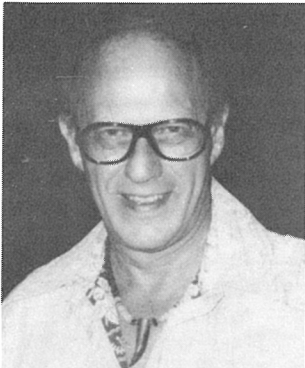


The Dream Project**State of Hawaii Assignment . . .**By—*Jim Trautman*

The "dream project" of 1978 got started when a State of Hawaii government employee contacted KSA in Los Angeles. He had been made aware of our apparel specialization during a visit to the Western Apparel Magazine show in 1977.

The State of Hawaii was interested in funding an analysis aimed toward improving the health of the Hawaiian apparel industry. The industry in total had wholesale sales of some \$63 million in 1977. The total industry employment in 1977 was 3,500 people, down from a peak employment level of 3,800 in 1974.



RALPH ROSS in his work (honest!) clothes.

When adjusted for inflation, the growth years of the 60's clearly have flattened out and, in fact, reversed. Hawaiian apparel industry had suffered from several factors:

- Relatively high cost of labor compared to the Far East, and to the "mainland" U.S. when efficiency factors are also considered.
- The greatly increased cost of fabric from the Far East (up 30% just this year.)
- The lack of a local conventional textile base.

- Stepped-up imports from foreign manufacturers and mainland manufacturers.
- A shortage of potential apparel labor and difficulty in attracting labor to the apparel industry.
- A rather dispersed industry with many small firms, and as a result, few economies of scale (the entire industry has some 125 firms averaging 26 people. . .their largest firm has less than \$7 million sales volume.)
- A local trend away from traditional Hawaiian Wear.

The State Government had a budget of \$100,000 and a deadline of December 15 for completion of this study. They were interested in receiving competitive bids for this work and asked if KSA would be interested. The writer has never turned down work at any fee level in any of the least desirable corners of the world, so needless to say, he had to suppress his adrenalin flow in responding to the government employee's question.

KSA competed against the University of Hawaii (a political favorite), Arthur D. Little, and Economic Research Associates from San Francisco. As luck would have it, *Stig Kry* was scheduled to be in Hawaii on his return trip from the Orient on the day they wanted competitive presentations. In true consultant fashion, I believe we managed to communicate this fact by saying "We are certainly very interested in bidding for this important Hawaiian work. In fact, our Chairman will be in your offices to

personally present our proposal for assistance." Needless to say, Stig was at his finest, and KSA's credentials overcame any political prejudices to win the bid.

There has never been any higher budget, "living expenses included," to be spent in a shorter time frame in a more desirable part of the world. The classified nature of this sale superseded anything ever dreamed of by the CIA in order to head off any chaos within the ranks of KSA!

The scheduler's roulette wheel made a lucky stop for *Ralph Ross*, who headed a "work" team consisting of *Steve Bannister*, *Richard Lusk*, and the writer. . .after all, Hawaii is in the western region. Neither KSA nor Hawaii knew it at the time, but the most valuable member of the team came along as a free bonus. . .except to *Ralph Liesel*, *Ralph's* charming wife, did some unofficial "market research" in the shops of Waikiki. *Ralph*, of course, claimed that all of his astute observations came from years of marketing savvy and statistical analysis, but we all know now that *Liesel* was an invaluable part of our study team. (*Ralph* certainly paid for her "expertise" possibly at the rate of \$90/hour!)

The findings of our analysis could fill several issues of the *Observer*. A thorough analysis of needs in the marketing, manufacturing, finance, and administration areas was conducted by the respective team members. No stone was left unturned either in Hawaii or in the research conducted through mainland buyers and sales agents of Hawaiian apparel. Our 150+ page report documenting the details of work to be done is now available. It can be summarized by saying that probably no one has ever felt there was more work to be done since the missionaries went to Hawaii and found the grass-skirted natives in the late 1700's.

Our findings were presented to the government officials and industry representatives in four consecutive days of seminars in the Hawaiian State Capital Building. The

Continued on page 3

KSA Christmas Card Fund

Contributions Totaled \$5,498 — This year 112 KSA'ers, worldwide, participated by making a contribution to a cause of their choice. 74 organizations were the recipients, with by far the greater number going to such well-knowns as Cancer Fund, Heart Fund, Red Cross, Salvation Army and various institutions for children. You will be interested to know that the Robert D. Pee Memorial Fund was also remembered.

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

A Christmas card was selected, the donors' names imprinted and mailed to the entire KSA staff.

Chairman's Corner

KSA's International Practice

We can look back on the past year with some satisfaction. . . KSA/USA had a good year, as did our two main European regions, Germany and UK. Because of steps taken to deal with weaker areas of our operations, we should be quite well positioned for continued progress in 1979, depending upon how much of the widely predicted slowdown of the U.S. economy actually develops.

Work outside USA now accounts for about 40% of total volume and it is likely this portion will continue to grow. Our first international work dates back to the early 50's, with occasional projects in South America and in UK. International work is now very much a part of our strategy and practice. Much of our international work is handled through our European organization with a volume of nearly \$4,700,000 in 1978. The bulk of our practice is done in countries where our offices and staff are located.

It is about our truly international practice that I wish to report. . . where our projects concern more than one country. In this part of our practice, we have obtained some noteworthy projects and clients recently. These examples will illustrate our activities:

- U.S. Department of Commerce authorized KSA—in keen international competition—to conduct a study of textile and apparel export opportunities in 42 countries. . . a massive project.
- Burlington, DuPont and Monsanto, separately, engaged KSA to build cost models for production of textile and apparel in various parts of the world so the realities of international competition may be analyzed and better understood.
- Ahlers (Germany) and Asorba (France) asked us to conduct acquisition and marketing studies in the U.S. in preparation for investments in this country.
- Cydsa, Mexico authorized us to study export opportunities in the U.S. and has interest in a similar project in Europe.
- Health-Tex commissioned a study of the German Childrens Wear market as a first step in exploring export opportunities in Europe.
- Levi has used KSA-PD services in UK and Brazil and recently authorized cutting room work in Canada.

This work is significant for several reasons: Total amount of fees is large, clients are prestigious and very large, and our international organization and experience gives us a sharp competitive edge for this type work.

As international trade in general—apparel and textiles in particular—continues to grow, so will KSA's opportunities for work of this sort. Our European organization has a large proposal under consideration by the Portuguese government and we have made a proposal for large marketing studies in Europe and Asia to a U.S. equipment supplier. . . these are indicative of growing interest in our international services.

While determined to develop our international opportunities, we feel this can only be done from a strong home-base. It is in home-base countries—both in the U.S. and Europe—where we have offices and staff, that we primarily must develop the expertise and the capacity enabling us to undertake international work. As we look to the

future, we must maintain proper balance between international growth and growth of home practices. International work not only offers additional opportunities for KSA, many of our domestic clients are now doing business internationally and need the services of a firm such as KSA. If we could not serve them internationally, we would weaken our position for all of their consulting needs.

Increase in international consulting does not necessarily mean more offices abroad. We will be very selective in establishing new offices and do so only when convinced an attractive market exists and when our prior activities in that market has created a foundation upon which to build.

