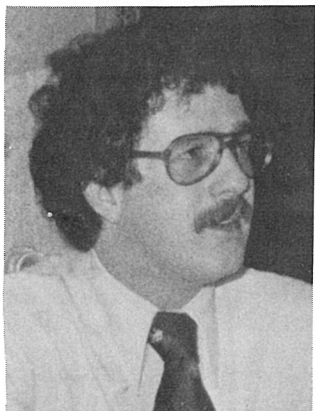


*Historical Client***KSA's History With Pendleton**By—*Bernie Wolford*

It seems fitting to tell something about this historical client before commenting on KSA work. . . . Thomas Kay, an Englishman, established a woolen mill in Salem, Ore., in 1889. In 1902, two of his grandsons named Bishop purchased a mill in Pendleton, Ore. One of them left and formed his own mill, now Oregon Worsted Co., and the



third brother joined the firm. They were determined to produce the best blankets possible, and studied the Indians' preferences in color and design. Today, there's a great demand from such tribes as Crow, Sioux, Comanche, Apache, etc., for Pendleton blankets. Still privately owned, by the fourth generation Bishop family, Pendleton has grown to over \$70 Million in sales, consistently using only 100% virgin wool in the manufacture of Pendle-

ton label products.

KSA's work for Pendleton began in 1970 in the cutting rooms in Portland and in Nebraska. . . . men's and women's wear, respectively. Then *Bill Reed* did a major TMMD project at the Oregon Woolen Mills. The first sewing room work was in women's wear in Nebraska City, Neb., in '72/'73, followed by a sewing room assignment at the Milwaukie Shirt factory (Portland suburb) in 1977. *Ron Chisenhall* staffed both and is now supervising ongoing projects in Pendleton sewing rooms.

Having been married during the Greif assignment, my wife, *Kathleen's* first move with KSA was a mere 3,000 miles. We arrived in Portland in the rain. Rumor has it that one can tell when it's springtime there. . . . the rain gets warmer!

Pendleton's Sellwood plant (Portland outskirts) manufactures men's outerwear. Beginning immediately upon completion of the Milwaukie Shirt project, the Sellwood job captured the momentum of that very successful project. The scope included organization of the sewing room into 19 functional job groups, with the installation of work-in-process controls to load and balance the shop; total workplace and methods engineering; and Leadership Effectiveness Training courses by *Ron Brockett*. It's a style shop, so a Standard Data Manual is being developed for improving rate setting techniques in seasons to come.

*Bob Mersereau* came on board upon graduation from *Pee U.*, and after an orientation period, began installing the forms and procedures of the WIP controls. One immediate result of the WIP installation was development of the use of a Texas Instrument programmable calculator to

reduce and simplify clerical functions. Estimated reduction from four to one hour per day is attributed to its use. (According to Bob, a tech memo is forthcoming regarding use of the calculator.)

A memorable event occurred during the first rate sale. . . . a time for particular care and preparation. With operator, supervisor, management, and union representatives in attendance, the sale began with an air of tension. As explanation of time study was completed, and derivation of the rate began, no feedback from the operator was yet available. Then, as the final SAM and production figures were written on the blackboard, the room was suddenly filled with sounds of music, led by loud trumpet blasts. Unknowingly, the timing had been perfect. . . . at the climax of the rate sale, a publicity truck filled with clowns and blaring music passed the plant announcing the arrival of the circus. After hearty laughter by all, the ACTWU

*Continued on page 5***Commitment Through Involvement**By—*Steve Avary and Joe Reid*

KSA's long and fruitful relationship with FMC began at their Greenriver, Wyo. Trona Mine. . . . the beginning of our Mining and Chemical Division. Three years later, *Steve* and *Joe* began working in their largest chemical plant (1500 employees) in Charleston, W. Va.

The objectives were to select and guide FMC personnel in the development and implementation of a full Maintenance Training Program, and to provide guidance in upgrading their existing Operator Training Program. A new 1800 sq. ft. training facility is being built and equipped for \$500,000. Thirteen of the best production and maintenance foremen have been assigned full time to develop and implement the programs.

The unpleasant labor/management situation at the plant makes the job challenging. A feeling of antagonism and distrust is held by both sides. Small problems become large, grievances are a way of life, and arb'tration a common result. Proposals for improvements or new programs are viewed suspiciously—especially by the union maintenance force.

The previous 8-10 years had seen an erosion of management's right to manage. With no restrictions on job bidding based on time or qualifications, an employee with sufficient seniority could bid on and change jobs as often as desired. Operating and maintenance jobs in chemical plants require a high degree of knowledge and skill. An untrained employee will make mistakes with resultant effects ranging from loss of production to serious injury. . . . even death.

The development of practical, well structured mainten-

*Continued on page 6*

# Chairman's Corner

## Traveling in the Far East

In June I made my first trip to the Far East. For three weeks I visited Japan, Hong Kong, and Taiwan, and learned a great deal about an important part of the world of textiles and apparel.

There were two primary reasons for this trip. I was part of the U.S. delegation attending the International Apparel Federation (IAF) meeting in Osaka and, more importantly, I wanted to learn, first hand, about KSA's opportunities in the Far East.

IAF is an organization of Apparel Associations in the U.S., Europe, Japan, and Australia, whose purpose is to promote orderly development of international trade of apparel products. It's major aim is to influence governments to regulate imports. In addition to import/export issues, the agenda also dealt with counterfeiting of apparel, government support programs for apparel manufacturers, statistical information on various aspects of the industry, and the world agenda for trade exhibitions.

KSA has done very little work in the Far East, apart from the massive assignment presently under way in the Philippines. Yet, the apparel and textile industries in this part of the world are sizeable, and have a significant impact on European and North American markets. Therefore, it behooves us to understand these industries so we can be alert to opportunities and also because we need to be intelligent about the import competition our U.S. and European clients are up against.

In Japan, the apparel industry is in a difficult period of dramatic change. Rapidly increasing standard of living and revaluation of the Yen have made Japanese labor costs very high—pretty well at par with the U.S. With no restrictions, apparel imports from surrounding low-wage countries are growing rapidly in the most price-sensitive segment of the market. Many Japanese apparel manufacturers occupy a weak position of dependency on either trading companies or wholesalers. Selling directly to retailers forces them to sell on a consignment basis; i.e., giving retailers the right to return unsold goods.

All this is changing and stronger apparel manufacturers are emerging and selling directly to retail, by-passing the trading companies and wholesalers and not accepting unrestricted returns.

It would appear Japanese manufacturers should welcome consulting help in increasing productivity and restructuring their businesses along traditional European and U.S. ways. The need is there, but the Japanese are not used to the idea of consultants, and they do rightly feel Japanese ways are different. For example, the use of individual incentives is almost unheard of and, contrary to the strong sense of group loyalty that permeates all life in Japan.

So, there is a large market for KSA's services in Japan, but one difficult to develop.

Hong Kong is a real Mecca for the free enterprise system. Profits are high, taxes are low for companies and individuals. Capital is available at low interest. There are no restrictions on hiring and firing, and few fringe benefits are paid.

One senses a tremendous feeling of business activity there. The large harbor seemed busier than anything I've ever seen, there's a lot of construction, and in apparel quarters, piece goods, finished goods, pressing machines, etc., are moved around the streets in a way reminiscent of Seventh Avenue in New York City.

Some 400,000 people work in textiles and apparel in Hong Kong. Labor cost—about \$1 per hour—is double that of places like Taiwan and Korea. In order to compete, manufacturers have moved into higher price brackets, and developed their ability to design fabrics and merchandise garments. There's a trend for firms to offer more than low cost labor capacity. In the process, the organizations get more complex, and more dependent on good systems and better developed organizations.

Another trend is for these manufacturers to develop new low cost capacity in places like Taiwan, the Philippines, and Singapore. In fact, Hong Kong is for many of these countries a dominant business center where money, expertise, and management initiatives are available.

For a combination of these reasons, Hong Kong proper and its position as a center of business activities in that part of Asia, is a second potential Asian market for KSA. It may, in fact, be a more easily developed market for reasons of language and western ways of doing business. The businessmen seem totally bent on making money, and do not "confuse" themselves with social responsibilities.

KSA has a small project in Hong Kong now, and this may extend into a second larger phase. *Bill Reed* will no doubt do his usual competent work creating a satisfied client for us, who in turn will help make our name known among his friends in the tight-knit business community there.

Taiwan is in a state of rapid industrial development and labor is plentiful and cheap...about 50c/hour. The factories work 10 hours/day, six days/week, and usually eight hours two Sundays a month. So, not only is labor cheap, but fixed overhead expenses are absorbed over a much longer work week than in the West. Given cost per hour and the length of the work week, it does not matter too much that productivity is only about 60% of what we achieve.

