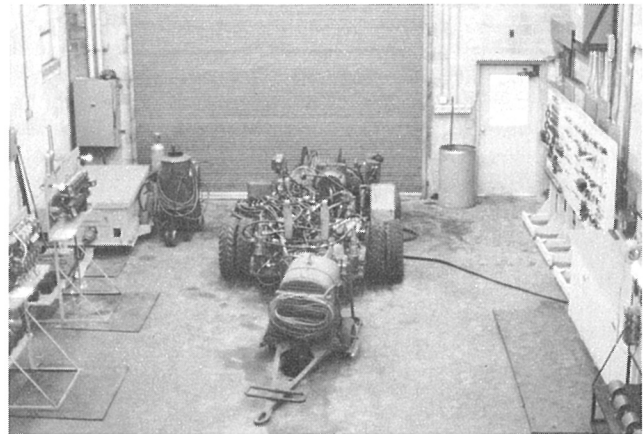
A working section of a mine is something to see. The machines are monsters...the size of a bulldozer squeezed down to 30" high, weigh up to 50 tons, are powered by electric motors totaling up to 400 h.p., are electrical and hydraulic nightmares, and cost up to a half million dollars each. These machines must be maintained and repaired by mechanics at the "face" (workplace where mining is done)...mechanics often without high school education who have attained the position through seniority and on-the-job training. Advancing technology and sophistication of equipment, coupled with a rapid influx of new mechanics caused serious problems in maintenance.

As a result of a speech given on KSA's mine training in Washington, *Bob Reeves* landed our first job in the Pennsylvania mines...an improvement over eastern Kentucky! Our job at Rushton Mining is to develop a practical maintenance training program to train inexperienced miners in the necessary skills to be effective mechanics in the shortest possible time. These skills include the ability to perform mechanical work, especially on heavy/bulky components: arc welding and acetylene torch cutting, hydraulic trouble shooting and repair on very sophisticated systems, and electrical trouble shooting and repair on sophisticated medium and high voltage circuits. A big job, but AAMT and other sound training principles have been used effectively to develop a program which will deliver a mechanic with these skills in 10-15 weeks. Selection of the right instructors is one of the keys to success. From a 200-man force, a highly respected foreman was chosen and trained to develop the program...begun by Bob, but his unscheduled heart attack hastened my participation.

Although the majority of our time is spent above ground, mine tours have taught us to walk, talk, sit, eat and even look like miners. A miner can walk full speed in 4-5 ft. heights by clasping his hands behind his back. They have their own "shorthand" way of talking and use unique words for most everyday items: *roof, rib, nip, cathead, red man, black damp, man trip*, and many others. They can squat for hours by sitting on one foot. When "in the hole" for eight hours, you carry your own food and water...a Hoover bucket carries both nicely. Without washups, you learn to hold your sandwich in the bag while eating. Miners take pride in the way they look even underground...proper steel-toed boots, the right tuck of coveralls into boots, monogrammed utility belt, the way the cap light cord hangs from the helmet to battery on belt. Coming off shift, he is completely covered with black dust, with the only visible white being his eyes and teeth. There's a certain pride in coming out with the men when you, too, are completely blackened.

A key part of the training program is the detailed documentation of the step-by-step procedures required to perform various jobs. This documentation became the core of the 500 page training manual, developed by the man we selected and the second instructor. To write these procedures, we had to observe the jobs and do some ourselves. Many Saturdays were spent crawling around under equipment. On one occasion while lying under a 30-ton continuous miner machine, the roof caved in about 10' away... quite an experience!

Hands-on training is an essential part of the KSA approach to mine maintenance. To acquire the necessary aids we used both the client's money to purchase such things as four electrical panels at about \$10,000 each, and our own scrounging ability. Old/spare parts mysteriously found their way to the training center. Many of these, obtained through midnight requisitions, were used to build a hydraulic simulator, which is mobile with a driving range of 250' (length of extension cord) and has a boom which can lift 500 lbs. up to a second story storage area. It would fit right in at the Ramblin' Wreck parade!



**Simulator for Continuous Miner in the middle of the training room floor...and only 30" high?**

A 50' x 80' two-story block building was constructed to house maintenance training and provides class room, office space, full restroom facilities, heating and forced air ventilation, and three large roll-up doors for moving in large equipment. Training also received a full complement of tools.

A concentrated effort to gain and maintain commitment to the project was successfully undertaken. With 15 trainees graduated, comments and evaluations from all levels indicate training is accomplishing its goals. Management feels an inexperienced miner who has been trained and received nine months on-the-job experience is performing as a better mechanic than a five-year man under traditional OJT.

KSA's approach will not only cut the training time of a *new* mechanic by 3-5 years, it will also improve the effectiveness of the current mechanics. To put expected benefits into dollars:

- Current lost production due to equipment downtime 30%.
- A decrease of 10% downtime can mean an annual increase in production of as much as \$600,000.
- It's hoped that training coupled with a new preventive maintenance program—which KSA is helping develop—can reduce downtime by as much as 50% to a level of 15% of total time, and could mean a yearly production increase

*Continued on page 16*

## Caldwell/Barts Establish Record Rate Sale

*Exclusive Press Release to KSA-ObsERVER, Manila, December 23, 1977*—Today, rate setting history was made and the gauntlet thrown down...why not, it's a glove assignment! KSA's all-time record rate sale was attended by 1200+ operators. After checking the Guinness Book of World Records, the KSA-Manila team of *Caldwell/Barts* make undisputed claim to having made a rate sale to the largest sewing operation in KSA history and challenges anyone to refute this claim. Some noteworthy statistics follow:

- Operation—Sewing vinyl or leather palms and backs to fully closed knit fashion gloves...no, *Bill Cameron*, it's not the same as fully booked trouser front pockets!
- Equipment—Machine: Singer 91K5/6; Power Transmission: Line Shaft (what else!); SPI/RPM: Various/low; Attachments: Are you kidding???
- Direct Labor Content—4.09 to 11.10 SAM/pair...this operation only.
- Workplace Area—12 sq. ft., more or less...mostly less.
- Ambient Climatic Conditions—90° (F)/95% Humidity.
- Staff Frustration Contingencies—Miscellaneous typhoons, capricious amoeba attacks, communications (language skills: Tagalog (Philippino) and German, the client's national tongue.)

Further developments will be monitored by the Manila team in action and exclusive reports to the *Observer* will be forthcoming.

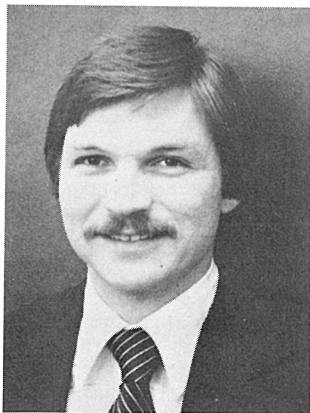


KSA team being introduced to teeming masses by Aris-Philippines President, Herbert Harder.

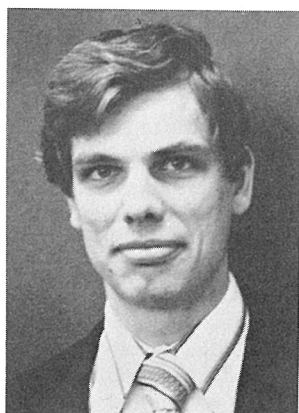


Many wore hair curlers for the big event...hair straightened out after rates were installed.

## New Staff



Reese



Voget

*Paul W. Reese, Jr.*...Age 28. Wife *Dianne*. Two children. BS (with honors) and MS in Psychology, University of Florida. Language capability includes French. Two years with Michelin Tire Corporation (auto) as industrial engineer and production supervisor; a year with Behavioral Systems, Inc., Management Consultants, doing in-plant supervisory training; also a year teaching in Psychology Department of University of Florida. Assigned MMD-Apparel. Interests: Tennis, jogging, music.