The international dimension of KSA is very important in our development. Also, it's a source of stimulation for all of us and an opportunity to see the world and broaden our professional experience. I consider myself extremely fortunate in having had such opportunities with KSA.

Thanks to everyone in KSA for your fine contributions in 1978. Merry Christmas and a Happy New Year. —SAK

NOTE:

The "Random Recollections" series by Kurt Salmon will not be published in the Christmas issue.

Questionnaire Results

With an approximate 10% response to the questionnaire enclosed in the 350+ copies of the last issue, we hope your silence means the majority of readers enjoy the *Observer* in its present form and content. The replies are broken down:

	More	Same	Less
Photos	16	20	0
Industry & Function	12	17	6
Profit Performance Info	7	6	22
Different Type Assignments	12	4	20
Personal & Human Interest	21	3	12

Items enjoyed most were: Goin' Down to Lagos, Random Recollections, Profile, Assignments, Chairman's Corner.

Suggestions for the kinds of articles readers would like to see are: Personal, human interest, contribution by wives, professional development and book reviews.

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. 4

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U.S. Dept. of Commerce

Footwear Industry Program

Case History #1

Joy Footwear requested an analysis of its operations to assess plans to develop a new product line and applied for financial assistance to support this market development task.

Joy obtained a Government loan to provide working capital and new equipment to develop the new product line. The company is also using engineering assistance from a Commerce Footwear Specialist Team (KSA, in this case) to establish product standards and improved cost and production systems.

Joy Footwear Corporation, Hialeah, Fla., was founded in 1971 by *Bert Lopez*, a Cuban refugee, who holds an Engineering degree from Georgia Tech. Joy's peak production of 2.8 million pairs of white rubber-canvas sneakers was reached in 1976 with 340 workers. Increasing imports and changing market demand resulted in a cutback to about 140 employees by August, 1977.

Joy was the first footwear firm certified eligible for trade adjustment assistance following the announcement of the program on July 20, 1977. They applied for \$1.75 million in financial assistance from Commerce's Economic Development Administration (EDA) in October, 1977. Following the completion of a diagnostic analysis, Joy's request for a direct loan of \$875,000 was granted and a guarantee of a private loan for an additional \$875,000 was approved.

The capital enabled Joy to purchase new direct injection molding equipment and provided the working capital necessary to develop a new product line of jogging shoes and casual footwear. This product line is greatly in demand by domestic consumers while that for rubber-canvas sneakers is declining.

Under the program, KSA is currently helping to establish better cost-accounting programs, and to improve productivity and efficiency through better factory layout, work flow scheduling, and identification and installation of more efficient equipment.

Employment at Joy Footwear surpassed 300 employees in July, 1978. The new product line has been well accepted, and Joy currently has the largest sales backlog in the company's history.

Sympathy

To *Ted Theodorsen* and his family, our sincere sympathy in the recent loss of Ted's father.

Hawaii—Cont.

study team held forth from 8:00 a.m. to 7:00 p.m. with an hour off for pineapple juice during the day. While it was a grueling presentation format, I am sure it will serve KSA's potential future in Hawaii well. Trying to put my obvious prejudices aside, I'm confident no one could come away from one of the seminar sessions without a clear appreciation of KSA's industry knowledge and specialization.

The two major Hawaiian newspapers attended our seminar sessions and did a better than average job in misquoting. Most of the misquotes were harmless, but among the more humorous ones were comments made by "*Richard Lust*." Additionally, Steve Bannister was given a promotion while on the islands to the "East Coast Manager of Kurt Salmon." Kurt, where does that put you and Steve in the matrix? . . . Aloha.

Atlanta Towers Becomes "Towering Inferno"

"You wouldn't believe all the things that went through my mind," *Fred Evans* says about his experience in this recent fire. Fred, his wife *Lorna*, and their children—*Freddie* 7, *Lorna* 11 and *Dahl* 16—have been living at the Towers for four months while their new house is being built.

On October 15, Lorna was waiting up for their older son to return from a date and was awakened from napping by screaming. Fred recalls that when Lorna awakened him, he grabbed a pair of jeans and planned to call the police before someone was killed. Then someone shouted, "Fire!" he heard glass breaking nearby, and saw smoke rising past the balcony. The fire broke out in Apt. 10-C, directly below them.

"We must all stay together," Fred told his family. He says his wife was very "cool and calm," but he yelled out, "Where's Freddie?" and his young son was standing right behind him. Fred opened the door to the stairway in the hall to intense heat, and it was pitch black. Smoke billowed everywhere. He checked the other exit. . . smoke there too. . . he realized there was no way down.

By chance, Lorna pushed the elevator button and, although Fred says he usually waits 15 minutes for one, it just *happened* to be there. Their next door neighbor came out just as the Evans family got on and Fred asked if they wanted to go down with them. "Are you kidding?" the

Continued on page 5

Memorial to Bob Pee

A portrait of *Bob Pee* has been placed in KSA's Atlanta and New York offices as a memorial to our late friend and associate who died suddenly on June 24, 1978.

These words, selected from the eulogy to Bob by his pastor, *Dr. W. Frank Harrington*, are engraved on a plate underneath the picture:



ROBERT D. PEE

1924-1978

He was religious without being overly pious.
He was competent without arrogance. . . .
An excellent example of what a man can be
if he never worries about who gets the credit.

KSA Looks at its Future Apparel Industry in year 2000

We have presented the findings of our Apparel Delphi Survey at the AAMA Economic Outlook Seminar in New York, and plan to send a detailed analysis of study findings to all KSA'ers in the near future. These highlights are for your general information, in the event questions are asked by our clients.

- The final Delphi panel consisted of 103 key executives including apparel, textiles, retailing suppliers and observers. An initial questionnaire was mailed and when responses were tabulated it was distributed a second time to permit panel members to modify their answers. On most questions a very good consensus emerged.

- Despite public statements by many companies to the contrary, the panel felt that our industry would not be destroyed by imports from low-wage countries in the Far East. The panel predicted the total market share of imports would level at approximately 35% by the year 2000 vs. 20% currently.

- It was predicted the market for apparel products would grow at a modest rate of about 1% per year in real terms; including inflation, annual shipments for the industry would increase to 64.7 billion by the year 2000 vs. 27.8 billion currently. Merging these two projections means our domestic manufacturing industry would stay basically at its present size in terms of shipments and virtually all growth over the next 22 years could be absorbed by imports.

- The panel predicted an acceleration in the consolidation of the industry with a decrease in number of apparel firms from the present level of approximately 15,000 to around 10,000 firms. The \$100+ million annual volume companies and public companies would also increase dramatically. In other words, fewer larger companies will be impacted both by imports and an increasing level of technology. The panel predicted only 800,000 people would be employed in the industry in the year 2000 vs. the current 1.3 million. A principle reason for this decline is found in the project of the panel that productivity would be increasing at an annual rate of 3-4% by the turn of the century. To achieve this level of improvement in year-to-year productivity, definitely means the industry will be mechanized to the point of true automation in many areas. The survey includes some specific projections of the type technology that will be employed.