In Conclusion, I believe there are opportunities for KSA in the Far East now, and that these opportunities will be better as labor costs increase. It would seem that, in the context of our overall priorities, we should be taking an opportunistic approach to business, capitalize on fee paid assignments that come our way to learn more about that huge market and be in a better position at a later time to

*Continued on page 3*

## 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. 3

September 30, 1978

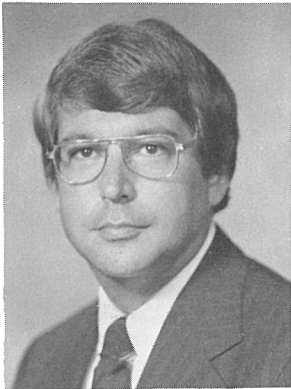


# Promotions . . .

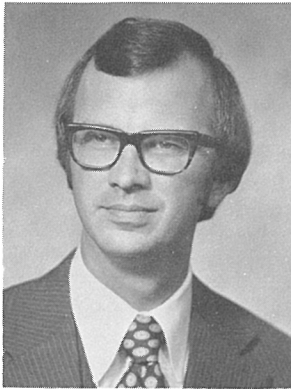
Congratulations to *Frank Armistead* and *Bill Luttrell* on being appointed Vice President, and to *Steve Bannister*, *Bob Nahas*, *Gary Ratliff* and *Mac Ryland* who became Principals.

*Frank Armistead's* achievements in consulting have been many. He has distinguished himself as project manager and account executive and, he's a real expert on women's wear and knitwear. . . *Bill Luttrell's* contributions to HIC's quality of service, growth, and development have been outstanding. He is account executive for Hospital Corporation of America and has contributed significantly to such large projects as the St. Thomas Hospital in Nashville and the Oral Roberts University.

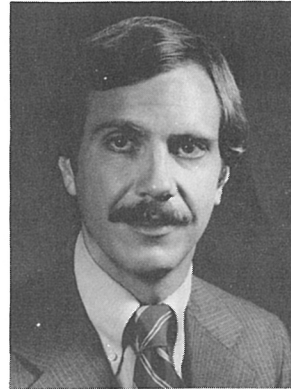
*Steve Banniser* moved to MSD after indoctrination and now has considerable experience in retail systems, GM&M, and HIC projects. His current systems project with Cutters Exchange will afford him experience with yet another type client. . . *Bob Nahas'* 10 years with Burlington Industries and a wealth of textile and apparel knowledge enabled him to rapidly become a strong KSA performer. Such names as Chase Manhattan Bank, DuPont, The Burton Group (U.K.), Ahlers (Germany) and Warnaco are among his long list of clients. . . *Gary Ratliff's* fluent Spanish and specific credentials for work South of the Border have served him and his 23 clients well in his five years with KSA. His major assignments have been spread from Buffalo to Miami, Cali (Columbia), Juarez, Mexico City, Eagle Pass, and Safford (Ariz.). . . *Mac Ryland*, after four years in MMD handling projects in SRE, Work-in-Process Control, Work Sampling, etc., transferred to GM&M to continue broadening his professional competence with diverse projects in apparel, textiles and health care. These included marketing, organization, and acquisition studies.



**F.B. Armistead**



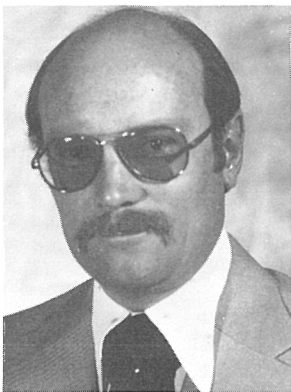
**W.B. Luttrell**



**S.C. Bannister**



**R.E. Nahas**



**G.L. Ratliff**



**G.M. Ryland**

*Chairman's Corner—Cont.*

succeed in more intensified business development efforts.

To facilitate this approach, we've asked *Jim Trautman* to be coordinator of all KSA activities in the Far East. Jim will make sure we systematically build on the experience we gain, and he will, in due course, formulate recommenda-

tions as to our long range approach.

I'm sure we shall do more and more business in the Far East. More and more KSA'ers will have opportunities to go there. Believe me, it is something to look forward to and I'm sure you will learn a lot and enjoy it very much, just as I did.

—SAK

# Random Recollections

By—KS

In the last issue, I told you how it happened that my first assignment as a consultant was for an apparel manufacturer.

**Why Specialization?**—Later on I learned that: the apparel industry was the fifth-largest employer of labor, it was traditionally a piece rate industry, 80% of its employees were females—more tractable than men—and the product was one of life's three necessities (food/clothing/shelter). . . all excellent reasons for selecting such an industry. To be sure, this and my penchant for specialization caused us to stay with apparel. At the time, it was pure, dumb luck to have gotten started in it.

I did engineer those other five factories, and re-engineered the five Mr. Vitol worked in prior to my No. 1 assignment. In the end, I'd had exposure—however peripheral—to all sorts of blue denim garments, work pants, playsuits, dress shirts, and workshirts. . . and considered myself an apparel specialist. I felt that, if you learned one thing well and became a true expert in it, you could do a better job at a lesser cost for your client, and operate a more professional type practice, because word concerning your work would get around more quickly in one industry and you would receive inquiries rather than having to "ring doorbells," so to speak, trying to sell people solutions to problems they didn't know they had.

**Roosevelt and the Italian Designer**—A call on a manufacturer of men's summer clothing brought a visit from his Designer and V.P. of Manufacturing who informed me that the assembly-line production principles for work-clothing could be applied to his trouser department as well, and he would teach me to make dress trousers.

Aside from doing just that, and learning about the egocentricities of a creative Latin-European, the assignment—at \$100 per week!—proved especially memorable because of a particular exchange I had with the owner/president of the firm, Alvin Kornman.

The designer, Carlos P. Callela, was a highly charged Italian immigrant—a huge man with bulging eyes and rapidly changing moods—not unlike those so well portrayed by the late actor, Zero Mostel. I was "his boy" (his idea) and I took pains to consult him frequently, so we got along fine.

The owner represented the second generation. I used to pay my respects through Saturday morning visits to his office where he would invariably complain about his hot-tempered, Italian designer. I was not about to get involved, so I listened politely, made appropriately clucking noises and beat it.

At the end of my engagement, Alvin told me a particularly searing tale of woe: "Why, the other day, a girl voiced a complaint to Callela and he gets her by the hair, pulls her off her chair and drags her out of the sewing room. . . all the time hollering "if you don't like it here, get out and stay out!"

By now tired of my role of father-confessor, I said "If he's that bad, why don't you get rid of him?" Alvin recovered his composure, gave me a quizzical look and said, "Look, I took over this business in 1928 when my father died and I lost money every year until 1932. In 1932, Roosevelt became President and I hired Callela. I've been making money ever since. I don't know whether it's because of Roosevelt or in spite of Roosevelt—because of

Callela or in spite of Callela, but I'm scared to eliminate any potentially contributing factor. . . so I vote for Roosevelt and I put up with Callela!"

**From \$100/Week to \$7/Hour**—Following the eight-week summer clothing assignment, I re-engineered the Glasgow, Ky. plant of Washington Mfg. Co., incorporating some of the "better trouser" features about which I had learned. The installations averaged about 12 weeks per plant. The "cream of was on top of the milk" as regards waste and inefficiency and economies of 12-20% could be achieved in that period of time. Thus, it was not economical to stay another six months and try to obtain another 5% savings. . . My next assignment was Mason & Hughes of Clarksville, Tenn., at \$5.00/hour—a true milestone in my earnings. . . While still in Glasgow, Mr. W. C. Harris of Carwood Mfg. Co., of Winder, Monroe and Cornelia, Ga., came to visit and signed me on at \$7.00/hour, which was to be my fee for a number of subsequent engagements.

Mr. Harris, now deceased, was a no-nonsense, cool-headed, hard-driving Georgian. I offered to show him my Glasgow installation, but he would have none of that. "I'll see for myself. . . you stay here in the office," he said. He proceeded to climb all over the place, interviewing workers, foreladies, inspecting the performance reports we had pasted on the walls and, of course, the physical aspects of the installation.

After about two hours, he returned to the office, where I was working and somewhat begrudgingly said, "Well this thing seems to be working here but tell you, when you come to our place, I don't need you to buy a lot of machinery. . . I want to see what improvements you can produce with what we've got!" That was his way of giving me his first assignment, which led to many others. . . first for me, then for *Karl Striegel*, *Jack Ullman* and numerous other KSA'ers.