*Joao Pedro Voget (Peter)*...Age 23. Wife *Heidi*. Mechanical Engineering degree, Universidade Federal do Rio Grande do Sul. Language capability: Portuguese, German, English. Will be working in the U.S. for training before returning to Brazil to do MMD work. Interests: Boats—built own motor boat—swimming.

## Coming Events

- March 29-30 Textile Planning Seminar, Atlanta (Registration: \$350.00)
- April 16-18 NRMA International Conference, London, KSA will exhibit.
- April 27 - American Textile Machinery Exhibition, Greenville, S.C. KSA will exhibit.
- May 5
- May 11-13 AAMA Annual Meeting, The Homestead. KSA will present a program.
- May 15-16 Mid-Atlantic Health Show, Atlantic City. KSA will exhibit.
- May 23 KSA's Financial Luncheon, introducing annual Profiles of Financial Performance for apparel and textile public companies, New York's Essex House.

### *Reinell Triangle—Cont.*

shape, Chop-Strand—cords of fiberglass simultaneously chopped to length and sprayed from a gun by resin.) Each of these materials are, in sequence, sprayed/hand-laid into the hull/deck mold to form the shell of the boat.

At the current position, Latitude "Success Thus Far"/Longitude "Unfinished", the KSA navigators are hoping the storm will pass. There may be the possibility to purchase some of Reinell's available inventory, direct from the manufacturer for any interested readers of this account. Some "cash-in," may allow some "cash-out" to KSA, so if you're not interested, return this note to the bottle and throw it back in at the next high tide. Otherwise, that's the "hull" story.

# KSA/USA

By—Jack Ullman

Even for a normal year, it's early to project 1978 performance. An attempt to do so today—March 1—is like putting your head in the guillotine with no assurance there's a knot in the rope.

The dollar is at a new low. . .the stock market's at a three-year low. . .auto sales are off some 18% . . .the longest coal strike in memory. . .leading indicators down very sharply in January. . .inflation up sharply in January, etc., etc. Sounds gloomy to say the least, but KSA/USA's "flip side" shows:

- Chain retail sales up sharply in February.
- Period 1 billings at an all-time high—\$919,000.
- Sales for Periods 1 and 2—\$2.6 million, a gain of \$556,000 over forecast and \$700,000 (or 37%) over budget.
- Sales surprisingly well balanced by functions and industries despite some weak spots.
- Backlogs are in excess of \$5 million.

How do we explain it? We're not sure we can. Our diversification is a factor with substantial sales in our "younger industries," but apparel sales have been very strong. . .textile sales are weak, but prospects substantial. . .our backlogs are building, and at the end of Period 2 are 6.2 periods in MMD and 4.2 in MSD. We'd like to see total backlogs build to 6.0 periods versus 5.5 at present. So, thus far we have reason to be encouraged. . .but by no means complacent. Continued business development efforts on all fronts are a must. This should be the case at all times but particularly when a downturn is likely. Earlier we felt it might be late '78 to mid '79 for KSA, but recent economic signs point to a strong possibility of an earlier downturn.

If we suffer a short recession, our backlogs should see us through as was the case for a number of economic slowdowns through the 50's and 60's. Only the recessions of '70 and '74 were deep enough to cause us serious problems. Should a severe recession occur, we'll have to tough it out to be sure, but we're in a much stronger position to face that eventuality than we were in either '70 or '74.

Right now our problem is of a different nature. We're oversold in MMD, delaying assignments and building backlogs. . .a healthy sign indeed. MSD backlogs are significantly weaker but have been adequate to avoid or minimize open time and the outlook is strengthening. With

careful planning, monitoring of trends—ours and the economy's—and fast reaction, we feel we can meet our '78 projections. We're not yet ready to "give up" on the U.S. economy and our performance in that economy.

Projections (budgets) for 1978 are:

- Sales forecast \$13,303,000, up 13.7% over 1977.
- Budgeted Fees \$12,321,000, up 15.7% over 1977.
- Net Profits (5.74%) \$707,000, up 30.7% over 1977.

A healthy growth and reasonable profitability. Based on the first two periods' performance—despite weather—we are off to a good start and should be able to make this happen. . .economic conditions permitting.

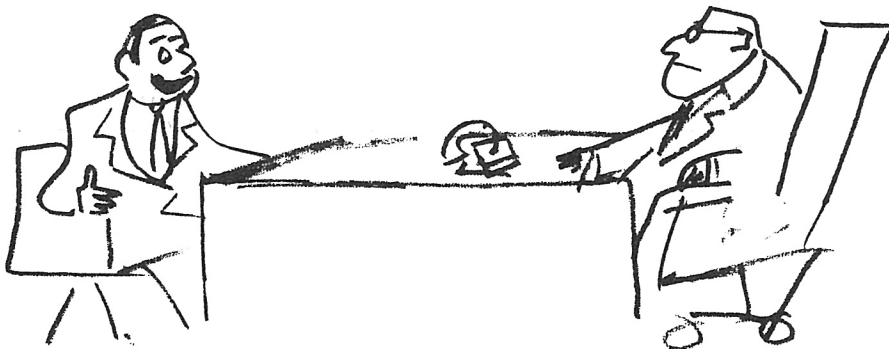
Some may wonder—with 9% real growth budgeted—why our profits are not greater. There are two fundamental reasons: (1) Planned Diversification—We're still investing in new industries and regions with resultant pressures on profit margins short term for long-term growth and performance (furniture, retail, footwear, Brazil, etc.) (2) Our Staff Mix—Approximately 100 of 154 consultants (January 1) have been through Pee U. during the time we've been commenting on the "economics of consulting" in KSA/USA. The rest of us heard it from Kurt.

It's simply a fact that a major contribution to KSA profitability comes from the "young consultants on the way up." The severe curtailment of recruiting during the '74/'75 recession resulted in the following staff profile as of 1/1/78:

	<i>Consultant</i>
More than 5 years	92
4 - 5 years	14
3 - 4 years	7
2 - 3 years	5
1 - 2 years	14
Less than 1	<u>22</u>
SLM and Other Associates	8

Thirty-six of 48 consultants with up to four years seniority started as inexperienced trainees. A "smoothing" of the 36 consultants to an average of 9 in each category would result in an increase in gross contribution in excess of \$300,000. . .net of increased compensation. That kind of staff mix would yield profit margins at '78 budgeted volume in excess of 6% after allowing for increased CPS

*Continued on page 6*



A great deal of success can be attributed to our industry specialization in apparel, textiles, mining, shoes, chemicals, pecans, eyeglasses, boats, caskets, billfolds, furniture, laundries, hospitals, soft drinks, motels, restaurants, retailing, paper products. . . .

# CENTER OF THE AMERICAS

By—*Frederick Johnson*

Managua, Nicaragua is a long way from the upstate (N.Y.) grape farm I call home, but is at the very center of the Americas. Clockwise on the map, it's about a two hour flight to Mexico City, New Orleans, Miami, Caracas, or Bogata. Most everything comes and goes by air, so the location of a budding "free zone" at the airport is all the more propitious. Our present clients, Conexa (Faded Glory) and Bayly are the only two occupants of the "zone," but new buildings are going up all around us.