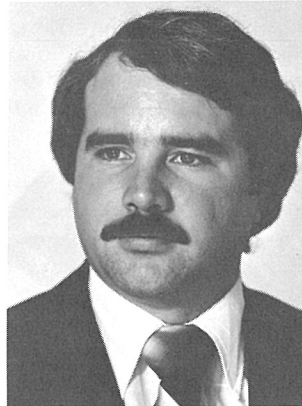
- The trend toward apparel products constructed from synthetic fibers is predicted to eventually represent two-thirds of the market. The panel put forth no spectacular predictions involving the type clothing that will be worn (temperature control garments, etc.) and felt that clothes would continue to change in response to consumer life styles. It is projected the percentage of disposable income spent on apparel will continue to decline from the historic 6½% level to 5½%. Presumably, this assumes there will be more disposable income, due to increasing standard of living and more two-income families, i.e. apparel will get a smaller share of a larger disburseable income base.

- The continuing distribution revolution was confirmed by the panel. By the year 2000 it predicts over 40% of apparel products will be distributed by mass merchants... chains and discount stores. This will be at the expense of department and specialty stores which will shrink in market shares from 52% to 43%. A parallel projection was a reduction in the importance of road salesmen. Also, re-

Steve Riepenhoff Appointed Principal

Congratulations to *Steve Riepenhoff* on his promotion to Principal Nov. 5.

Steve joined KSA in February 1978 and holds a BSME and MSIE from Notre Dame.



His first four and a half years were spent in MMD, working in Cutting, MU, and SRE. During these years he also worked on a PD project for Hart, Schaffner & Marx, where he performed in the same solid manner to which we had become accustomed. When an opening in PD became available in late '76, Steve was the logical candidate. Since then, he has participated in PD incentive engineering projects, survey work, and planning assign-

ments.

Steve is based in Princeton and he and his wife, *Kathy*, have recently become New Jersey homeowners.

gional apparel markets in places such as Dallas and Chicago will continue to grow, at the expense of New York.

- The panel did not express excessive concern over the availability of workers for the industry. Presumably reduction from the technology shrink will offset this problem. On the other hand, the panel felt the present 36% gap between average wages in the industry vs. all manufacturing would not close between now and 1990, remaining at over 25% by the year 2000. However, it was felt that the managerial and technical cadre in the industry would change considerably. Family connections would give way to formal schooling and training as a way of entering an apparel business. In other words, a continued trend toward more professional management.

There are many other interesting major and minor conclusions from the study concerning levels of profitability and the importance of specific management techniques (inventory turnover, strategic planning, etc.) Actually, the tabulated results were not earth-shattering and the final analysis hung together as a logical estimate of the shape of the apparel industry in the future.

In addition, its conclusions spell out a clear need for the type of progressive thinking which KSA can contribute. Surviving firms are projected to be larger, more professionally managed, successful in adapting an escalating level of technology, able to utilize the most progressive management techniques, and able to produce the current total volume of apparel products with a third less labor input. To do this, they will certainly need to achieve excellence in their business and marketing strategies, organization, information systems, manufacturing processes, and distribution.

KSA has been an ongoing force in helping the industry to sharpen its competitiveness for survival in the 70's and it looks as if we will have no dearth of challenge in helping this process on an even more intensified basis between now and the turn of the century. If our clients are to survive, we will literally have to help them be the best.

—John Wilcox

The Giant of Jeans

Levi Strauss

By—Jim Trautman

Yes, Virginia, KSA *does* have that “little old blue jeans company” in San Francisco as a client. Our efforts to develop Levi Strauss as a client dates back to the mid-40’s. Thanks to the hard work and persistence of many, this \$1.5 billion giant has now truly been converted from a key prospect to a key account. Our work over the last few years includes:

- Paid comparative garment analyses of jeans, slacks and clothing for domestic divisions (*John Caldwell/Howard Cooley/Don Johnson* and others.)
- The first phase of tailored clothing plant startup analysis—domestic (*Ken Osborne/Jack Downie*.)
- A major PD project in Brazil (*Tony DeMaria/Bob Hagen/Todd Barr/Jean-Paul Freneat* and others in Brazil.)
- A major PD project in England (*Tony DeMaria/Stuart Hollander/Geoff Ahling*.) Currently we are discussing Phase II and are optimistic we’ll get a green light.
- Our first work in the corporate planning area will be underway by the end of the year (*Bob Nahas*.)

Our work for Levi began a number of years ago when *Dean Vought*, following a thorough survey, sold a \$275,000 engineering project to their 1100-operator Canadian branch, G.W.G. Ltd., Edmonton, Alberta—a project ably headed up by *Eric Chipps*. We are currently making plans for staffing a \$98,000 first phase Cutting/MU project for Levi-Canada. This will be the “pilot” for future C/MU work for Levi-International. . .tentative plans are for England next.

If our international findings are at all representative—we think they’re conservative—Levi can anticipate some \$5-\$6 million in fabric savings in its international operations at current volume!

If one considers that Levi cuts some \$500 million worth of piece goods worldwide and even considering that the domestic rag man doesn’t do as well. . .well, my calculator is out of decimal places!

Our future with Levi looks very bright, and our international efforts are getting the attention of “the boys back home.” Historically, our sales efforts with Levi have been largely in the States. . .sporadic efforts to try to sell something to blue jeans manufacturers who *know* they’re the best in the world. The fact, nonetheless, that we *did* have something to offer them was academic.

Time is on the side of those who persist. Levi’s international volume blossomed from \$8 million in 1965 to about \$500 million today. Obviously, this rapid growth did not allow Levi to “farm as well as it knows how.” Simultaneously, fashion infiltrated Levi domestically and abroad. (Some Levi jeans plants complain about two different jean constructions, or—heaven forbid!—some corduroy!) Today, basic jeans are only 45% of worldwide sales.

“The best jean-builders in the world” are today wrestling with *different* planning, marketing, management and manufacturing problems in shirts, slacks, clothing, womenswear, active sportswear, etc. (We have a couple of proposals to the sportswear division pending approval.)

We’ve been doing our best to tell the KSA story in every corner of Levi’s world, and thanks to the efforts of many in KSA’s world, are beginning to enjoy some results. . .along with Levi. Our future? Well, it’s potentially

as bright as the quality of our associates’ work in whatever their current project or task may be.

We sharpened up our yardsticks and identified a 3.3% potential fabric savings in a \$20,000 planning study (*Nort Eberly/Mike Brent* and the writer) for Canada. Our brief visits to Levi’s Mexican and UK operations indicate that the savings potentials there will exceed our Canadian findings. We’ve also observed excessive waste levels in Levi contractor operations for years.

Other Western Activities

Ratner continues to be an excellent Western client. Our continuous billing is now over \$200,000, and we’ve received recent authorization for additional Cut Planning work (*Roger LeBarron/Randy Nord*.) Our MIS proposal is still pending, but we’re getting warm. . .and our first pant shop SRE work will be scheduled after the first of the year.

In other corners of the West, we have a very active and promising horizon. We will update you on these potentials in a later issue.

—Jim Trautman

Towering Inferno—Cont.

neighbor asked. Fred said he knew it was risky to use an elevator in a fire, but hoped it would be a good idea to get “two or three floors lower since the fire was rapidly moving upward. Remarkably, the elevator went to the ground level and one minute later—1:42 a.m.—all electricity went off in the building.