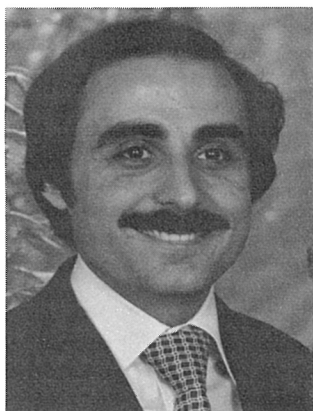


"They said there are two consultants in the factory reducing costs and improving quality. . . one is a hillbilly from Atlanta, Ga., and the other, a Yankee from Easley, S.C."

# KSA Saves Genesco \$1.5 Million in Year

By—*Gil Llanes*

My assignment at G&H Manufacturing—a Greif facility—in Fredericksburg, Va., was an interesting one. We engineered the assembly section which included a variety of operations—soabar, fusing, assemble lining, assemble shell, separate coat, vest and pant by lot number, etc.—



many of which are very common, others quite unique. KSA was committed to Greif to help turn them around after several years of staggering financial losses.

Greif makes a Grade Four suit and, with all the mystery and mystique associated with this grade of clothing. *Mike Brent*, who had been visiting G&H for nine months, stayed on to supervise what was slated to be an 18-22 weeks engineering project. . .it was expanded to three depart-

ments and lasted 18 months.

Unlike most engineering projects where we end up with a surplus of operators, at G&H we had a surplus *before* we started. At one time they cut 20,000 equivalent suit units a week, but at the time of our arrival that quantity had been cut in half. Although a massive lay-off the previous year had reduced employees from 400 to 260, G&H still had about 40 operators too many.

Most of us have engineered disaster areas, but this one had its own peculiarities, for example, cutting rooms usually have male cutters. . .G&H had all female cutters. Quite a challenge for four single fellows—*Mike Brent*, *Skip Reza*, *Mike Miller* and yours truly.

Two other interesting aspects of the project were laser cutting and the production planning systems. Virginia Cutting is a small company owned by Genesco, located a couple of miles from G&H, and at one time were a part of G&H and Greif. While the operation is very impressive, it adds complications to an already complicated production planning system. The word “simple” had been deleted from the Greif vocabulary. . .one of our objectives was to return that word to the production system.

Our project moved from the Assembly Department to Lining, to Trim and Preparation, to Fronts (fusibles), and to MU. The work was hard and frustrating, but 13 months later we had saved \$1.5 Million in labor, material, and in contract prices paid to Virginia Cutting.

After 14 months in Fredericksburg, located 50 miles south of Washington, D.C. and 50 miles north of Richmond, Va., I loved the place. Only two hours away, there was skiing in the Maryland or Virginia mountains and, of course, Washington is a lovely city with many interesting things to see and do. I could not have asked for more.

## *Historical Client—Cont.*

representatives and the operator spoke favorably on the rate sale. . .and commented as to the lengths KSA engineers might go to insure successful installation of rates!

Pendleton’s Women’s Wear Division of Omaha, Neb., suddenly became the focus of attention. As part of an urban renewal plan, the City gave Pendleton a notice of eviction on their eight-story, downtown building. Labor surveys and facilities analysis were conducted by KSA and a new location known as Southroads, just south of Omaha in Belevue, Neb., was selected.

The move of the sewing room began, with the cutting rooms and distribution center yet to be moved. The Director of Manufacturing began viewing the move into the new building as an ideal time to engineer the operation. So, in December of last year, the writer left the Sellwood project—now being completed by Bob Mersereau—and the mild winter of Portland, for Omaha and a record-breaking cold in which 46 days elapsed when the temperature didn’t reach 32°.

With the goals already determined by the client, specific instructions were given that no time and money be “wasted” on a survey. Responding to the client’s desires, Ron Chisenhall, guiding three Pendleton engineers and me, proceeded to gather all the survey information, but it was entitled “Job Start Information.” After presentation of “Job Start Information,” the scope of the project was defined and is presently in progress:

- Organization of the sewing room into 19 Job Groups;
- WIP Controls for effecting loading and balancing;
- AAMT Training Center, under *Greg Murphy’s* guidance;
- Layout of the sewing and finishing areas;
- Total workplace and methods engineering;
- Development of a Standard Data Manual.

With six Pendleton engineers now involved, continual emphasis is placed on the establishment of permanent operating and organizational procedures which can maintain the Southroads plant, a “model plant” of solid engineering for years to come.

Thus, the story of KSA’s work with Pendleton to date. Perhaps the association can best be summed up by paraphrasing the Director of Manufacturing: “We look to KSA for direction, from a planning standpoint, and for guidance in implementing our projects.”

## Cecil R. Phillips Returns to KSA

We were fortunate to be able to welcome back *Cecil Phillips*, September 11, to assume overall responsibilities of director of Personnel and Professional Development.

Cecil will be carrying on the very important work done by *Bob Pee*, with the assistance of *Bill Cameron*, Training Director, and *Bob Messinger*, Director of Employment.

Cecil’s KSA tenure was from 1967 to 1974 and will be pleasantly remembered by many KSA’ers. He was a vice president when he left us and returned as such. His interests and experience in training and development of people and his MSD background ideally qualify him for this position.

We’re happy to have you back, Cecil.





# Ted Theodorsen and KSA Mark 25 Years

September 20 marked the celebration of *Ted Theodorsen's* 25th year with KSA. His long and highly respected career within KSA is represented by many firsts and unique events. He came to us as an Electrical Engineer from Cornell University. In those days, it was unusual to hire trainees with this background; however, after a crash I.E. course, he became one of our best mechanically oriented SRE consultants.

We're sure that among Ted's most memorable assignments was the one he did for Smoler Brothers in Herrin, Ill. Among other things, it was our first real assignment in women's dresses. . .for that matter, in true fashion apparel. It was successful, not only for the client and KSA, but there Ted met his wife, *Irene*, who was Office Manager for the client. Therefore, it has to be the most important assignment for either of them.

Ted has always been outstanding and a strong proponent of training of line supervision, and over the years, he's had many KSA trainees assigned to him. He always displayed sensitivity and the ability to bring them along to be effective consultants.

Obviously in these 25 years, his product knowledge and experience have become vast. One of his early assignments, however, was transferring an essentially defunct Sweet-Orr operation in Newburgh, N.Y., into an outstanding facility in Pulaski, Va.

Ted helped think through and contribute to KSA's approach to fashion shop engineering and, along the way, supervised important pioneering assignments such as Renovo Manufacturing in Mena, Ark. He has also had perhaps the most experience in unusual products, such as stuffed toys, strollers, and a host of other consumer items.

His mechanical and inventive mind has not only helped clients with many mechanical aids, but has permitted Ted to invent, and with KSA, to patent three separate machines. These include a packaging machine which, but for the hopelessly inefficient and bureaucratic approach taken by the Post Office, could very well have been in wide use today. In addition, he developed an automatic surgical mask machine which was used by his client, Busse Manufacturing Co. in Long Island City, N.Y.

His most recent, and possibly his most significant invention, is a machine which completely automates the manufacture of surgical shoe covers. It is in its final de-bugging stages and promises to be spitting out hundreds of thousands of shoe covers late this fall for Busse Manufacturing, who financed the building of the machine. When operational, this development should make a story on its own.

Ted and Irene are justifiably proud parents of two sons, John, aged 13, and T.J., 11. They make their home in Manhasset, Long Island, and before Ted started de-bugging his shoe machine, they were acquiring considerable skill as racing sailors on Long Island Sound.



Ted's interesting and creative career has certainly been one of the main pillars on which KSA's reputation has been built.

## *Commitment—Cont.*

ance and operator training programs become only part of the job. For the programs to result in required increase in capability and productivity of the work force, they must be viewed positively by all levels. Our experience has shown there are three primary areas which skills training will improve. . .*knowledge, skill and attitude.*

Three individual, but overlapping approaches were implemented to gain necessary acceptance and support:

- A communications program to establish personal relationships with key personnel (52 in all) and to keep them informed.
- As individual training programs were developed, constant input was received from the work force to ensure applicability of the course content.
- Group task forces and committees were established to determine the best procedure for implementing the programs.

A large wall chart was used to keep the communications program on track. Key individuals' names were listed and every contact with them was recorded. The list included all management personnel in any way connected with or affected by our efforts, and all union leaders, both office holders and centers of influence. The chart showed at a glance who had not been contacted recently and prevented anyone's being ignored. These contacts kept them involved in the development and gave us the insight needed.