Topographically and scenically Nicaragua is something of a marvel. The landscape is dotted with volcanic cones. . . some still active, some with cristaline cratelakes. In the North, there are high, jungle-clad mountains, shrouded in clouds, where one can escape the humid heat of Managua. In the South is Lake Nicaragua, one of the largest in Latin America and famed for its abundance of fresh water sharks! An hour's drive from the KSA apartment in Managua is the Pacific, with beaches so long and deserted the Concorde could come and go almost unnoticed. A short flight to the East—there are no roads worth the name—is Bluefields and beyond, Corn Island and the Caribbean. The language there is "mesquite" which is mostly English with some Spanish and African dialects thrown in. The atmosphere is of a sleepy backwater in an unspoiled corner of the Caribbean.

In Managua, one gets the impression that time began on the night of December 22, 1972 when the earthquake killed 10,000 people and left 160,000 homeless. All that was the cultural, political and business center of the city still lies in ruins. New construction is scattered around the periphery of the old city and has a quonset-hut look of impermanence.

*Ed Owen* and I share the capacious KSA apartment and the not so roomy KSA Honda Civic. The 18 Km drive to the plant is more like a game of "dodgems." Other cars play for fun, bit buses and taxis play for keeps. Furthermore, one must beware of policemen looking for excuses to be bribed, (e.g., no fire extinguisher in the car), and for the guerrilleros who reputedly take a dim view of gringos. . . especially Yankees.



**Gringos, Fred and Ed, relaxed and ready.**

On a more serious note, there really is crushing poverty here and the recent political ferment may be only the tip of the iceberg. Economic development has consisted of the lining of various pockets rather than the creation of jobs. If ever a group of people need the jobs that KSA-installed efficiencies create, these people do. There isn't a day when

there aren't 20 people outside the plant waiting for the chance of a job. Though small in relation to the total problem, the 200 jobs to be created during this program represent—at least to me—a satisfying contribution which it is our privilege to make. It is a much needed contribution in this much less fortunate, if as pretty, a land as my native upstate New York.

## Tenth Anniversary

*Nigel Richardson* marked 10 years of consulting with KSA on March 18. He received his degree from the University of Durham in England. He came to KSA as one of



four U.K. men recruited in England for permanent work in the U.S.

After training, Nigel was involved in several stitching room engineering assignments. He then moved into Physical Distribution and has been involved in every facet of PD work for many major KSA clients. He also participated in the national assignment in Tanzania and several years ago returned to England for a project.

Nigel was promoted to Principal in 1974. He has been involved in several total facilities design projects and recently has been developing some of his clients for broader KSA exposure. With all of this, it is also worth noting that he led the KSA pack in the Peachtree Road Race—over six miles cross country—last year.

Nigel, Clare, and their children live in Atlanta.

---

*KSA/USA—Cont.*

and/or DPS contributions.

We should work our way out of this problem by '79 and will make every prudent effort to avoid a repeat of this problem, should a slowdown take place. Additionally, our diversification efforts should pay off handsomely in the next few years and provide for significant growth (retail, health, furniture, mining, food and lodging, Brazil, Mexico, etc.) without the necessity of substantial new commitments in the near future.

*Our consulting staff turnover in 1977 was 7.1%. . . the lowest since 1968 and generally in line with the turnover level of the 60's. Few, if any, sizable consulting firms enjoy that kind of stability. . . . People are KSA's only real asset.*

In Summary, 1978 can be—the economy willing—a record year with substantial *real* growth. It may not be a record profit year percentagewise, for the reasons stated, but it should provide a base for continued growth and the improved level of profitability necessary to support a desired level of retirement planning as well as increased cash profit sharing.

Our task is cut out for us. . . it can be a great year or a difficult one—depending largely on external forces—but our collective efforts applied as individuals will permit us to maximize our opportunities, whatever may happen to the economy.

# STIG KRY

Editor: "We need a Profile for the Spring *Observer*. Isn't it time we ran one on Stig?"

Profiler: "Haven't we done him yet?"

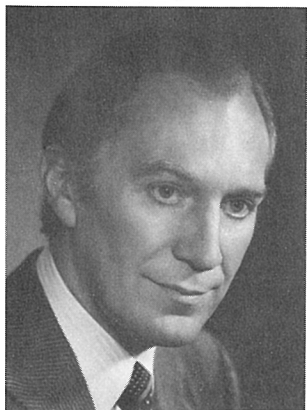
Editor: "You said let's wait and see if he lasts..."

Profiler: "Nonsense! I probably said he needs the exposure least; everybody knows about him."

Editor: "But do they?"

Good question. So we decided to find out with an informal survey, and discovered that KSA's Board Chairman is not as well known as he should be through the company.

For example, while six out of seven KSA people surveyed knew that Stig Kry was born in Sweden, none could name the town (Sexdrega), and only two realized that it's been five years since he became a naturalized U.S. citizen. No one in the sample could guess when he last thought coherently in Swedish...he's not sure of the date himself.



With that kind of Recognition Quotient, SAK is due for a Profile.

*Stig A.* (for Adolph) Kry is both a veteran and a novice.

He joined KSA 20 years ago, but he is only now completing his second year as Chairman. Considering the man's formidable abilities, what took him so long? The answer is simple: like everyone else in KSA, he's been busy. The 18 years are related in no way to a cover-up, but were spent approximately as follows:

After earning his industrial engineering degree, Stig worked for Junex, a Swedish apparel firm, and then came to the U.S. to take a position as assistant to the production head at Wilson Brothers in South Bend, Indiana. He "trained" in KSA's New York office(!) after he came with the company in 1958. During that time, he was sent to North Carolina to fill in for *Dean Vought* on a five-day rate-setting assignment. He returned in two days, the job properly completed. So much for training.

Sensing that the new consultant was ready for heavier stuff, management sent him to engineer cutting rooms for such clients as M. Wile, Howard Clothes, Palm Beach, and Famous-Sternberg over the next few years. The concept of putting cutters and spreaders on incentives was foreign to the suit industry then, and the assignments represented a real challenge. Stig met them successfully, and helped put KSA on the men's clothing map.

Europe beckoned in 1961, and SAK spent the next five years in London and Paris, helping to build KSA's international practice. His path had been cleared by the pioneering efforts of *Dean Vought* and *Ross Runnels*. The latter even introduced Stig to a lovely English model named

*Margaret* who soon thereafter became his wife.

Upon his return to the U.S. in 1966, Stig took over the direction of our fledgling Management Services Division, which incorporated general management, marketing, management information systems, and physical distribution services under one roof. At the same time, he retained responsibility for KSA's international Division. Both areas enjoyed healthy growth and are key elements in KSA's present corporate balance.

Stig had been appointed a Vice President of KSA in 1962, along with *Jack Ullman* and *Dean Vought*. The three were promoted to Executive Vice Presidents in 1966, further confirmation that they would constitute KSA's second generation of top management after *Kurt* and *Karl* retired.

Considering the variety of his functional and geographic involvements over the years, and the new directions along which KSA's growth had been charted, Stig's appointment as Vice Chairman in 1973 was no surprise. He succeeded *Karl Striegel* as Chairman of the Board in April, 1976.

By virtue of his title, Stig is "more equal" than Jack or Dean. But they outrank him in terms of seniority and sewing room experience. So it would seem that a form of "troika management" continues at KSA.

SAK has activated several elements of the corporate growth philosophy he has spelled out from many forums (including the Chairman's Corner in this publication.) Responsibility for new industry development has been delegated to a number of younger managers; the Management Services Division is no longer his bailiwick; and his commitment to internationalism shows up everywhere. Stig is part of the five-member U.S. delegation to the International Apparel Federation, which involves meetings with apparel industry representatives from other countries to discuss increasingly important and complex issues of international trade.

So much for the record. What about the person behind it? Let's consider some other facets.