Fred left a sizeable cashier’s check—the total equity in his other house—in his briefcase. “I panicked,” Fred said later. “I was running around with the briefcase in my hand, with my son following me, and I then ran out without it.”

As the family ran from the building the first of the fire trucks had arrived, and ladders, pumpers, ambulances and police cars were converging from every direction.

“It could have been worse,” Fred says. “The firemen got the people out. . .there was a fireman at every landing on the stairs and they gave oxygen to people on the way down. . .they brought them down in groups and worked fast.”

Fred and family were the only people above the 9th floor



PAULO HIRAI’s son being carried to safety.

check was intact.”

The neighbor who refused the elevator, climbed down 10 stories on a fire ladder. Twenty-six people were hospitalized and three were killed. “It was like the movie, *Towering Inferno*,” Fred recalls. “Smoke was pouring from windows and the top of the building. . .the firemen were shining spotlights and people were on balconies screaming. . .a pretty frightening scene.”

who got out of the building on their own—a 22 floor building — including *Paulo Hirai* and his family, who were trapped on the 19th.

“It was a cold night,” Fred says, “and we had been out about 10 minutes before I realized the kids were in pajamas and barefoot. After sending the children to stay with friends, we stayed on the street for two hours. When we returned to the apartment, it felt about 120°. The floor was hot and my briefcase was hot. . .but the

Functionally Speaking . . .

Food and Lodging

We think you will be interested in what has developed in Food & Lodging for KSA during the past few months, as well as what tomorrow holds.

Our initial contact was in December, 1974 when *Don Burkhalter* was privileged to lunch with *Jack Barksdale*, then President of the Food & Lodging Division and Senior V.P. of Holiday Inns. The initial discussion was on productivity, quality, inventory controls, and basic design problems. The potential for KSA involvement was massive.

That meeting provided a framework for KSA's directing a pilot project at Nashville-Southeast. During this assignment much of the groundwork for present procedures was developed, but we were excluded from the design of the new management reports. The reporting system design was conducted by Arthur Andersen, while KSA simultaneously was involved in all engineering aspects. By mid-'77 the staff at Holiday Inn felt they could handle the project without full time KSA involvement.

During the first months of '78, Holiday Inn realized the project needed KSA full time. At present, *Vern Deming* is directing the program, *Charles Kelly* is providing the much needed field supervision, while I'm involved in on-site installations.

To define what KSA does for Holiday Inn, we merely added the word "simplify" to their vocabulary. Following the pilot project, they took the direction of technical staffing without proper training. . .and without success. This left KSA in a position of redirecting the program from highly technical orientation to a training and follow-up approach. The first step was to combine the engineering function, known as PMS, and Management Information Reporting (MIR), into one cohesive unit known as Operations Management Systems. No small task, since the engineers weren't turned on by learning accounting and the accountants didn't view maid training as a desirable endeavor. Throughout the reorganization there were casualties, but the majority of the group remained intact.

After the first step, we devised a training program for existing staff encompassing both aspects of the new approach. Considering the confusion from the reorganization, it was remarkable that the training class met on schedule, and that the sessions were of high quality. Credit must be given to the enthusiasm exhibited by members of Holiday Inn's staff who understood the necessity of proper training prior to solo installations.

The task at each property varies, due to unique characteristics and trends, but normally a project consists of the following elements.

- Installing new procedures with the ensuing training and follow-up of all inn-level personnel affected.
- Development of labor standards for performance evaluation upon completion of training and physical modifications.
- Installation of all new management forms and procedures.
- Training of an on-premise quality inspector to maintain quality standards for each property.
- Training department heads in new inventory control procedures and in the use of labor standards for scheduling

to forecasts.

What tomorrow holds for us in Food & Lodging is wide open and up to KSA. Consider the fact that in 1977 the top 25 U.S. lodging chains constituted 9,574 properties with 1.1 million rooms. By any standard Food & Lodging represents a potentially massive market for KSA services.

—Gordon McClung

HIC

All are busy on numerous health care delivery systems across the country. The City of Faith Medical Center at Oral Roberts University is still headquarters for Atlanta mid-West. *Fran Fowler*, *Dwight Totten* and *Mac Ryland* are completing the facility design phase under *Bill Luttrell's* direction. Ground was broken earlier this year for the City of Faith complex on Rev. Roberts' birthday. To date, the sixth floor has been poured, and two of the three towers are being constructed. Eventually, it will reach skyward a la John Portman's Peachtree Plaza with a 30-story hospital, 60-story physicians' office building, and a 20-story research center. The facility is scheduled for ribbon-cutting ceremonies by the end of 1981. Concurrent with the facility design project, a critical path with many complex elements is being developed to schedule the "sew-in" of the hospital. *Ron Everett* and *Frank McMillan* are assisting on the systems design which will feature on-line ordering and reporting capabilities from nursing stations in the hospital. All in all, we are very proud to be associated with such a prestigious endeavor.

In Atlanta-South, *Paul Flood* is coordinating the ongoing management overview of Tampa General Hospital and Hillsborough County Hospital (the Emory and Grady Hospitals of Tampa.) *Fran*, *Ron Brockett* and *Jim Wermert* spend many evenings in the Tampa area. It's reported the sunsets are beautiful over the Gulf of Mexico, but no HIC'er has yet seen one! The engagement will continue through the winter months and at least through next spring!

In September, Paul, Bill, Ron, Frank, the writer and Fran (she sure seems busy) attended the American Hospital Association convention in Anaheim, Calif. Numerous substantive sales prospects resulted. One is the General Hospital in Eureka, Calif., where *Virginia Lamb* and I are conducting a long-range master planning study. Congratulations to Ron who was inducted into the American College of Hospital Administrators at the convention. Following it, most of the participants vacationed in Calif. and Nev. It is rumored that Bill and Paul's wife, *June*, came close to breaking the bank at a Lake Tahoe casino.

Virginia recently took a "side trip" from her Eureka work to Hawaii. Her visit to the islands of Oahu, Maui, and Hawaii was coordinated by our own travel agent, *Diane Bailey*, who lived in Honolulu for several years and knew the "hot spots."

Jim recently participated in his first sale with HIC involving a mid-range plan for a hospital currently under management contract to the Hospital Corporation of America.

Another of my assignments is coordinating the development of a new osteopathic hospital in Port Richey, Fla. The project involves working with investment bankers,

attorneys, architects, land developers, and the government. Projects must be approved by both federal and state agencies, thus putting a lot of credence into a bumper sticker I saw recently which said, "If you like the U.S. Post Office, you'll love national health insurance."

—Pete Paddrik

MMD and Our Clients

Each consultant has a "most interesting assignment" every year. We can't report all, but would like to mention a few of the more significant assignments that have delivered KSA/MMD a record volume year.

The Apparel Industry and some "good old clients" continued to provide the hardrock foundation of our practice. We did several assignments for Hart, Schaffner & Marx, continuing 15 years of unbroken service. The highlight was completion of the "miracle" Grade IV Coat Shop in Cape Girardeau, Mo. . . probably the lowest cost coat of this quality in the industry.