The fact that we willingly met people in their environment—including back shifts and weekends—overcame many suspicions they held for outsiders. In addition to the "one on one" contacts, frequent meetings were held with various groups of management. Letters and memos were sent out frequently, and articles in the weekly newsletter were timed to coincide with major events. . .such as ground breaking for the training building.

Our efforts came on the heels of a controversial program to change plant scheduling and planning function. Little input had been received from the hourly and first line supervisors. These were the people who had to use the system, and since they felt it had been "rammed down their throats," they resisted strongly.

To avoid having this happen to the training programs, formal interviews were conducted throughout the plant and FMC training instructors—who were developing the programs—were trained in interview techniques. A structured interview was used to determine exactly what an employee had to do to perform the job properly. Each instructor then interviewed more than 100 hourly and salaried employees making them knowledgeable about the requirements of their respective jobs. This input allowed employees to have a part in the program and a feeling of ownership was generated.

A Steering Committee was formed comprised of top

*Carol Avary* took a course in "Fundamentals of Mining and Mine Safety" at West Virginia Tech. After making an "A" on the course, she then tutored husband, *Steve* and *Joe Reid* in the same course who also made an "A". . .they dared not make anything less!

management and two KSA representatives (Steve and Joe.) The committee identified three broad areas to be addressed:

- Job qualification and grade advancement
- The order of those to be trained
- General procedures and responsibilities.

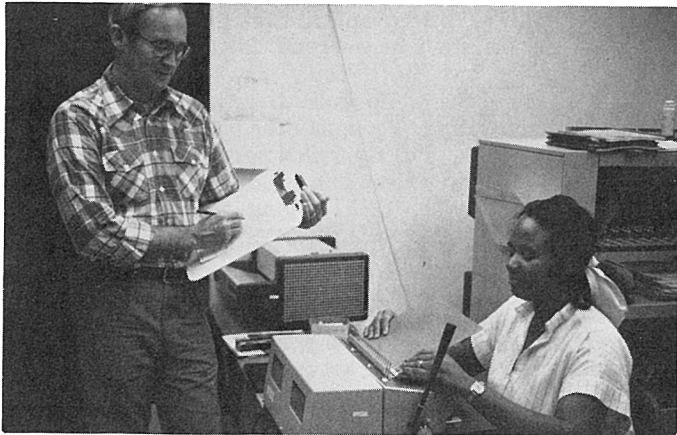
Previously, top management would have made the decisions and informed the union. Then, when management attempted to implement the decisions, the union would have resisted, and after much conflict, management would have given up and returned to the old, established practices which would have greatly reduced the benefits of training and further worsened the labor situation. In this case, a different approach was followed. Three research teams were created. The leaders were middle level management who were respected by both the hourly and salaried employees. Respected members of first line supervision and the union were added to each team. The union members asked to join were highly respected by their peers, but not office holders. Steve, Joe and the FMC training coordinator served as advisors and secretaries to the teams. Their roles were to ensure that the principles of AAMT would not be lost and that effective implementation would result.

The teams met weekly from February to May. All team members gathered input from fellow employees between meetings. The needs of both sides were considered. This process was not one of negotiating one right against another, but one of identifying the fairest and most beneficial approach for all.

The team's final recommendations were excellent. Training will upgrade the knowledge and skill level of the employee, performance can be measured, and employees' performance will be the basis for qualifying for the job and for advancing to higher grade levels.

Review of the final recommendations with the union committee has been very open and positive. They recognize the effort devoted to solving these issues and the resultant general fairness. Some lingering distrust is gradually being dissipated. While we don't expect total prior agreement, we believe the committee will support our efforts and work with us on implementation.

Both FMC and KSA feel these efforts have accomplished much more than just providing successful implementation of the training program. The feeling is that the foundation has been laid for a new spirit of trust and cooperation between management and union. We do know that a strong feeling of commitment to successful training has been created through the involvement of everyone concerned.



## KSA/USA

By—*Jack Ullman*

**Performance, Eight Periods**—Performance continues to be virtually on target. There are some pluses and minuses but on balance:

- Fee Volume—18% over last year and right on budget.
- Net Profit—19% over last year; 0.2% below budget and gaining.

- Sales—12% over budget and 3% over forecast.

These percentages are remarkably good following the heavy vacation period. Based on current backlogs and prospects, we still feel 1978 should, in essence, be on budget.

While our basic apparel/textile volume is up over 1977, we are enjoying extraordinary growth in our newer industries:

- Health Care volume billed—up 63%.
- Footwear—eight periods, 1977, none;—eight periods, 1978, \$262,000 (despite less than expected development with the Weston Group.)
- Retail—up 62%.
- Mining, Food & Lodging and Other—up 107%.

The combined growth in these four new—or relatively new—industries is 110%. More than \$1,000,000 growth in eight periods. Furniture adds additional new volume and prospects for further growth are solid.

**Outlook**—We are seeing some slowdown in sales in the last two periods. But it is too early to tell whether this is due to normal seasonal (vacation) pattern or the beginning of a trend. Our immediate prospects and backlogs—barring a really dramatic slowdown—should make our projections achievable.

Preliminary forecasts and budgets for 1979 have been completed and the initial outlook, despite a slowing economy, is encouraging. We'll know more when final forecasts are made and we have a later view of the economic outlook. We cannot be complacent about the pervasive effect of inflation. It affects each of us individually as well as our business and could lead to a severe slowdown or recession.

Our planning for 1979 is taking place against the assumption that we are strong in many new areas and can direct our marketing efforts to counter slowdowns when they occur. Our investments in these newer areas are paying off and KSA is in a much stronger position than in 1974 to meet the challenges of a recession, should one develop.

**In Summary**—The current year still looks like a record breaker for KSA/USA and the early outlook for 1979 indicates continued progress.

That's the "short" of it. The recipients of the *Observer* have produced these encouraging results thus far in 1978. If we can keep it going, as stated in our last report, "We will have a winner!"

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**PRACTICING WHAT WE PREACH.** To justify a new binding system, *John Caldwell* timestudies *Barbara Perry* binding reports, to identify savings.

# Tenth Anniversaries

*Bill Williams* and KSA celebrated their 10th year together July 28. Bill, with his wife *Ruth*, was part of KSA's "brain drain" from the U.K. to the U.S.A. in 1968. During that period we were able to bring outstanding people over from the U.K. on a permanent basis. Bill was among our prize finds and came to us from Vauxhall Motors, Ltd.

He is one of our most product-knowledgeable MMD Principals. Bill has worked in most product categories, with particular strengths in tailored clothing and raincoats. In his 10 years, he has worked successfully on approximately 50 different client assignments, including lengthy and important assignments for DeMilus in Rio de Janeiro, and M. Wile in Buffalo where he did a landmark assignment in tailored coats.

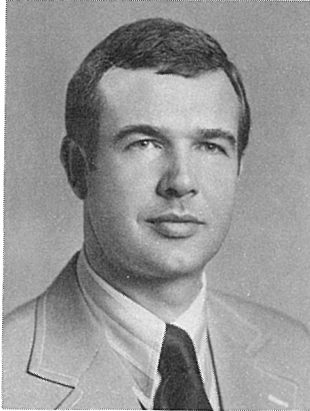
Bill has a good ear for languages and can get along in French, Portuguese and German. He is well recognized throughout KSA and in the consulting and advertising worlds for the recent ad which Berlitz ran featuring Bill's picture. We understand that Berlitz considers this one of their most effective advertising pieces.

Bill and Ruth are avid equestrians and are among our few consultants who have traveled with a horse trailer behind their car. When he became a Principal in 1973, they settled in Princeton in a lovely home with approximately nine acres of horse farm. Their eight year old daughter, *Fiona* is taking advantage of their three horses and pony and becoming quite a horsewoman.

Bill's quiet, thorough and gentlemanly manner, as well as his wealth of experience, has stood both him and KSA in good stead with his long list of clients. We are obviously pleased with the results of our raid in the U.K. 10 years ago.

*Bob Saunders*, Vice President of our Carpet and rug Division, marked his 10th year with KSA September 10. As manager of the division, Bob has developed that industry into a significant part of our practice. In addition to industry manager's tasks, he has been actively involved in consulting for many companies in marketing, general management, and long range planning projects.

As an MIT graduate—B.S. in Industrial Management—Bob joined Mohawk Carpet Mills (subsequently Mohasco Industries) several years before being appointed president of two of Mohasco's tufted carpet and yarn manufacturing subsidiaries. He became a vice president with Ludlow Corporation in 1958 and in 1965 was named president of Morgan Carpet Mills (later acquired by Fieldcrest



Mills) before joining KSA in 1968.