\* **Active Sportsman.** The fact that Stig skis is not noteworthy. The fact that he skis in the flat, cross-country, is mildly interesting. The fact that he did it competitively in Sweden, where everybody is a cross-country skier, gives us pause.

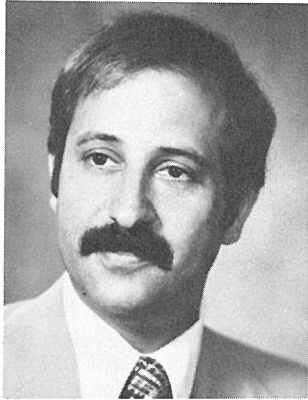
\* **Competing Athlete.** SAK was a self-trained javelin thrower in his teens, good enough to prepare for Olympic competition before injuring his elbow. He was also a serious soccer player. His interest in Olympic sports remains high; two years ago, he spent 10 days at the Montreal Olympic games with his son, *Lars*.

\* **Omniverous Reader.** . . . everything from poetry and philosophy to Homer and history, which may help to explain his writing ability. He is a prolific producer of deep-think pieces on subjects like inventory management and the complexities of size in apparel (which are all the more

*Continued on page 15*

# Promotions . . .

Congratulations and best wishes to *Bill Sand* and *Hal Wilson* on recently being appointed to the rank of KSA Principals.



When Bill began his KSA career in 1972, in addition to his B.S. and M.S. from Columbia University, he'd had five years experience covering design, manufacturing and systems.

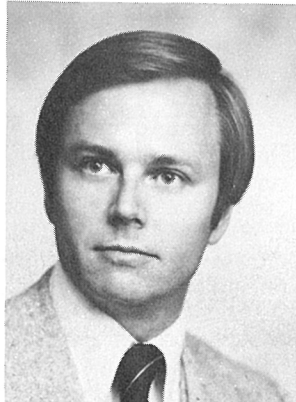
Bill's MMD work has been fairly heavily concentrated in cutting engineering and material utilization, covering such products as men's tailored clothing, down-filled products, slacks, jeans, etc. He is currently applying his functional specialization to our efforts to do more work in the furniture industry.

Although unsettled at the present time, he is using Atlanta as a temporary base.

Hal also came with us in '72 after receiving his MBA in transportation from Syracuse University. He also has a B.S. in marketing.

Hal was hired for our PD function, because of his training and background. His early assignments were on PD incentive projects covering a variety of products, including major installations at Hortex, Jaymar and M. Wile. More recently he's been involved in facilities planning work and has been the force behind the development of KSA transportation service.

This has resulted in PRETRAN, a computer based transportation model. Hal and *Alison* now call Atlanta home.



## Ross Runnels

### MMD Manager, North

*Ross Runnels* has accepted this role as interim MMD Manager-North, and added this responsibility to his substantial Account Executive work. We're pleased to have his considerable talents and experience again applied to functional management. Good luck, Ross.

## Departures

It is with regret that we announce these departures. *Jerry Kavanaugh*, who plans to remain in the profession. . . *Al Emmons* joined the energy resources firm of Stone & Webster, Inc., as V.P. . . *Dick Bath* will try his hand in a line management role, an exceptional opportunity in Manila, Philippine Islands. . . *Warren Deviney* joined the Sweetwater textile firm. We wish all of them a great deal of success.

# Apparel Industry Report

By—*John Wilcox*

In the December *Observer* we outlined the various elements of business development planned for 1978. In this issue we will describe specific plans regarding our Account Executive (A/E) function. Most KSA'ers feel we have not fully developed this approach in terms of service to the client, business development, or professional development of those asked to serve as A/E's.

There are certainly examples where an A/E has fully developed the range of KSA services with a client. There are many other cases, however, where we've only done spot work in functional areas requested by the client. Developing each and every valid opportunity for the use of our services is obviously very important, but this will take slow, steady development work of the type which can only be done by an active A/E.

A number of changes will be required for further progress with our A/E function:

- First, we need to clarify and update our client list. Presently, over 1200 names appear and many are prospects rather than clients. . . some out of business or otherwise mislabeled. Once this is done we'll probably have 600 to 700 real accounts in the apparel industry.

- Currently, there are 50 Principals serving as A/E's; however, 25 are responsible for 88% of our clients, and unreasonable work loads for a number of them make active development impossible. Once the list is updated, some reassignments will be made. It is generally assumed that 25 companies would be a workable load for an A/E. This would be for a very senior Principal spending much of his time developing and managing projects. Less senior A/E's with heavy project responsibilities would, of course, be assigned fewer accounts. Gradually, everyone interested and qualified for serving in this role should be given a meaningful number of assigned companies.

- To do this will require placing additional responsibility on younger Principals. In some cases it may be a functional specialist and KSA will need to provide broadening so he can interface productively between the client's multifunctional needs and KSA capability. There are many cases where young Principals have quickly accepted and met this challenge and *Bob Pee* and *Ralph Ross* are working on a proposed "coaching" system to aid this area of professional development.

- Finally, we need a better mechanism for planning and follow through. At this point, the thinking is to handle it through our regional management structure involving semi-annual or annual reviews with each A/E on progress with his accounts. . . a delicate, but necessary matter.

Since KSA is a full service consulting company, it is an essential part of our business development strategy to maximize ongoing relations with each client. The A/E is certainly a sound basis for this, however, at this point the concept has not reached full potential. For this to happen, additional Principals must be involved. It should result in more valuable relationships for both the client and KSA, and provide many professional rewards.

## Congratulations

To *Janet* and *Bill Cobb* on the birth of a son, *James William*, December 5. . . To *Bonnie* and *Bob Frazier*, also a son, *Pearse McCollum*, January 22.



# EUROPE . . .

## How Do We Do

Europe has made a promising start this year, even though we face tough tasks in many areas. We've had considerable difficulty in determining the continued efforts of exchange rate fluctuation on our projected results, but have every reason to believe we can meet our target of \$100,000 after tax in 1978. . . in spite of having to budget for a loss in France while we rebuild there. We're also examining ways to reduce costs to insure 5% after tax in 1979, which will not be easy because at the same time we must cope with a rapidly changing market place and learn to do work of a very different nature from what we've done before. However, this is the sort of challenge that keeps us on our toes and fully stretched. I believe we can make it. Eliminating the loss in France and a modest 5% growth in UK and German Region will do it.

We must face the fact that Italy and France have unstable political systems which produce operating conditions quite different from those in Germany or USA. But we have no God-given right to apply our professional skills only in comfortable 1960-type growth economies with firm capitalist philosophies. . . we have to succeed in the real world.

This issue of *Observer* would not be complete without recognition of what was achieved in many places in Europe during 1977, in spite of the poor overall result. Highlights of the year are many, and it's perhaps invidious to mention some without apologizing to those concerned with many others. Nevertheless, let's pay tribute to:

- The sales growth achieved by the apparel divisions in UK and Germany.
- The ability to use our large backlogs in manufacturing management in these two countries to keep French and Italian colleagues busy.
- The growth of our retail practice.
- The number of studies completed for large companies which have set new directions for our clients, with huge potential spin-offs for us. Examples include Mehler, a leading apparel/textile firm in Germany, and Menzies, a major UK chain store.
- The tremendous impact on the huge Eastern European Market of the success achieved—at great personal inconvenience to our staff—for our Bulgarian client.
- The increasing number of large contracts sold (Bally and Kleider Frey in Switzerland, Lincroft Kilgour, Steegan and Slimma Slacks in UK, several in Malta, etc., and four or five in Germany, including Bierbaum & Pronen, Kaiser, Pongs & Sohn, and Schild.

So 1977 was a year of many achievements, some disappointments, and hopefully a bottoming out in Europe.