Substantial work was done with Manhattan Industries as we completed a round of their manufacturing operations which included such divisions as men's shirts, Lady Manhattan, Na-Lor Sweater, and Lady Bayard. Substantial work was done for our old and good client, Pendleton Woolen Mills, with sewing room engineering and work-in-process controls in three plants. Another old client, dating back to 1936, Salant & Salant, authorized what may be the largest single undertaking under one roof with which we've been involved, starting an entire clothing company from scratch in N.C. Work at Greif continued into its third year of cutting, sewing and work-in-process control development. . . we've enjoyed participating in the turn around of this fine old firm. Jack Winter continued in its 10th year of continuous project work with yet another sewing installation and some help with their Gerber cutter.

We continue to work with Lacy on outerwear sewing for the third year, and with the Grenadier (knit shirts) division of Harwood. M. Fine, another client from the past, came back for a major shirt-sewing installation. Major HRD installations include Brooks Brothers' shirt factory in N.J., AAMT at Spanjian in Calif., along with pieces of most every other major installation.

Interesting cutting work is underway at Ratner Clothing in Calif., Southern Athletic in Tenn., a major program of assistance with a Hughes automatic marking installation at Jaymar Ruby, and Item House ladies' coats in Washington.

In spite of the economic and political difficulties in Canada, we've seen major projects at Modern Shirt and the Ella Skinner division of Workwear, along with numerous smaller projects.

Offshore work continued strongly with a large glove project for Aris in Manila, Alpargatas shirt sewing and cutting in Brazil, Interstate Uniform sewing in Puerto Rico, Faded Glory Jeans in Nicaragua, Elizabeth King ladies wear and Yedid children's wear in Mexico.

Among new clients—and there are several—we are proud to include Polo Clothing, by Ralph Lauren, which may be the most successful new men's clothing company in quite a few years.

In **Textiles MMD** we have been involved in two major implementation programs. . . a major HRD program in Pharr Yarns Worsted yarn mill in McAdenville, N.C., and a thread dying and finishing project for Standard Coosa Thatcher in Chattanooga, Tenn.

In the **Footwear Industry** we've made good progress do-

Continued on page 9

Tenth Anniversaries

Roger LeBarron joined KSA's ranks as a clean shaven (on the head!) Air Force Captain October 14, 1968. The Air Force had taught him to be a specialist in "early warning systems, radar and navigation," all of which he soon learned were very handy bits of knowledge for life with KSA.

Roger "dotted the map," earning his stripes in KSA's rapidly developing Cutting/MU practice in the early 70's.



His solid technical work combined well with his winning personality to leave satisfied clients and good friends throughout Canada, North and South Carolina, Georgia, Minnesota, Texas and Oregon.

After getting a renewed taste of Western lifestyle—Roger's from Arizona—on the Bayly and Ratner MU projects in California, he "temporarily" settled in Salt Lake City to work at Pyke in

January '76. He hasn't renewed his Eastern passport since, and has contributed greatly to KSA's growth in our Western Region. In any given week, Roger can be found working in San Diego, Los Angeles, Seattle, Tacoma, or (even) Salt Lake City! While well traveled, Roger still carries a camera on his trips, hoping to capture the perfect sunset or mountain scene.

Among Roger's more interesting assignments were the challenges of adapting KSA's C/MU principles to his projects in the furniture (Sklar), boating (Reinell) and maternity (Motherhood) industries. KSA's only loss to date by having Roger "settled" in Salt Lake is that not all KSA'ers have had the chance to meet his lovely bride, Mary—meeting her is worth the extra mileage—and, oh yes, don't forget your snow skis.

KSA looks forward to the next 10 years with Roger, and wishes him continued success.

This month marks *Joe Irastorza's* 10th year with KSA, and it has been a decade of wide-ranging experience. Geographically, Joe has worked the four corners of the U.S., from Massachusetts to Florida to Southern California and Oregon. He has logged extensive Latin American time as



well, with assignments in Brazil, Mexico and El Salvador.

Joe and his wife, *Berta*, now live in Atlanta. They have two girls.

Joe's technical work has covered virtually all four corners of our systems practice, from manual to computer methods, and from cost accounting to production planning. He has become one of KSA's leading specialists in apparel sales forecasting and in shop loading techniques. He has pub-

Continued on page 8

KSA/USA

By—Jack Ullman

It's time to look back on the year about to close and forward at the year ahead, catch our breath, and be a bit more reflective than might be the case under the normal pressures of day to day events.

KSA/USA has enjoyed a good year. A year of solid growth, improved performance, and an acceptable level of profitability, considering the pressures of inflation and the fact that we entered the year—believing the economists—looking for a recession and understaffed for the ultimate demands upon us. Our results can only be attributable to the outstanding individual and collective performance of our associates and support staff.

We're finalizing budgets for 1979 and projecting another good year subject to the vagaries of the economy. Once again, the economists and our own judgment tell us that there may well be a downturn in '79. But our recent growth in diversified areas should help us through such a period if it develops.

In the recent past, we may have focused too much of this column and our attention on the commercial. Perhaps passing through two recessions, the continuing inflationary spiral, and the difficult 70's in which we live has caused this. Now we'd like to say "so much for the commercial side of KSA performance." If we take care of the things that are *really important*, somehow growth and profitability will take care of themselves.

During recent meetings of our Executive Committee and Steering Committee, "brainstorming" sessions were held. The general objective was to find ways to improve KSA's overall performance. In getting these sessions started, the leaders—*Freddie Wood* for EXCOM and *Dave Cole* for STECOM—asked participants individually to list the strengths and weaknesses of KSA as they saw them, and in descending order. When the input was summarized, the two groups had the following at the top of their lists of strengths:

EXCOM

1. The people in KSA.
2. The internal environment in which our people work.
3. Our good reputation.

STECOM

1. KSA people—their quality and attitudes.
2. KSA's market position—its reputation and specialization.
3. Our internal environment—how our people act.

Additional strengths were listed, as well as our weaknesses. But it's highly significant to note that these two independent groups of KSA principals and officers viewed KSA's primary strengths almost identically.

KSA is people. . . professional people working in a professional environment. People of quality performing quality work. These have indeed always been KSA's primary strengths, and it is these strengths which will permit us to overcome the weaknesses identified in these two "brainstorming" sessions.

We can all be proud of our people and their attitudes, and very thankful that we're members of an organization whose founder saw to it from the beginning that the right kind of people were recruited and imbued with a philosophy which could only lead to success in a professional endeavor.

- "Putting the client's interest first" is no hollow statement in KSA.
- Being a people-oriented firm has not happened by chance.

Coming together, these two factors have helped KSA serve its clients well and as a result develop the truly outstanding reputation we hold both in the industries we serve and among our peers in the consulting profession. We dare not "rest on our laurels" or become complacent. We can, of course, improve our performance in how we serve our clients, how we facilitate the development of our people, how we do our forward planning, and how we make it possible for our more senior people to devote their maximum attention to consulting. . . the business we're in.

Many constructive recommendations for improving KSA's service to its clients were developed in these "brainstorming" sessions. Additionally, our industry functional and divisional managers have been working on setting three-year goals or objectives. Early in 1979 Stig and I will be reviewing these recommendations and objectives and will put together a definitive plan for EXCOM's review.