While in industry, Bob was personally responsible for the conception, location, design, construction and operation of a variety of carpet and textile mills both in this country and abroad.

Bob is truly a dedicated, knowledgeable consultant. His professionalism is recognized by all who know him. His comprehensive and up-to-the-minute knowledge of the industry has made him one of its most respected members.

Bob's wife, *Sybil*, is a staunch supporter and an understanding wife. We are fortunate and proud to have Bob and Sybil as part of the KSA family.

## In Memoriam

Just before going to press, we learned of the death of *Leroy Marlyn Hertzler* on September 4, in El Paso, Texas.

Roy was one of KS' first six associates, having joined the company in 1938. He was a graduate of Penn State University and had been on the staff of the Phillips Jones Company (now called Phillips-Van Heusen) as an industrial engineer.

Roy progressed rapidly with KSA and became the second supervising engineer of the company in 1941, in charge of surveys and scheduling. He not only was a keen analyst but also impressed everyone with his friendly personality...matched by that of his wife, *Peggy*.

In 1957 the Hertzlers settled on a ranch in California from where Roy continued representing KSA with Bayly Manufacturing Company until he resigned in 1948. He later became president of the Hicks-Ponder Company of El Paso.

Our sincere sympathy goes to *Peggy* and her daughters in their bereavement.

## Show and Tell Summer Vacation

By—*Mark Schneider*

(*Mark Schneider*, a second year MBA student at Cornell University, served his summer internship in Atlanta with HIC, and was kind enough to give us his thoughts on his commitment to the institution before returning to Cornell.)

Early last March as New York State lay frozen and buried under three feet of snow, HIC's Vice President and General Manager sat down in front of several winter weary students and explained that Atlanta now had temperatures in the 60's. In fact, he had been playing golf in his shirt sleeves the previous weekend. Men have been killed for saying less, but *Paul Flood's* easy professional style quickly charmed the group as he described the rigors and rewards of consulting. Three months later I was packing my car for Atlanta. The rigor was never lacking whether working with *Pete Paddrik* and *Fran Fowler* in beautiful downtown Hartsville, S.C., trying to keep up with *Virginia Lamb* in Greenville, S.C., or huddling with *Ron Everett*, *Paul* and *Jim Wermert* in Tampa, Fla. Any success I had in Tampa was due to the concern and patience they demonstrated in coaching me for interviewing, describing how to tackle a long-range plan or just pointing out where I could get a good chili dog.

It has been a rare and most appreciated opportunity to

*Continued on page 9*



## New Staff

*Peter G. Brown*. . .Age 27. Single. BS Ocean Engineering, U. S. Naval Academy. Served in U. S. Navy 1972-1978 with wide variety of duties; last two years as Admiral's aide. Conversational French. Assigned MMD. Interests: Tennis, hiking, surfing.

*Timothy C. Brown*. . .Age 24, Single. BS in Mathematics and MS in Management, Purdue University. Staff resident at Purdue with supervisory responsibility over three counselors and 175 undergraduates. Assigned MMD. Interests: Camping, backpacking, music—performance and composition.

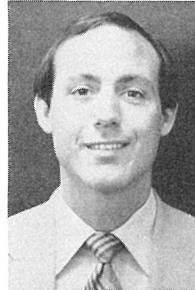
*Peter J. Dubuisson*. . .Age 27. Single. BS General Engineering and General Management, U. S. Naval Academy. U. S. Marine Corps 1973-1978, Senior Air Coordinator and Training Officer. Assigned MMD. Interests: Photography, sports.

*Frances J. Fowler (Fran)*. . .Age 38. Husband, *Joe*. BS Nursing, Georgia State University; MS Nursing, Emory University. Previously with Continuing Education Unlimited and International School of Nursing—Emory University. Worked with KSA/HIC on associate basis before becoming an employee of the division. Interests: Sailing, hiking, camping.

*Joseph F. H. Neal (Joe)*. . .Age 36. Wife *Carol*. Two children. BS Naval Science, U. S. Naval Academy. U. S. Navy 1968-1978 with wide ranging duties. Assigned MMD. Interests: Swimming, running, reading.

*Clifford M. Simms (Cliff)*. . .Age 26. Wife *Pamela*. One child. BA English Literature; Northwest University, MBA, Emory University. Two years with Federated Department Stores—Rich's Division as Manager of accounts area. Fluent in Spanish. Assigned MMD. Interests: Tennis, swimming, softball, reading.

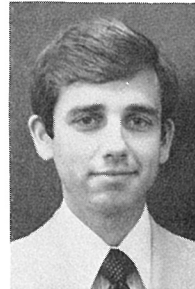
*James F. Wermert (Jim)*. . .Age 28. Wife *Diana*. BS Political Science and MBA, Cornell University. One year with National Medical Care, Inc. as systems/procedures designer. Four years U. S. Army, Captain Medical Service Corps. Worked last summer with KSA/HIC. Assigned GM&M. Interests: Bridge, swimming, tennis, camping.



**P. Brown**



**T. Brown**



**Dubuisson**



**Fowler**



**Neal**



**Simms**



**Wermert**

### *Show and Tell—Cont.*

experience the responsibility and independence inherent in this field and an invaluable education in human relations. My only regret for the summer is that it has to end. It has been a pleasure and a privilege to work for HIC and an honor to be associated with KSA.

## Congratulations!

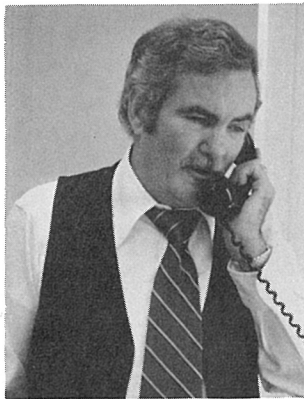
To *Annick* and *John Stevenson* on the birth of their first child, *Mathieu Frederick* in Puerto Rico July 12.

# Paul M. Flood

April Fool's Day is the day the Fates wreak havoc on the mortals of this earth. However, April Fool's Day has another distinction, which may or may not relate to the holiday's traditional meaning. *Paul M. Flood*, general manager of HIC, KSA's Health Services Division, joined the company on that day in 1962.

So far, the joke has been on the Fates and not KSA.

To most people in KSA, Paul Flood is our resident expert on why health care costs are so high. Sometimes he answers like an M.D.—or a KSA consultant: "Do you want Volkswagen or Cadillac health care for your family?" However, a few remember that Paul's roots are intertwined with everyone else's—in an apparel sewing room. How can he not be cost-conscious?



After getting his BSIE at Georgia Tech, putting in time with Uncle Sam, and designing anti-missile missile systems for Western Electric, Paul returned to Tech for graduate studies. He tore himself away long enough to interview with JJU, and found a career. At the time, he was assistant editor of Tech's I.E. Journal, sharing an office with a guy he thought might also like the folks on West Peachtree. (Third World textiles expert *Bill Reed* agreed, and joined us as well.) Paul even convinced the I.E. Journal secretary to come along, and *Emma Donnelly* became the foundation for the Atlanta Report Department.

While finishing his studies, Paul did his master's thesis at Roydon Wear—a mathematical model for predicting style changes in apparel. This early exposure to GM&M taught Paul one thing—you can't predict future style changes.

Undaunted, Paul officially joined KSA on April 1. . . and he wasn't fooling around.

After the usual Washington and McRae internship, Paul began his engineering career amidst the fabled beauty of Brookhaven, Miss., which was inundated at the time by Georgia Tech alumni. Following Brookhaven, Paul and *June* enjoyed the wonders of Shelbyville, Tenn., and Centre and Anniston, Ala., among other way-stations on the KSA trail. For some mysterious reason, Paul was never given the opportunity to work on the same product twice. His product experience ranged from Palm Beach dress slacks to military coats to Monsanto synthetic fibers. However, it was during his work at the Garver Division of Kellwood that Paul got his first taste of GM&M work in mergers and acquisitions. Eventually, GM&M became his home.

About this time, KSA added a whole new "product" category that even Paul had never worked in. . . health care. PMF's adaptability, plus his well-earned reputation

for training, made him a natural for the job of indoctrinating the new HIC folks in KSA's ways. The job grew, and Paul soon became General Manager of HIC. He became a KSA Vice President in 1977.

There was, however, a basic difference between KSA's health care practice and its other industries. New services appeared as HIC broke ground in such areas as Certificates of Need documentation, laboratory design, bond issues, and the like.

Politics is an integral part of the health care practice. HIC consultants have often found themselves in the midst of a community crisis. Unlike a rate sale to sewing room operators, these often require selling the concept of a hospital and a multi-million dollar bond issue to the public at large. But the same qualities of persuasive logic are required. Paul's star quality was tested on a local television show during such a recent crisis in Richmond, Va. Paul has a natural twinkle to his eyes, and when the show's producer spotted it, he offered him a job as host of a quiz



program.