## It Happened in Europe

*Illness and misfortune* struck *Richard Clarke* the end of last year. Richard was seriously ill for some weeks and he also discovered dry rot in his large Scottish home. We're pleased to say Richard is now resuming his professional work and we hope the condition of the house will also improve without catastrophic results to his bank balance.

## Principals Appointed

Two new principals were appointed in December—the first in two years. Congratulations to both and best wishes for their future careers.

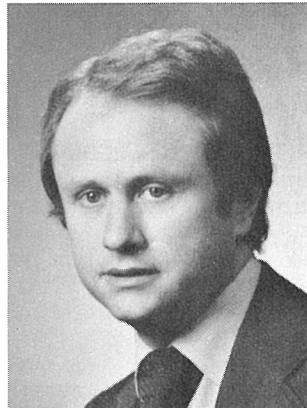
*Geoff Ayling* joined KSA four years ago following 15



years' consulting experience with the PE Consulting Group and Modern Material Management. We first met Geoff in the 60's when he worked with KSA on two projects during our PE partnership. With KSA-Ltd, Geoff's had a series of happy clients, some of whom became core clients partly because of their respect for his work. One of Geoff's major projects has been a two-year assignment with Coin, one of Italy's leading chain store

groups. He has shown clear technical leadership and business development ability in his own field of Physical Distribution while becoming an increasingly valuable member of multi-discipline teams on both retail and apparel projects.

*Heinz Juergen Krogner* had a very successful career in industry before joining KSA three years ago. In his early



30's, he reached the position of production director with a leading German manufacturer of men's high fashion, tailored clothing. His experience included the start-up of a clothing factory in Mauritius. With us, Heinz Juergen has shown considerable innovative and technical skills. At the same time, he's given proof of his ability to develop business and made a highly favorable impression on many major clients in Germany, Sweden, and Malta as

well as in the UK where, although he has not worked there, he addressed the Clothing Institute Conference with considerable success. His work in Malta played a major part in KSA's unique position in that market where an increasing number of large European and U.S. producers are beginning to set up offshore facilities.

*An invitation from IBM* was extended to *Peter Amrein* to present the opening address at a conference on the use of EDP in the apparel industry, attended by top management in many of Europe's largest companies. Although such conferences are held each year, this was the first time a consultant had been asked to present a paper. Peter's address, stressing the need for more effective management

## United Kingdom

# KSA Markets

By—Harry Lack/Jean-Pierre Adeline

The first feature in this series was Ireland, and any notes on the United Kingdom have to include at least a part of Ireland, although there are several million Irishmen who will advance persuasive reasons why it should not. Presently, there are several million Scotsmen and Welshmen who advance similar views on their own affiliations, and the use of the word United at the head of these notes might seem something of a misnomer.

But broadly speaking England, Ireland, Scotland and Wales are, from KSA's point of view, one market. The Scots came to England as engineers to design the hardware, the Irish helped with the construction work, the Welsh produced the coal for the factories and the English worked in them. Some became rich selling the products. They all got together to produce a labor force for the textile and garment industries. They speak one language in a variety of unintelligible dialects, and each has a spare language which they use more to insult the others rather than to confuse them, although both results are evident.

The government is central. This also causes some dissatisfaction among the nationalist groups, which point to the areas of severe recession and tend to be located far from the center. Central government tends to lead to central location of business and certainly the major urban centers, such as London, Manchester and Birmingham attract the central offices of most of the major industrial and commercial companies in the country. The manufacturing units, on the other hand, are tending to locate in development areas and substantial amounts of government funds are used in attempting to attract manufacturing industry to those areas. This has a substantial effect on KSA's business efforts in the region and our twin need to keep close to the centers of influence but at the same time maintain relationships with the local managements of subsidiary and geographically distant units.

KSA's own offices in the U.K. Windsor (near London), Altrincham (near Manchester) and an answering service in Dublin, are strategically placed to take advantage of the locations of our apparel and retail clients. In former years, most of our work was connected with engineering in the men's wear sector. Since last year, there has been a noticeable shift in demand for services related to management services including marketing and strategy planning.

In spite of the reputation of the United Kingdom over the last few years, the country is still a democracy and private enterprise, while not exactly flourishing, is surviving. Our man in Washington spent his time as a journalist and political commentator predicting doom and disintegration, but as an ambassador has a decidedly different slant. It would be nice to think he now knows more about economics, but he probably merely knows more about politics.

The Government, which for some years seemed intent on decimating the private sector, now seems better disposed toward it. The recently ended Government Grant Scheme for the clothing industry has demonstrated at least some regard for the health of the industry which is, of course, almost exclusively privately owned. The creation of other public bodies directed at improving the productivity and image of the clothing industry also augurs well,

## Tenth Anniversary

Ulf Weise, Manager of our German Apparel Division, celebrated his first 10 years with KSA on March 1. Before joining us, Ulf had eight years practical experience in the industry, his last job in that area being EDP Manager in a



leading Berlin women's tailored wear manufacturer. Besides his involvement in a number of major assignments for many important apparel companies in Germany, Ulf has also helped to effectively promote KSA's image of quality and professionalism in that country. His close contacts with the Men's Wear Manufacturer's Association has led to our presenting many seminars to top management in the industry, with highly valuable

spin-offs.

Ulf's appointment as Apparel Manager in 1975 was a result of his business development capability and professional skills, and his leadership has earned for him many friends and much respect within the industry.

Following his marriage last year, Ulf lives in Berlin once more, where his wife, *Rosemarie* presented him with a son last December. Our congratulations on all counts and best wishes for the future.

and the recently renegotiated multi-fibre agreement ought to assist the European industries in general, and the U.K. industry in particular, toward a more profitable future.

On a broader level, of course, the imminent self-sufficiency of the U.K. in oil has a further positive effect on confidence and, therefore, investment.

The U.K. businessman has had a poor relationship overseas for some years now. Certainly many businessmen found it difficult to respond to varying business conditions in many parts of the world, and underinvestment in manufacturing capabilities over a number of years made the value and cost of his product progressively less attractive. There has also been a great social revolution over the past few years and this, compounded by the personal taxation system, has reduced incentive to very low levels.

There are compensations, however. The variety of climate, topography and local characteristics make the U.K. an interesting and challenging place in which to work. There are still opportunities for the professional, the businessman and entrepreneur to prosper. KSA's own success in the U.K. in the last few difficult years has been an example of the relative success that properly focused endeavors can bring. In 1966 the work force in the apparel industry was 400,000, today it is less than 70% of that figure and still falling. The retail industry is one of the most sophisticated in Europe, and we are working successfully and expanding in both these difficult markets.

The U.K. retail market is quite unique in Europe, with sales of apparel and textile goods dominated by the Marks and Spencer Group and its closely linked suppliers that account for well over 50% of retail trade in a wide variety of apparel products. This has created a highly competitive

*Continued on page 13*

Gregor Mai

## KSA's Evolutionary Milestone

By—Wilfried Luetteke

In the last year or two, frequent references have been made in the *Observer* to the increasingly frequent application of KSA's total approach to strategic concept in the apparel industry. We feel KSA's developing brand of specialized business consulting represents a vital contribution to our efforts to keep ahead of the industries we serve. We hope the following brief case history of a significant assignment in this field will help to bring into sharper focus the rather vague term: *strategic concept*.

**The Client and His Problems**—Gregor Mai of Germany, manufacturer of women's dresses with an annual turnover of \$37 million, ranks among the big league manufacturers in Europe, where the industry is more fragmented than in the U.S. Because a substantial proportion of output is contracted out, the number of production workers is not significant. But the company employs 250 people for administration, sales, marketing, and the design and development of its collections.