If we remember our strengths, build on them, continually address our weaknesses and "reach a little further," we will continue to merit the confidence of our clients and the positive attitudes of our associates worldwide. With these things in place, commercial success and personal rewards for each of our people become a natural by-product.

This is a time to pause, reflect on what we've accomplished this past year, set our personal objectives for the future, and enter the new year with a great deal of enthusiasm.

We, in KSA, have a great deal to be thankful for, and KSA as a firm owes an enormous vote of thanks to a really splendid group of consulting and support personnel on both sides of the Atlantic. I'd like to speak for KSA in expressing that vote of thanks and in wishing all of you and your families the very best for the holidays and a wonderful New Year.

—Jack Ullman

Anniversaries—Cont.

lished at least eight articles in professional journals. His major clients have been Palm Beach, Jockey, Tropical Garments, Lacy, Bayly and Hortex.

Looking at Joe's educational background, it is not surprising that he has excelled in quantitative methods; along with a BS in electrical engineering and two MS degrees from Georgia Tech and Lehigh, he also holds a PhD in management science from Georgia Tech. He somehow completed the doctoral program in 1973, five years after he joined KSA. He was promoted to Principal the same year.

Nevertheless, Joe has been equally skilled in effecting less complex, "common sense" kinds of improvements in many cases. This ability to attack systems problems with the most pragmatic approach, whether simple or sophisticated, makes Joe a highly dependable problem solver. Add a bunch of other skills, like Spanish, tennis, pingpong, and winning friends, and you have one of KSA's finest.

Congratulations!

It is with pleasure that we announce the marriage of *Mike Brent* and *Barbara McGovern* on November 11. Congratulations, Mike! We wish you and Barbara an abundance of happiness.

Bob Hinck

For the past two years, *Bob Hinck* has been dividing his time between consulting (billing at 98% of available time) and his "semi-retirement" activities which include real estate and a vacation trip to Europe. Bob further plans to reduce his consulting activities this year, but balks at saying he plans to retire... which is good news for KSA. At this time, we'd like to extend a few kudos in his direction.

Bob has been making consulting "house calls" on clients for 25 years, 18 of which were with KSA. Before joining us, he was a consultant with Wallace Clark & Co., and Shaw Walker Co. All in all, he has 42 years of experience in systems, specializing with KSA in inventory planning, production control, standard cost accounting and financial analysis. He was made a Principal in 1969. Bob pioneered KSA's systems practice in hosiery.



Bob has not confined his talents to the world of latch needles, however. He has been one of KSA's most versatile consultants with ex-

perience in various apparel products, carpets, yarns, and furniture, in addition to knitting. His prior consulting experience also included airlines and shoes.

Bob's reputation for dependability, hard work and thrift has taken him from the wilds of northwest Canada to the Sahara Desert. His prestigious clients have included Kayser-Roth, Warnaco, Aldon, NATEX (Tanzania), Riegel Textile, Spartan Mills, Hanes and Indian Head.

MMD—Cont.

ing numerous surveys under the auspices of the Dept. of Commerce, reported elsewhere.

Our Retail Work in MMD has been limited this year, but of significance is our first retail HRD project at Berman Buckskin in Minneapolis, Minn.

In the Mining and Chemical Industries we continue to work with two big clients, FMC and Jim Walter Resources. We also added a number of new clients, including some smaller coal mining companies—most recently Cannelton Industries, a coal subsidiary of Canadian Pacific Railroad. Our major problem has been inability to staff the substantial work in these industries which comes our way.

In the Hospitality Industry we added to our large Holiday Inn project a new client, Sea Pines Plantation at Hilton Head, S.C. Next year should see four or five consultants in this new industry.

We can't mention every client, but hope that the above is a descriptive cross-section of our implementation practice in MMD. Along with implementation, the diagnostic portion of our practice provided numerous surveys and

Although concentrating in Textile Systems, "The Doctor" became famous in apparel circles after co-authoring the AAMA Accounting Manual. Although 10 years old, it is still a much-used reference book on the desks of apparel managers across the country. Written under contract to the AAMA, it has undergone numerous reprintings.

When KSA associates were questioned about Bob, the same adjectives and expressions kept popping up. There must be something to them... "hard worker," "keen analyst," "innovative," "creative," "can do twice as much as anyone else in the same time."

Another item that kept coming up was his thrift. He's always taken Kurt's advice very much to heart about spending KSA's money as if it were his own. For example, unlike the last minute plans of some consultants, Bob made his plane reservations 30 days in advance, whenever possible, to take advantage of airline discounts!

Actually, when it comes to handling finances, Bob is a whiz in more than one respect... some sources say his stock market successes rival the great NYSE days of *Rockefeller* and *Joseph Kennedy*! After cashing in on one 50-point gain, Bob was heard saying, "I decided to get out and leave some for the rest of them."

Bob's nickname, "The Doctor," is a result of his Doctor of Law degree from Forkham University. He also has a Business Administration degree from Duke University.

Bob and his wife, *Berta*, make an unbeatable combination at bridge, literally and figuratively. Bob was also very involved in politics in North Carolina. Word has it he saw the handwriting on the wall, so he moved to Florida.

All in all, when a savvy guy was needed who could turn in a solid performance, Bob, "The Doctor," was the one called in. Much thanks, Bob, for a job well done. We look forward to your contributions in the future. —D.G.

feasibility studies covering most familiar apparel and textile products, in locations throughout the Caribbean, South America, Mexico, Canada, the Near East, and the Far East, as well as the U.S.

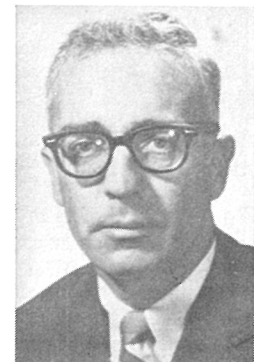
It has been a great year for KSA and MMD, and we look forward to more of the same in 1979.

—Howard Cooley

Functionally Speaking—Cont.

Jim Fry Appointed Association Pres.

Ex-KSA'er *James C. Fry*, Executive V.P. of Textiles, Incorporated, was elected President of the American Yarn Spinners Association on September 15. Your many friends in KSA extend belated congratulations and best wishes for your success at the helm of this fine association, Jim.



New Staff

William R. Brown...Age 27. Single. BS in Engineering, U.S. Military Academy. Fluent Spanish and French. Completed Army obligation as Captain, June, 1978, was responsible for planning, conducting and reporting of air defense command, control and communication equipment. Assigned MMD. Interests: Tennis and squash (Varsity tennis three years, Captain senior year, and varsity squash three years.)

Thomas A. Dennis...Age 26. Single. Received BA with major in Biology and German and MS in Management Science, Lehigh University. Earned large portion of college expenses with summer employment at U.S. Steel, scholarships, and graduate assistantships. Assigned MSD. Interests: Swimming, dramatics.

Thomas P. Gibson...Age 28. Wife, *Jane*. One child. BA in Physics, Emory University. Five years with West Point Pepperell as associate engineer working in materials handling, warehousing, distribution, general project management and cost control. Assigned MMD. Interests: Golf, tennis, organizing and coordinating charity programs for hospital.

James D. Haas...Age 30. Wife, *Judith*. BS, General Engineering, U.S. Air Force Academy. Discharged November, 1978 with rank of Captain, was responsible for worldwide air refueling operations. Supervised four-man flight crew during worldwide missions. Assigned MMD. Interests: Hunting, fishing, skiing, auto repair.