What does PMF do when he is not trying to lower the high cost of health care? Well, he runs the Monday morning quarterback club for Georgia Tech alumni in the Atlanta office during football season, and he's already put in for a new blackboard and whistle. The rest of the year he confines himself to other Tech alumni activities and recruiting for football (those charges of payola are entirely unfounded.) Paul's also on the Board of Directors at the Atlanta Athletic Club, site of the 1976 U.S. Golf Open. He was one of the chairmen of the U.S. Open committee at the club, and is fond of showing visitors exactly where he was standing when Jerry Pate sank his winning putt on the 18th hole. A limited edition print of the scene adorns his office.

Most weekends Paul is backpacking, hiking, or white-water canoeing in the wilds of North Georgia and North Carolina. As a matter of fact, as this is being written, he is somewhere on the Appalachian Trail for a "little" 5-day, 60-mile hike.

His wife, June, is more enamored of civilization, however, and concentrates on her tennis game. She's currently director of 80 women's teams in the Atlanta Lawn Tennis Association and is ranked an "A" player.

*Continued on page 15*

# EUROPE . . .

## European Attitudes Brief

During the last two years we have described a number of selected European markets to provide an overview of widely different conditions under which KSA operates on this side of the Atlantic. In this issue, we start a new series in an attempt to analyze European attitudes toward major issues that face textile and apparel producers in Europe and North America. These articles are not intended to provide a definitive statement on the subject. Rather, they are meant to outline the grounds for, and evolution of, attitudes on various subjects. We hope they will form a useful background against which to evaluate and discuss KSA's role in a world perspective.

### Overseas Imports

To many Europeans, the present stance of the U.S. soft goods industry on imports appears over-protective. Substantial as it may have been in the U.S., the impact of imports on that country's industry has been far less than in Europe. Here, the labor force in apparel has been cut by 50%—almost 75% in some countries—during the last 10 years. Cotton weaving, especially spinning, has suffered to much the same extent. The knitwear and hosiery industry has contracted rapidly during the present decade, with the U.K., for example, now importing over 34% of its 192 million piece market for pullovers and cardigans as against 14% in 1970.

The considerable impact of off-shore imports upon the European scene can be traced back to broad acceptance in the late 50's and early 60's of a theory that appeared quite acceptable during the postwar boom. The practice, however, seemed much less attractive as economic growth sagged in the mid-70's. First circulated in the late 50's, the theory suggested that many basic, low technology industries should be allowed to drift naturally toward the then developing countries, leaving the industrial countries of Western Europe to develop and export the equipment as well as newer and more technologically advanced products. Many highly influential people in national governments as well as in the EEC (Common Market) Commission continued to back the "Division of Labor" approach even after the signature of the first MFA in 1974. This explains why the EEC made little effort to negotiate bilateral agreements with Asian producing countries until the early stages of the second MFA last year. While the U.S. industry and administration were united in their efforts to protect the U.S. soft goods industries during the early 70's, no similar coordination was evident in Europe.

The basic European attitude to international trade also conditions attitudes to imports. Many European countries such as the U.K. and France have a long tradition of overseas trade due to former colonial links. Germany's postwar prosperity was based on exports, mainly of high value added goods. Though this was not shared by the soft goods industries, the official government view in many European countries was that too sharp a brake on textile imports could lead to retaliation by supplier countries who might shop elsewhere for their more sophisticated investment goods.

Traditional trading links between richer and poorer

countries within Europe, also served to favor rising textile imports. When the EEC was first formed, many special trading partners and ex-colonies of the original "Six" were granted "Associate" status with favorable trading terms with the EEC. The number of associates grew as the EEC became the "Nine." For the time, many of these countries, where labor costs were much lower than in Western Europe, had practically free access to the EEC market. . . Hong Kong, India, Tunisia, Morocco and others.

Off-shore imports into Europe, although greater in global terms than into the U.S. initially rose slowly and were more easily integrated into the general pattern of trade. As early as 1965, some industry sectors in some countries were beginning to voice concern, but nobody in authority would listen. The "Division of Labor" theory was unchallenged and an expanding economy could absorb laid-off workers. Soft goods industries were regarded as totally expendable. . . except by themselves.

What's more, in the 60's, imports made a highly worthwhile contribution to the industry's bottom line. At that time, most apparel imports were made by domestic manufacturers, either from their own off-shore plants or on contract from Asian or Eastern European factories.

Until the late 60's, contraction of the European soft goods industries was due mainly to one cause: inefficiency of management. In most countries, manufacturers most worried about imports were those who had not been on the ball when rivals were preparing to make use of low-cost labor in other countries.

The industry as a whole began to suffer in the early 70's when major retailing groups began by-passing it and buying directly from off-shore producers a growing proportion of cheaper lines. But in official circles, the soft goods industries were still regarded as largely expendable.

The rapid growth in total unemployment caused by the 1974/75 recession, from which Europe failed to recover as did the U.S., led to a change of official attitude in most European countries. Only the German and Dutch governments are still wholly liberal in their attitudes toward textile trade. Only those barriers are applied that form part of the bilateral agreements negotiated by the EEC within the framework of the MFA. Both GATT and MFA prevent countries such as Italy and France from being as protective as they would like, and all countries are now taking steps to protect employment in the soft goods industries. Two extreme examples show how this is being done.

In Germany, the most liberal of the European countries as regards trade, the official government view is that the industry must be left to fend for itself. Nevertheless, some regional banks (with links with central government) are providing financial support for several large textile and apparel firms on terms that no commercial banker would ever accept. Although these practices are not widespread, they tend to be disapproved of by industrialists in general. They realize that aid for lame ducks eventually harms everybody. Soft goods management knows the key to survival is in its own hands. To an increasing extent, they look to KSA for help in defining and applying strategies and tactics to remain viable in the face of rising imports.

In Italy, on the other hand, the state provides almost

*Continued on page 13*



## Clearing the Way to Better Retail Sales

Just as we completed a P.D. job to clear bottlenecks in a small group of stores in Switzerland, our U.K. retail division team was getting the first quantified results from an O.C.O. (Optimizing Customer Opportunity) assignment for a chain of variety stores in the U.K. The O.C.O. concept is a merchandising and store layout package designed to produce more sales volume from a given number of store entrants. The initial results looked good: a 20% increase in the number of entrants making purchases; 85% more entrants visiting the back of the store; sales of best selling lines 30% over group average and a 17% increase in turnover in O.C.O.'ed outlets as against group results.

The main store of the Swiss group, Loeb in Bern, looked as though it could also benefit from the O.C.O. treatment. Little or no control was exercised over buying policies, prime merchandise was seldom found in prime selling areas, the sales floors were cluttered and customers had difficulty getting around and finding the merchandise they wanted.

Because the store director, *Francois Loeb*, was pleased with the KSA solution to his P.D. problems, *Hermann Froelich* from Switzerland and *Richard Bett* from the U.K. suggested that an O.C.O. program could bring added revenue to the store. In effect, Switzerland is the only European country to have achieved economic stability. And what stability: no inflation, little growth and, obviously, no opportunity for retailers to increase profits by ensuring their share of greater consumer spending. Herr Loeb looked at O.C.O., saw that it was good and we were again in business.

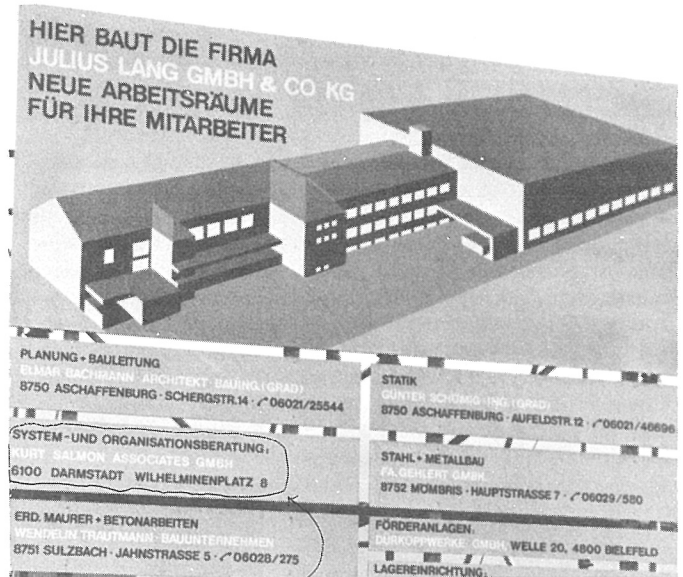
First step was an analysis of gross:net returns by floor, department and section, backed by profit analysis of different merchandise lines. With good cooperation from the store's staff, most of the processing work was done by them, under guidance and supervision of the KSA team. Customer flow and purchasing patterns were then plotted and analyzed.