Sales were stagnating and profits sliding. There were personnel problems and management felt uncertain about the impact of future market development upon the company's business. We were called in with a general brief to develop an appropriate strategy that would solve immediate problems and help secure the company's future.

**First Steps**—Initial studies involving the responsible KSA team—*Ulf Weise, Cesar Aspes* and the writer—determined the need for a general survey which called for analysis of selected aspects of the operation as well as in-depth interviews of management and employees. Analysis included many that have become almost a traditional part of major surveys: product, price and breakdown of orders, customer and revenue structure, productivity, planning and throughput.

In addition, a detailed analysis of the collection and design philosophy was prepared specifically to determine the extent to which these subjective factors matched the demands of target consumers. Another was carried out to determine strengths and weaknesses of the client's image among retailers in comparison with that of its major competitors. For the first of these two projects, we retained an outside, independent professional fashion consultant. For the field work in connection with the retailer attitude survey, we used, for the first time, the services of Infratest, one of the leading research specialists in Germany. Thanks to the detailed and highly professional preparatory work done by Cesare, fees paid for field work could be reduced to only a small proportion of our budget and the results proved excellent.

**Findings and Proposals**.—Combined findings of these various studies and research projects identified the company's strengths and weaknesses. Positive aspects included: a relatively good image in the trade although lagging in some respects with a number of competitors, one of the most effective management information systems we've come across, good supply control and planning procedures and the advantage of a substantial and sustained volume of stock trade.

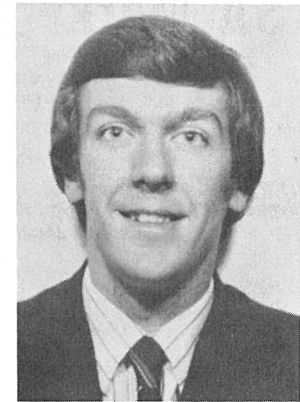
Evaluation of these factors allowed our team to establish that a two-year improvement program could be expected to double the 1977 turnover of \$37 million. Main constituents of the program were:

- Total reorganization of sales and collection development structure involving build-up of sales force and its support

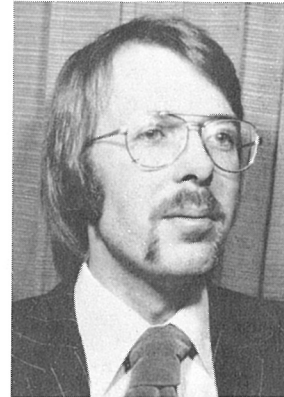
## New Staff



Doyle



Hardie



Lucking

A sincere welcome to the three new members of the UK Apparel Division.

*J. K. Doyle (Jack)*. . . Age 29. Single. Joined us after completing an MBA at Cranfield where he was recruited by *Chris Lakin*, an ex-KSA'er now lecturing there. Jack has a degree in mechanical engineering from Birmingham University and most of his working experience has been in the copper mining industry in Zambia.

*D. B. Hardie (Douglas)*. . . Age 28. Married and lives in Glasgow. Has B.Sc. Hons. degree in Fibre Science and an MBA, both from University of Strathclyde. Before joining KSA was Personal Assistant to Managing Director of a large contract furnishing company in Glasgow. Previous work experience had been in the jersey, knitwear, and carpet yarn industries.

*G. Lucking (Graham)*. . . Age 26. Married and lives in Nottingham. Has a B.SC (Econ) Hons. degree from London University. Before joining KSA was consultant to a large firm of furniture manufacturers and has been involved in the furniture industry most of his career.

services, the appointment of Product managers for each product group, and reallocation of responsibilities within the company.

- Streamlining of the production program, including reduction to six of the former eight product groups.
- Reducing the number of styles in each collection and introducing early and late selections of new models to complement the main collections.

*Continued on page 13*

# European Offices



**Sue Cleaver**



**Anne Crewe**



**Fiona Hicks-Beach**



**Barbara Reynolds**



**Rowan Stracey**

**Windsor** — Due to an incomprehensible but typically British peculiarity in community demarcation, our Windsor office is not in Windsor...just the mailing address. It's located on High Street in Eton, of college and playing fields fame. The reference to playing fields involves a famous (in the UK if not in France where the author is regarded with somewhat less respect) quote by General Wellington who commanded the British armies that defeated Napoleon at Waterloo with some help from the Prussians. As a tribute to the English public schools (a misnomer if ever there was one, as the term in the UK is applied to what were the most exclusive colleges for the male offspring of the aristocracy and exceptionally prosperous) where many of his army's officers were educated, the General is held to have declared that the Battle of Waterloo was won on the playing fields of Eton.

No doubt as *Stuart Hollander* sets forth to conquer new European markets for KSA, he's fortified by the thought of the historical connections of our Eton/Windsor base. In practical terms, however, KSA's battles are won in the training centers of Dalkeith and Atlanta; only the crowds of boys in the traditional Eton college "Little Lord Fauntleroy" uniform serve to remind us of past glories, as they are occasionally seen from our office windows.

Windsor itself, across the river Thames from Eton, is famous for its castle, one of the British Royal Family's three main residences. On one occasion, this made a major contribution to our PR effort: Some weeks ago, a message was taken by the switchboard operator of a client where *Richard Bett* was working. The message from *Philip*

*Hamer* read "Richard, please ring *Philip* in Windsor." Since *Prince Philip* is also reached in Windsor, the client's staff was most impressed with KSA's supposed connections in high quarters.

In contrast to our previous London office in the busy city center, the surroundings at Eton are very rural. It is little more than a large village clustered around the ancient college buildings within two minutes of the office. In the other direction down the street, a footbridge over the Thames leads to Windsor. The area is popular with foreign visitors as well as with Londoners out for a day in the country. In summer, the tourist traffic is intense.

Despite its relaxed location, Windsor office itself is far from relaxed. It is headquarters for *Stuart* and *Harry Lack*, as well as the European retail practice. Two years ago, with the advent of *John Phillips*, our activities in retail began to expand and more consultants began to use Windsor as a base...some days it's quite crowded and hectic. It's closeness to London's Heathrow Airport makes it a convenient meeting place for consultants. We have the top floor—1500 sq. ft.—in a three story modern building, but it's rare to find unoccupied space.

The working atmosphere in Windsor office is particularly pleasant, with the staff working as a closely-knit team with no rigid job allocation or set line of command. Although each member has a prime responsibility, they help one another as situations demand.

*Sue Cleaver* joined KSA two years ago as *John Phillips* secretary following several years as an air hostess. Sue's main interest outside work is ballet.

Anne Crewe, Stuart's secretary, is bilingual in French and English. Anne joined us last July just in time to organize the European Staff Conference and, after that hectic beginning, feels she can handle anything Stuart or KSA throws at her. Anne's husband is an expert on sporting guns and can supply pheasants in season.

Fiona Hicks-Beach also joined KSA last July and handles work for Philip Hamer, Jurek Piasecki, and Greig Barr. Initially trained as a graphic designer, Fiona previously worked in publishing and advertising and speaks French and German. In her spare time, Fiona sings with a choir.

Barbara Reynolds has been with us almost three years and looks after Geoff Ayling, Brian French, John Rutherford, and Richard Bett as efficiently, they say, as she does after her two sons, Philip and Gareth. Her husband is in the closing stages of his army career.

Rowan Stracey has been Harry Lack's secretary since she joined KSA in 1976. Before then, Rowan worked for a computer leasing company and enjoys tennis in her spare time. She can also supply eggs from the farm where she lives with her parents.

---

#### *It Happened in Europe—Cont.*

to insure survival in a contracting industry, was well received. Several valuable contacts were made.