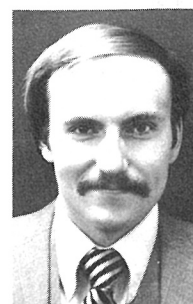
Elliott R. Schwartz...Age 24. Single. AB degree Business Economics/Political Science and MBA Finance/Marketing, University of Chicago. Retail experience with Bloomingdale's, New York, with complete merchandise responsibility for one segment of the department with annual revenue in excess of \$500,000. Assigned Retail, New York. Interests: Rugby, baseball, running (marathons.)

Frank E. Wise...Age 31. Wife, *Kathleen*. Two children. AB in Economics, Davidson College and MBA Harvard Business School. Following U.S. Army service, was math teacher for short time before entering graduate school. Four years with CSRA Capital Corp. (venture capital), Atlanta, with work in management information systems, office administration, real estate development. Assigned MSD. Interests: Bridge, golf.

Stuart H. Wise...Age 31. Wife, *Karen*. Two children. BS, Math/Economics/Computer, Florida State University, and MBA, Management Accounting, Florida Tech University. CPA in State of Florida. Associated with systems consultant firm for three years as Corporate Controller and Production Controller. As KSA's Controller, based in Atlanta. Interests: Bridge, chess, tennis, racketball.



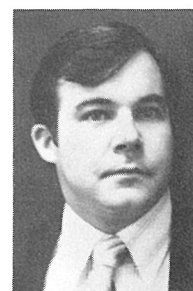
Brown



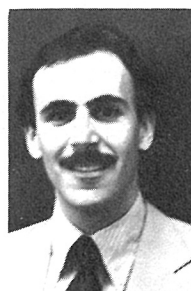
Dennis



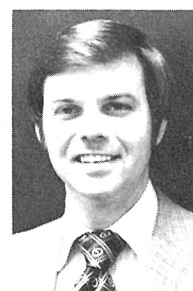
Gibson



Haas



Schwartz



F. Wise



S. Wise

Personal

I wish to thank my KSA friends for their many cards, letters, calls and flowers, occasioned by my accident at the office...they meant a great deal to me. Happily, I'm mending well. My Christmas present is the recent good riddance of one crutch, and knowing the other will soon be laid aside.

—*Mary Baach*

Departures

John DeCamp, *Bob Gargan* and *Bob George* have recently left KSA. We wish them success and happiness in their new careers.

EUROPE . . .

The Account Executive

I decided to use this column to circulate some views on the Account Executive (A/E) function in KSA. Most of us probably agree generally that the A/E is the spearhead of our marketing effort, and is "Mr. KSA" to the client. I would suggest it's more than that.

If defined as a true "partner in thinking" with the chief executive or other senior executives of the client firm, the A/E is the top professional job in consulting. He is a man who understands the client's business and operating environment. He has a broad grasp of KSA's services and can position them in relation to client problems. He brings judgment and knowledge to the client and creates respect and confidence.

Probably none of us can meet such an ideal specification but, if that is what we are aiming for, we must try. In a sense, KSA's history is a barrier because it takes a long time to develop the necessary business maturity from a technical consulting base...which is where most of us started in KSA.

I believe that the key to KSA's future growth in Europe, as well as a continuous element in the present success of the UK and German practices, is the development of A/E's.

All of us have a long way to go as individuals, as does KSA as a company, in developing more in-depth A/E capability. Ideally, we should see our industry specialization reflected in a group of A/E's for each sector of the industry. Each would regard their group of clients as a business, on which they are measured in terms of cost and income. We are some way from the ideal but we are taking a number of steps to strengthen the concept. These include:

- Appointment of industry managers for apparel and retailing in each region, whose task is to manage the marketing effort in general, and to direct the A/E's client development efforts in particular.
- Orientation of the industry's managers' task to include guidance and help for younger A/E's.
- Attention to recruiting to identify qualities likely to lead to the development of good A/E's.
- Specific training programs to orient newer A/E's to thinking from their client's point of view.

No doubt, these steps are being matched by similar efforts in the USA. By recording this European point of view, I hope that discussion on the topic may be stimulated and credit given to those A/E's who are having an increasing impact on volume development and relevance of our work to our clients' key problems.

To provide a service, the A/E needs the in-depth function skills to draw on that is the other—and equally important—side of our organization. In Europe, because of small size and fragmentation, many of our senior consultants are active both as A/E's and functional specialists. As we grow, we need to achieve and maintain a balance which, I believe, will require a higher proportion than in the past of KSA people formally positioned in the A/E role.

—Stuart Hollander

European Attitudes Brief

In the first of this series in the last issue of *Observer*, we reviewed the different European attitudes to overseas imports. In this article, we deal with another subject that is of concern to KSA consultants on both sides of the Atlantic.

Labor Unions

The significant difference between labor and employer relationships in Europe and the U.S. is that it's impossible to make general statements about the European situation. In the U.S. unions have similar attitudes in all the states, while attention may be paid to different regional problems. In Europe, the attitudes of union leaders and members varies from one country to another. Consequently, comparison between the U.S. and Europe can only be made on the basis of individual European countries.

As for all articles in this series, the information is not intended to be exhaustive. It aims only to provide insight into the widely different conditions under which consultants in European countries must attempt to deal successfully with union problems and attitudes.

The UK, the world's first industrial country, was where the labor union movement began. In contrast to most countries, unions in the UK are the result of the old craftsman's guilds to protect the interests of members in the face of rapidly expanding industrialization. Labor unions tend to be job-oriented rather than industry-oriented, though some progress is being made toward integration on an industry basis. The UK was also the European country most seriously hit by the 1929 recession...a traumatic experience for the union movement there. For the UK industry in general, these circumstances led to the evolution of union attitudes on the protection of jobs although improvement of working conditions and claims for higher wages are by no means neglected. The strength of the trade unions in the UK is rarely used for purely political purposes although a large number of trade union leaders hold political views that are far left of center, especially at the shop floor level. By and large, the concept of labor and capital cooperating in any way to achieve a common goal tends to be opposed by labor leaders. During the past few years labor attitudes have begun to evolve so that common ground for negotiations can sometimes be found. Many more years will be needed before labor leaders will recognize that an understanding of employers' and workers' problems can do more to protect jobs and raise real income than systematic opposition to management proposals.

The situation is different in Italy and France. There, labor unions tend to give as much—sometimes more—emphasis to active political involvement as they do to relationships between labor and capital. Although more emphasis has been given in recent years to the maintenance of workers' real income, the unions remain politically oriented. It is not unusual for a strike to be called to protest against a government decision that has no direct bearing on wages and working conditions. Such strikes have been called to protest political developments in other countries with no effect on national labor. In these coun-

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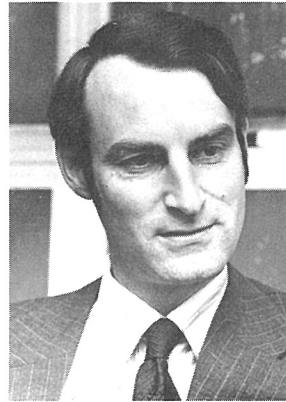
New European Vice Presidents



Hardy Artelt



John Beddows



John Phillips



Ulf Weise

To the four new European Vice Presidents appointed on October 1 our congratulations.