As analytical data were evaluated, we gained an accurate picture of prime merchandise, prime selling spaces and existing customer flow. We were then able to identify priorities and to prepare to move on to the implementation phase.

This began on the top floor of the three-story building. On this floor, featuring household goods, clutter was at its worst and customers experienced difficulties in moving around. Taking the top of the escalator as a starting point, we redesigned the whole of the floor layout and merchandising. To keep within the limited implementation budget, existing fixtures were modified rather than replaced, though they were 30 years old. Space was allocated on the basis of both actual and potential merchandise profitability and particular care was taken to ensure free access by customers to every part of the sales floor. Prime selling points were merchandised with selected lines according to seasonal factors or weekly promotions.

The initial project was completed within 20 weeks. During the month following completion, the remodeled third floor produced a 15% increase in sales against an average of less than 1% for the rest of the store. Congestion on the ground floor was relieved and, although we were not able to quantify this, circulation in other areas appeared to be

## Maximizing the Mileage



All too often we fail, for one reason or another, to get optimum PR exposure for some of our assignments. Then we make up for it all with just one job. This happened with a P.D. assignment concluded this year in connection with a new expansion to the factory of Julius Lang, GmbH, a leading German apparel manufacturer.

First, as shown on the photo, we got our name on the board listing major subcontractors for the project. Since the factory is in a major textile and apparel center in Southern Germany, it was almost as good as getting our name on a billboard.

At the official opening ceremony, which included a special consecration church service, *Peter Bengsch*, who worked on the assignment, and *Hans Horst Hensche*, who was also invited, had an opportunity of meeting many local industrialists as well as officials of the Bavarian government.

The job then provided material for an article published by the leading German apparel trade journal, with reprints being used for promotion. Finally, the assignment was used as a basis for a presentation made last May by *Peter Bengsch* and *Warner Degen* at a seminar in Switzerland attended by leading personalities in the apparel industry.

We also got paid for the assignment.

appreciably heavier.

Following the success of the first implementation phase, we went on to the already successful stationery department where, as a result of our introduction of self-service, we were able to reduce staff and costs while increasing turnover. Subsequent assignments covered the toy, discs and leather goods departments. Altogether, about half of the total sales area was O.C.O.'ed. Everywhere sales increases were recorded, costs were stabilized or fell and implementation expenses remained marginal.

At a time when most Swiss retailers were concentrating on reducing costs rather than rising sales to maintain their margins, the application of the O.C.O. concept helped to improve ROA and to tailor costs to achievable sales.

## It Happened in Europe

*Harry Lack* and KSA got their name in what is certainly the most famous newspaper in the world: Times of London. Both names appeared on the by-line of a 1000+ word article "Costs go up as quality comes down." We were commissioned to write this as a special feature on the soft goods industry published by the paper last spring.

*Rod Gunston* addressed some 100 delegates to an international conference on the future of the knitting industry in Birmingham, U.K., in June. His presentation, on European marketing problems and opportunities, is to be printed in the trade magazine, Knitting International.

*Gert Seidel*, *Juergen Stueck* and *Hans Horst Hensche* have been asked by a major German trade publishing group to organize the sponsorship of KSA of a Delphi Study on the German jeans market. Findings are to be published this fall and it is planned to continue the study as an on-going project during the coming years. KSA will also make a presentation at a major seminar organized by the group in the fall.

*Horst* and *Paula Dieckmann* announce the birth of *Regis*, a baby brother for *Sarah*. Congratulations to all the family.

### *Attitudes Brief—Cont.*

unlimited assistance for ailing firms. It may not want to, but is forced by labor laws that prevent workers from being laid off and plants closed. When a company is in serious trouble, a state agency continues to meet the payroll. Understandably, the state is highly protectionist. Officially, trading conditions are the same as in other EEC countries but such tactics as customs clearance and administrative delays discourage all but the most determined importers. The industry is concerned about off-shore imports, but much less so than with over-capacity created within the country as a result of state aid for lame ducks. In these circumstances, there is far less incentive to use KSA services and the propping up of large, inefficient firms has driven many potentially viable producers to the wall because of total over-capacity.

Other European countries fall somewhere between these two extremes. However, in the last year or two there has been a growing—still not widespread—realization that low cost imports will be a permanent part of the soft goods scene.

Better managers everywhere are making plans to benefit directly from low cost imports, or to shift production into areas less threatened by imports. Associations and other official bodies continue to call for better safeguards against dumping and for closer monitoring of sources or origins.

Throughout the industry, however, there is general, grudging acceptance that off-shore imports will continue to grow. This acceptance has been favored by one important factor: the European soft goods industries are keenly aware of the importance of international trade for their own survival. During the past two years, textile trade volume among the EEC countries has expanded faster than have off-shore imports. In such a competitive environment, it seems that KSA strategy to serve apparel and retail industries with a total range of services will be increasingly appropriate.

(Editor's Note: In the USA, it is not so different as our European correspondent seems to perceive it.)

## How Do We Do

*Jean-Pierre's* rundown on the recent history of the European environment for the soft goods industries, gives me the opportunity to say something about KSA's strategy in Europe, and how it has worked over these last three difficult years.

The article highlights a number of key factors with which KSA had to contend and which still are determining our priorities and concerns:

- massive shrinkage of the apparel industry;
- high apparel imports and inefficient trade association lobbying;
- propping-up by the State of large inefficient plants (in Italy, particularly) leading to overcapacity and lack of confidence by efficient producers;
- failure to come out of the '74/'75 recession (1978 will be the first even modest growth year for most European economies since 1973);
- a total shift in management problem priorities in the apparel industry;
- massive (15-30%) inflation in all countries except Germany.

What has KSA's response been?

- **Diversify its Consulting Skills**—In 1970 KSA's skills in Europe were production engineering and operator training. In the late 60's we recognized the need to diversify our skills, and become a management consulting firm *as well* as the best technical engineering consultants. This was seen as a 10-year task.

In 1978 some 50% of our work will be in "management services" and 50% in "manufacturing management"—the latter correctly describes the much broader capability we now have in the manufacturing area than we did in 1970.

- **Develop Retailing**—The retail industry effort started with our vertical clients and was given a shot in the arm by *Jim Giddings'* PD work exported to Europe. Today it is 20% of the practice, growing fast and also covering a wide range of work with many totally new services being developed all the time. It gives us a vast market to go for, a vehicle for entering other consumer manufacturing chains and service industries and, more importantly, an added understanding of the market place for extension of our apparel practice.

- **Try to Stay With and Go Where the Apparel Industry is Big**—We have done many assignments in the Third World, some immensely successful, but only recently have KSA's worldwide fiscal and business policies for these activities caught up with our operating capability. These policies severely limited our opportunity in the Third World—quite rightly, but when we do work there we are now protected from bad debts, the last of which are still affecting our P & L statement.

We persisted in our efforts to stay in Italy and France and kept a presence in Spain, in spite of our difficulties in these countries, because they are the three largest European apparel and consumer goods markets, after Germany and the U.K.

Of the three main elements of our strategy, the first two are being successfully implemented. The third has had to be changed, reoriented and is still under review. All three have cost money to implement because the cost of any effort in Europe is compounded by:

- small groups whose staff cannot be used elsewhere because of language;

*Continued on page 15*

# Goin' Down to Lagos

By—Harry Lack

It's a popular song in Nigeria, written and sung by Bongoss somebody or other. I met him briefly. I think he was on something very strong. . .but then anyone goin' down to Lagos needs to be on something very strong. It's a town built for a million people and there are 2.7 million there. . .most of them were staying in my hotel.

I should have known when I arrived at the airport. My host met me and we moved smoothly through the formalities. They seemed minimal and I enjoyed shaking hands with every senior official in sight. The other passengers seemed to have more difficulty and I noticed vaguely commercial transactions taking place. I didn't understand, of course, until later in the week I met my host's cousins. . .hordes of them, and all in pretty uniforms.



On the way in from the airport I saw quaint battered buses which, had they not been moving very fast, I would have sworn were major traffic accidents. They bore comforting messages like "Only Jesus Saves." I learned later this was a cynical comment on the cost of living in Lagos.

My first television experience in Nigeria was the national and international news. Apparently there was no international news that day but the local news was dramatic enough for any international stage. I noted with relief that after a particularly nasty piece of mayhem, "a man is chattin' to de police." All the lights in the hotel went out soon after that and rarely came on again during my week there, so I didn't subsequently get in too much viewing.