A guest from the U.S., in the person of Mike Baird, arrived to help our heavily loaded British colleagues with work on a major assignment for Steegan, a leading men's wear producer with a large factory in Ireland.

Reorganization planned this year at Zug office. To reduce costs and achieve better utilization of total European resources, support activities are to be reallocated so the office will deal only with accounting and invoicing. Verena Wintsch will remain with us to manage these activities.

Unexpected publicity was found by one of our clients who sent us a clipping from a German trade magazine. The article stated that the "KSA Appliance" performed with 10% more efficiency than existing systems and, while making greater demand on personnel, allowed the introduction of a more economic price structure. We were delighted to read this, but rather disappointed to find that it referred to a device for evaluating the quality of pork meat and appeared in a publication read by the meat trade.

---

#### *KSA Markets—Cont.*

situation for other retail chains which should favor the expansion of our professional services in this area.

To meet potential demand for a diversified range of services for the retail industry, John Phillip's team has been expanded during the past year through the recruitment of functional specialists. Their combined professional capabilities bring us closer to the time when we can offer the industry a fully comprehensive range of skills to help solve all management problems.

The geographical insularity of the British is compounded by the disadvantage of their being largely monolingual, apart from those obscure Gaelic tongues mentioned previously. This, and the faint surprise about losing the Empire so rapidly, has much to do with the temperament and attitudes of the British. The traditional contempt for the professional lingers on and the consultant is perhaps regarded more warily than in other countries, except perhaps France. It is not so long ago when the amateurs were called gentlemen and the profes-

## Altrincham Office



Maggie Fowler



Beryl Hurp



Pat Rees

In the rush to meet the deadline for the last *Observer*, we failed to obtain photographs of the three new members of support staff whose names were mentioned. These photos make good on the omission.

---

#### *Gregor Mai—Cont.*

- Systematic follow-up of customer service and sales activity.
- Strengthening the advertising and P.R. program to promote brands more effectively.

By prior agreement, the presentation of proposals marked the completion of our initial assignment. The client tried, with varying degrees of success, to implement the recommendation, but is making generally good progress.

Six months later—also by prior agreement—we went back to provide such implementation assistance as proved necessary. At the time of writing, we are engaged in engineering work in one of the 11 factories. We also have a foot in the door to design a wage system and there are excellent prospects of further work in a number of other areas.

There's a good reason to believe the initial \$38,000 assignment will eventually produce substantial revenue. What is even more encouraging is that opportunities for other projects along the same lines are likely to multiply as manufacturers become aware of the value of KSA's total approach.

signals merely players. We still find it difficult to talk about money in more than a whisper, although it is getting easier, especially after three years of pay restraint, double-digit inflation, and the world's highest margin tax rates.

# The Apparel/Textile Study for Uruguay

By—*John Caldwell*

“Plain English, loudly spoken, clearly enunciated, frequently repeated, punctuated with vigorous gesticulations, can be understood almost anywhere.”

—W. A. Reed, Montevideo, May, 1977

Comfortably armed with this quotation and the Berlitz Spanish cassette, *Bill Reed*, *Buddy Ruppenthal* and I left for Montevideo to conduct a study of the apparel/textile industries of Uruguay—fees in excess of \$100,000. Following *Freddie Wood's* proposal, the authorization was signed and a schedule of pre-payment agreed upon during Bill's initial trip, thus avoiding the payment problem encountered in some off-shore assignments. Our task was to:

- Survey the apparel/textile industries.
- Recommend modernization strategy to make domestic products more desirable to the Uruguayan consumer. . . lower retail prices.
- Identify and specify investments necessary to increase the value of exported textile products by added manufacturing. Uruguay is the world's sixth largest producer of wool, with most of it exported in the form of greasy wool (raw) and woolen tops (little added manufacturing value.)

The study was financed through World Bank and our findings are to be their guide as to the amount of capital to make available in the form of loans for the two industries. The possibilities are enormous. Imagine having the major responsibility of an entire country in your hands, with the task of formulating a plan for its development for the next 15 years!

The 25-hour trip down is worthy of comment. Not having been tutored in dining priorities of travel to South America, I ate with gusto the chicken backs offered on the first leg, only to learn from the menu given as we boarded the flight in Miami for Rio that we would soon be served filet mignon, fresh fruit (really), French cheese, Chilean wine, etc. We hoped to sleep for several hours, but in Caracas every IBM employee south of El Paso and Miami boarded for Rio, each fully equipped with a bottle of rum and prepared to celebrate all the way.

By checking his luggage from Racine, Wis. to Montevideo (Lake Central, I believe), Buddy all but insured that it would be lost. . . it was. But with my shirt and socks and Bill's underwear, we managed to outfit him for our first client meeting—the bag arrived later that night.

Starting work the next day, we stoically faced high winds and a 40° temperature dressed in light-weight polyester suits—from our clients' outlet stores. Our wardrobe must have been inspired by pictures of palm-fringed beaches in tourist brochures. Palm-fringed beaches were there, all but decorated with icicles as their winter approached (from the south?).

The following 10 days we visited over 40 plants, and had interviews with banking/shipping/governmental officials. Our enthusiasm motivated the client's liaison staff to sometime arrive at work at 7:00 a.m. . . their government officials normally work from 12:30 - 8:30 p.m. Thanks to the well-organized questionnaire distributed well in advance, a lot of ground was covered in two or three hours at each plant, and it also served to organize discussions with the plant directors.

The plants ranged from small lingerie, shirt and founda-

tion garment producers who serve the local market and have stagnating business, to rapidly growing companies producing men's worsted suits (featuring a lot of hand-work), sweater producers, and a ladies outerwear company. Textile companies included extruders of continuous filament yarns, multi-product internationally-owned companies, and a couple of huge, integrated woolen and worsted mills operating at very low capacity levels.

A memorable feature of most plants was the inevitable bottle of Scotch waiting on the manager's desk as we returned from the tour. (The team's alertness was considerably subdued by about the third visit of the first day. . . but we learned to cope with it better in succeeding days.)

Visiting Montevideo was like taking a trip back in time. It's a living museum of antique automobiles. . . the Model A Ford is an everyday working vehicle, the old Citroens with manifolds outside the hood are in regular use, and there are “Reichstaff” type Mercedes, and even a Henry-J in working order. It's an interesting city, of European character, with many parks, statues and fountains. . . very enjoyable and relaxing. Over a dozen beaches line the seaward side of the city where, in summer, many office workers take a swim during their long lunch period. Again, we were aware that citizens of Third World countries love to gamble. In Uruguay there are “working man's” casinos where chips for roulette and baccarat are as little as 20¢. . . IE's take note, their roulette tables are tandem—one wheel, two tables.

Public transportation is very cheap—bus rides 4¢-5¢, while private transportation is unbelievably high. A Brazilian made VW Beetle is \$12,000 (200% luxury tax) and gasoline is \$2.20 per gallon. Yet, there are five automobile assembly plants producing only a few thousand cars annually, and totally uneconomical because Japanese cars can be landed far more cheaply. Protective high tariffs keep out most foreign made cars, as well as apparel, which is part of the reason for that industry's stagnation.

A box seat ticket costs 80¢ in the old, but elegant Solis Opera House. My wife, *Jo Ann*, Bill and I enjoyed a Bach concerto by the Montevideo Symphony before dinner on our second trip. Being a beef exporting country, restaurants offer very good steaks—a Chateaubriand for two is about \$6.00, an excellent wine costs about 80¢ a bottle.

Tourists are stopped at every corner on the main streets by salesmen—not the kind you're thinking of, but the “would you come with me to my leather factory” variety. Their large cattle industry provides the raw material for numerous leather wear shops. . . some of good quality at reasonable prices.