The days were hot and steamy, and the quality of life was not improved by the open sewers which service the community. For anyone with a poor telephone manner Lagos is a real bonus; none of the telephones work. We had no appointments during the week, we just turned up in a man's office and announced ourselves. It seemed to work and I may try it in the UK, certainly it's difficult to be put off. I also liked the occasional title of Massah which I was accorded. I toyed with the idea of introducing this into the UK too, since it's easier to say than Vice President, but a timely vision of what *Steve Webb* would corrupt it to deterred me.

We went to the African village where the factory is to be and I met the locals. Some of the ladies were not fully dressed which confused me somewhat, but it's much like St. Tropez I suppose. I acquitted myself well, and talked loudly about the benefits of the place as *Kurt* taught us to do. "My, what huge lizards you have" or "Gosh yes, 18 square feet per operator would be ample." My only slight clumsiness was stumbling against a shallow grave which was carelessly positioned in the main thoroughfare. I scarcely damaged the tombstone at all and I was sure the chickens would soon get over the surprise and return there to roost later. A cheerful wave and I was off. . .very fast.

It's all lies really. I quite enjoyed myself in a dismal

kind of way. I was asked by my host if I would like to meet a nice African girl. I was of course enthusiastic, but it was an empty offer since it was made on my last morning in Lagos. Which I suppose is as well, bearing in mind the rumors.

The taxi driver to the airport drove like they all drive. If the horn doesn't work, they don't drive the car. He told me confidentially that all Nigerians are thieves, except him. To prove this he turned the meter on about 100 yards from the airport, presumably to confuse his employers. He wouldn't let me out until I had paid him. I bargained myself into paying more than he had asked, but it's the spirit of the thing that matters. I had to cut it short anyway to chase the individual who had taken my suitcase from the trunk and appeared to be taking it in the direction of Lagos. He said he wasn't but I took it back just the same.

The official on the final desk looked at my passport. But he said, you have a 28 day visa and you have only been here seven days. You must stay another 21 days. Unless. . .I gave him my last 20 Naira. To avoid another 21 days I would have given him my briefcase and my gold tooth.

There were strikes in England when I got home. I had to walk to the long term car park, my car wouldn't start and I got home six hours late. But I smiled at my dog and patted my wife, they both looked so much better than I remembered.

I have learned there is a greater terror than that of the unknown. . .it is the terror of the known. I am sure I won't go back. At least I think I'm sure.

## New Staff



Arthur Hertenagel



Juergen Stueck

*Arthur Hertenagel*. . .Age 22. Joined German region June 1 and is now improving his knowledge of English before leaving for the U.S. for training. Arthur was born in Austria and graduated from the Dornbirn Textile Engineering College. Before joining KSA, worked as management assistant in an Austrian textile mill. His hobbies are skiing, soccer and hiking.

*Juergen Stueck*. . .Age 42. Joined German region July 1. He will be responsible for the development of our retail practice in Germany. Juergen is a graduate of the Berlin Technical University and has worked as brand and marketing manager for several multinational companies in the apparel and other sectors. He lives in Frankfurt with his wife, *Katharina*.



*How Do We Do—Cont.*

— a broad range of skills in each major country (U.K. and Germany particularly) across a small number of people, which statistically means utilization levels achieved in larger homogeneous groups are unattainable on a consistent basis. (We could have higher utilization if we'd stuck just with production engineering, but we would not be meaningfully in business.)

Given these facts of life, there is every logical reason why realistically achievable profit margins should be lower and more vulnerable than if Europe were a large homogeneous group of 60-70 consultants speaking one language. Yet, after absorbing a pro-rata share of European and U.S. allocated overheads, the German and U.K. businesses *have* achieved the corporate objective of 16% pre-tax in 1977. Further, between 1977 and 1978, they exceeded the corporate growth objective of 10% in real terms. Our colleagues in these units are to be congratulated on these achievements, which are largely being maintained this year. As a result of the action taken in 1977 and 1978 to reorient our efforts in the Latin countries and reduce European overhead, the more debilitating effect on total European results of our problems in these countries will be behind us after this year.

If we are to build a practice, in any European country,

## Engineers

(Written by operator, *Rena Williams*, for the first SRE rate installation by *Ed Loseman* at M. Fine & Co.)

Oh engineers, oh engineers,  
You have the factory in near tears.  
You came from God-Knows-Where to town  
And turned our routine upside down.

The new machines, just weren't enough  
You told us how to do our stuff.  
Then you seemed to grow much bolder  
And perched yourselves behind our shoulder.

Telling us to hurry and to go quick  
while your little board went click-click-click.  
You timed us when we came and went  
(And every ounce of time we spent!)

Like to the restroom when we're going  
(Even sometimes when we're sewing!)  
We couldn't escape you if we tried  
Not even if we up and died.

I can hear you telling the old mortician  
"Too much time on pick-up and position."  
And when we reach that Pearly Gate  
I doubt that then we'll have to wait.

To make things smooth and so much neater  
You've probably time-studied old St. Peter.  
I can hear you telling him with a smile  
"Ditch the gates and install a turnstile."

*Flood Profile—Cont.*

Sons *Pat*, 13, and *Jim*, 10, share their dad's enthusiasm for backpacking.

Has he managed to carry over any of his apparel

## Bicker, Bicker . . .

*Paul O'Brien*, working at Lawtex in the UK, reports that the following item was recently featured on the agenda for a Works Council meeting:

"There has also been a complaint from the Cutting Room about the Sewing Room complaining about them."

Grrrrr. . . .

it is a major investment. Certainly we have learned we cannot implement the three strategic elements above and expand or even sometimes protect our geographic base at the same time, without running unacceptable risks of profit dilution. Although our strategy is expensive to implement there is, in my view, no other viable path. Without it we would have become irrelevant in the market place, and have nowhere to go. In fact, we are increasingly relevant, KSA is highly regarded in Europe and can go wherever the resources of management and investment permit. These limitations are real, but if we do not persist with the realities of Europe, we would at best decline to an insignificant consulting operation, with little or no future.

—*Stuart Hollander*

consulting expertise to the health care field? Not as much as he had hoped, Paul confesses. "They don't care much about the theory and practice of lockstitch undertrimming," he reports, with just a hint of regret, "but if you enjoy the challenges of consulting work, it doesn't make too much difference how the seam is sewn." —*D.G.*

## Linda Mosier, Certified Professional Secretary

A Certified Professional Secretary (CPS) is one who has met the secretarial experience requirements, completed a 31-session review course covering Environmental Relationships in Business, Business and Public Policy, Economics and Management, Financial Analysis and the Mathematics of Business, Communications and Decision Making, and Office Procedures, and then passed the two-day final exam.

One rarely completes the review sessions and the five-part exam in one year. . . Linda of KSA-Nashville did! Out of 2,038, she was one of 170 who passed the test. With her CPS degree and 12 college credits, Linda is eligible for an Associates Degree, which she will tackle this fall. She will also be honored by the Nashville chapter of the National Secretaries Association at an awards banquet for new professional secretaries.

Linda, our congratulations on this accomplishment. With holding down two full-time jobs—KSA, and your home and family—it had to take a lot of hard work and determination. We're proud of you, KSA's first CPS.



## Atlanta



**Debi Johnson**



**Pam Burel**



**Gloria Hawelka**



**Linda Mandell**



**Linda Bribach**

Atlanta office has several new people we'd like to welcome. *Debi Johnson* is the new receptionist/switchboard operator, and we also have a couple of students, *Pam Burel* and *Gloria Hawelka*, working part time in Tech Support. Accounting Dept. has two *Linda*'s to add to our collection with that name; *Linda Mandell* is our new payroll clerk and *Linda Bribach* is a regular part-timer.

A couple of milestones were reached in June, with *Fran*

*Preston* marking her 15th year, and *Barbara Hardy* her 5th. Congratulations!

The world travelers among the administrative staff this summer include: *Penelope Malone* to France; *Mickey Yount* to Greece, Turkey, Venice, Yugoslavia; *Ike Myers* to Jamaica, *Sandy Dardo* to Equador; *Fran Preston* to Canada; *Andrea Dillon* to England, Italy; and *Edith O'Connor* has been working in the Brazilian office for several weeks.



*Vern Deming, Dave Cole, Howard Cooley and Jim Hicks* completed the annual Peachtree Road Race within the required time [55 min.] to earn the coveted tee shirt. The race is the second largest in America, with 12,000 participants this year. Photo snapped at *Team Hippomenes* champagne victory brunch.