Montevideo has a population of 1.5 million, and the other 1.3 million people live in the sparsely populated countryside, approximately 80,000 sq. mi., or the size of Georgia and South Carolina combined. Highways, though narrow are lined with orange, palm, eucalyptus and, yes, the much maligned Chinaberry trees we have in Georgia. Very little traffic outside the city made for pleasant traveling. . . . The pride and joy, from the tourist's viewpoint, is the resort city of Punta del Este, built on a spit of land jutting into the Atlantic, with the seaside being rocky and with rough surf, while the side to the West is a long curve of beaches. . . many with elegant “cottages” costing dollars

well into six digits.

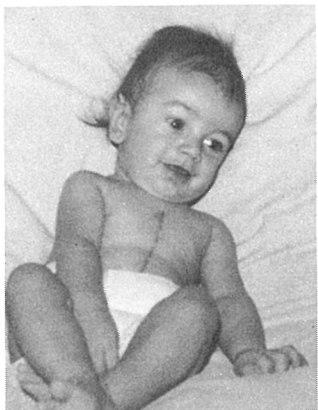
We visited the elegant city of Buenos Aires. . .yes, in the face of the highly publicized terrorist activities of which we saw no evidence except for armed guards. . .17 year olds with machine guns makes one nervous. We saw Casa Rosada, the Presidential Palace (Pink House—their answer to our White House.) They have a fabulous flea market with all the antiques imaginable. Being the inveterate antique collector, Buddy bought items at the Buenos Aires and Montivideo markets. . .one was a branding iron which prevented his getting a boarding pass for departure. We felt relieved to know their security was alert for dangerous weapons. . .he got on by walking stiff-legged when they weren't looking.

We hope our study results in more work and, even though we identified the need for and specified the distribution of about 80 million dollars of World Bank financing for capital improvement, retraining, and technical assistance, a number of things weigh against a booming resurgence of the apparel/textile industries. The local entrepreneurs have a very conservative attitude. . .they're not confident of their government's direction regarding export subsidies, and recent U.S. commentary would seem to militate against growth of exported apparel from there. The demand for their number one product—wool—is stagnant (we learned this from the market study portion carried out by *Al Emmons* in New York, and data from France and Germany.) Although direct labor costs are low—55¢/hour plus 35¢ fringes—their fiber/fabric prices are not competitive, due in part to their very high import tariffs.

It was a fascinating assignment, both geographically and in scope. It was a privilege to have been a part of the team, and should future assignments develop there, all of us are claiming firsts!

## Our Brazilian "Miracle Baby"

In mid-September a new Brazilian employee and his wife, *Jose* and *Dinant Granado*, were told their two-month



old son required a very delicate heart operation. The child's heart was facing the wrong way, one lung was atrophied and slight coughing could lead to a crisis. The Brazilian doctors recommended that *Jose, Jr.* be rushed to Birmingham University Medical Center, known throughout the world for this type infant surgery.

Emergency visas were granted and an emergency loan granted by KSA, Inc.—whose heart is facing the

right way. During their flight, a portable oxygen bottle was held while they "guestimated" how many drops would be either too much or too little. When they arrived in Birmingham, the baby's skin tone was blue. . .he was rushed by ambulance to the Medical Center.

Several months and many prayers later, *Jose, Jr.* is a different child with a ruddy complexion, gaining weight, laughing and making his own special noises while the delighted parents are counting their blessings.

## Public Relations

Our exhibit at the NRMA Show in New York in January, plus two workshop sessions by *Pete Ehlinger* and *Rudy Greer*, were instrumental in keeping the retail pot boiling. The new retail brochure and a letter on productivity were mailed out, and *Jim Giddings* reports good responses. . .The Soft Goods Outlook made its appearance and has garnered respectable notices in the trade press. . . *Ron Chisenhall* addressed a session at the South Carolina Needle Trades Association show in Columbia in March. Announced topic: "Overcoming the Challenge of Off-Shore Competition." Otherwise, the watch-word in PR-land is: "Watch the Work-in-Process!"—Delphi surveys, Profiles, strategic planning Perspectives, corporate brochures, hospital shows, textile shows, etc., are all being prepared now for debuts this spring. See our next report for details.

*Dave Eldredge* has joined the PR Department's Northern terminus (3/27) and will concentrate on writing material for apparel and retail industry consumption. Dave is a graduate of Claremont Men's College, Claremont, Calif., and has worked at the American Management Association since January, 1976, as an editorial assistant and production editor in AMA's self-study programs. (Photo next issue.) —J.S.

### Seeing is Believing . . .

. . .French poodles scurrying through the offices, design rooms, and all over the manufacturing floor, with one proudly stationed with each security guard. Strange? Just ask *Rob King*, *Richard Lusk*, *Frank Armistead*, *Gil Llanes*, *Howard Cooley* or *Jim Trautman* about Lilli Ann in San Francisco. . .then sit back.

### Kry Profile—Cont.

admirable because they require little editing.)

\* **Second-Language Man.** Stig's fluency in a second language is exceptional. . .reminding one immediately of Kurt's. (Is it that you learn English right the first time if you have to learn it second or third?) Preparing a speech for delivery in Sweden last year, he felt safer writing it out in English and having it translated into Swedish by someone else.

\* **Funny Fellow.** Although he manages to keep it hidden under the sober demeanor and dress expected of a Board Chairman, SAK has an active sense of humor. Sometimes it proves irrepressible, and he has been known to giggle at inappropriate times. But he does not tell jokes. While he has been an impressive public relations asset, he finds it difficult to take certain lady editors as seriously as they take him.

This does not apply to his wife. *Margaret Kry* is a busy and successful free lance writer who contributes to several well known magazines. She, Stig, *Lisa* (14) and *Lars* (11) are city-dwellers during the week and ex-urbanites on weekends. All four blondes have displayed family togetherness on occasion by digging in on local archeological projects. . .in the country, not the city.

Stig Kry has been described now and again as being inclined toward stubbornness, which means determination in anyone's language. Considering his record with KSA and the plans for its future, that is precisely the right trait that was—and will be—needed. —J.S.

# Atlanta



**Julie Peddycoart**



**Debbie Maxwell**



**Mary Ellis**

We are pleased to introduce three new staffers and to say how happy we are to have them with us.

*Julie Peddycoart* is administrative assistant to apparel systems and belongs to the KSA client alumni association...she previously worked for National Service Industries... *Debbie Maxwell* is our new Xerox operator/

## Mining—Cont.

of up to \$3,000,000.

There are some kinds of mud to wade in and potholes to drive over in each of KSA's assignments that give us special job satisfaction. Those of us who have been lucky enough to work in our Mining practice appreciate the opportunity. There is a great feeling associated with gaining the respect of coal operators and miners alike through helping produce results they previously thought to be impossible. The mining industry needs a management consulting firm who can guide them in achieving the extraordinary results they need. We are convinced KSA is that firm.

### THE VERSATILITY OF AN ADMINISTRATIVE ASSISTANT . . .

Some consultants, it appears, depend heavily on their assistants for almost *anything* and *everything*. The following note was uncovered in the Atlanta office and has now been declassified:

"Millie. . .

What time is later flight to N.C. today? Please bring over two undershirts and two undershorts (in box under my credenza.)

Also \$50 from D.

Thanks,  
FHW"

relief receptionist. She replaces *Barb Madry* who is now our receptionist/PBX operator. . . . *Mary Ellis* is administrative assistant to *Jack Johnson*, *Ken Osborne* and the footwear group. She and her husband recently relocated in Atlanta from Pennsylvania. Mary replaces *Janice Cagle* who is now travel coordinator and administration assistant to PR.



**"Quite frankly, I called you consultants in because I'm looking for a job."**