Hardy Artelt joined KSA in 1965 and spent three years on MMD work in the U.S. before returning to Europe. He became a Principal in 1970, and a manager of the German region Production Management Services in 1975. Hardy's well-developed talents have contributed much to building a high level of confidence in KSA's technical competence among clients in German region.

John Beddows, with KSA over 12 years, has led the UK apparel division with great success for some time. Under his guidance and direction, this group has developed into a mature and highly professional team. John's leadership helped considerably to enhance KSA's reputation in the UK.

John Phillips has spent a relatively short time with KSA but has achieved considerable progress establishing our retail practice in Europe. John's former experience with McKinsey also helped to strengthen general management skills in all areas of KSA's operations, where his keen sense of professionalism proves extremely valuable.

Ulf Weise, who came to KSA in 1968, also celebrates his 10 years with KSA at the same time. His ten-year watch was presented this fall. Ulf became a Principal in 1971, was appointed Manager Apparel Systems in 1974 and Apparel Industry Manager for German region in 1975. His highly developed sense of fashion and effectiveness in contact and Account Executive work contributes much to KSA's sales success in Germany.

Attitudes Brief—Cont.

tries, the labor movement's concern with political matters can be traced back to the causes that conditioned its evolution. Both France and Italy were among the last European countries to become industrial nations. As the process of industrialization began there, the socialist philosophy advocating political as well as shop-floor action to obtain better conditions had already been formulated and accepted by wage earners. The struggle to obtain better conditions is seen as a conflict between organized labor and government largely controlled by industry, rather than an action between workers and management in an individual enterprise.

In Germany, the situation is closer to that of the USA and probably due to the management structure of most companies, involving a board of management and a board of directors. While directors are responsible for overall policy, board of management is an executive body responsible for day-to-day operations. For many years, it's been a legal requirement for workers' representatives to sit on the board. Although this practice is unpopular with many industrialists, its application seems to have helped workers gain a closer understanding of problems facing management. Workers tend to accept more readily the necessity for sometimes uncomfortable measures to safeguard the viability of a company. This is not to say that unions in Germany are docile. On the contrary, they're just as determined in their efforts to obtain more money, shorter hours and longer holidays. Generally, there is a more realistic attitude on the part of workers to management's effort to raise productivity and profitability...

sometimes in opposition to the views of union leaders. This was illustrated when an official labor union magazine published a two-page article making an attack on KSA's productivity improvement measures. The article had no noticeable effect on the attitude of workers in factories where KSA was active. In one instance, a reprint of the article was put on the factory notice board to be appreciated by all as an amusing joke rather than a call to throw out the KSA engineers.

Somewhat different circumstances apply in other countries where we are, or may be, working. The comments made here do not necessarily apply to the garment and textile industries, although basic attitudes tend to influence relations between labor and management in those sectors also. As yet, the industries in which KSA specialize are less widely unionized than the older, basic industries in Europe; however, the influence of labor unions in those industries will likely gain further strength.

KSA's policy of encouraging additional payment to workers in line with improved productivity should allow us to continue working effectively whatever the strength of the union. In individual countries, it will be necessary to take into account the different attitudes described here. Failure to do so will make it impossible to achieve a relationship that will maximize the effectiveness of both engineering and systems work.

This is another reason why staff utilization in Europe will always prove more difficult to maximize than in the U.S. Not only language but also national attitudes to vari-

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Transatlantic House Exchange Project

The following extract of a memo received recently from *Jurek Piasecki* in the UK opens up interesting opportunities for the 1978 vacations of KSA staff on both sides of the Atlantic: "I am suggesting that we exchange complete houses for three weeks (say), or even overlap. My own situation is that I live in Northumberland close to Newcastle on Tyne which, since Jimmy Carter's visit, is actually 'twinned' with Atlanta, and already 300+ people actually exchange each year. I'm pretty flexible about time, but would prefer school holidays to be taken into consideration (April, July, August). For non-UK people, the position is convenient for Scotland, the north of England and the Lake District, and situated on the edge of open countryside. Travel through the UK is easy via rail, motorways and air.

The actual accommodation will easily cater for 6+ people, and the liquor cabinet is well stocked!!"

Jurek says other consultants in the UK are interested in this type of scheme. Perhaps some other European consultants would also like to participate.

Whether you read this in Europe, the US, or wherever, and would like to exchange your house for a vacation, here is what you do:

Write a description of your house similar to that given by Jurek above, addressed to your European editor:

Jean-Pierre Adeline
Haslenstrasse, 13
8903 Birmensdorf, Switzerland.

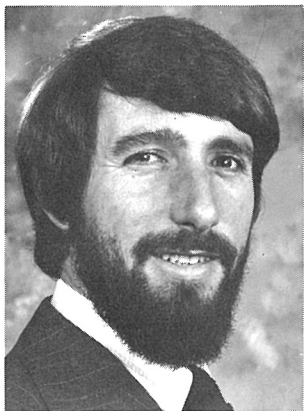
A complete list of accommodations offered for exchange will be mailed to those who have provided input. You can then make contact directly with the consultant(s), whose house(s) seem most interesting, for you to finalize details.

Rod Gunston, Principal

We regret the delay in reporting *Rod Gunston's* appointment to Principal last spring. Rod joined KSA eight years ago, having spent six years with the Coats Patons Baldwins Textile Group.

His prime responsibility in the UK is for the development of KSA's business in the knitting industry. Rod's work has taken him to the USA, Europe and the Middle East and assignments have included cutting and sewing room projects, international marketing seminars and presentations as well as government studies. In the past 18 months he's spent a great deal of time in Norway, working on a project sponsored by the Norwegian Textile Institute to improve production in a number of knitting mills there.

The knitting industry is becoming increasingly important to us and we congratulate Rod on his efforts in promoting KSA's services in this section of the UK Apparel Industry. His promotion to Principal is a well-deserved recognition of this, and his previous successes in KSA.



KSA Meets the East



SISSI ZEDWITZ from Darmstadt Office braved rigors of East Germany to help man the stand throughout Leipzig Fair, while German colleagues took turns at maintaining our professional presence.

The largest and probably oldest international trade fair in the world—the 800th event was celebrated four years ago—the Leipzig Fair promotes itself as the major center for East-West trade in capital as well as consumer goods.

In 1975, we visited the fair to see whether KSA participation could help our sales effort to Eastern Europe as well as to overseas socialist states. The report was positive so we applied for a booth in the textile and apparel section. Three times, we were told no space was available, but on July 26, a telex confirmed space in the next event. . . opening on September 3! Following hectic activities, preparations were completed in time for low-key participation to test our initial survey findings.

Despite warnings that first-time exhibitors rarely made worthwhile contacts, our approach was surprisingly successful. Contacts included high officials of the East German Ministry of Industrial Development as well as apparel industry managers/technicians from several other Eastern countries. Considerable interest was shown in production and management methods developed by KSA, which are far in advance of existing procedures in socialist countries.

Our presence will be maintained next year and with sufficient preparation time, we expect to make a major step in firmly establishing ourselves in Eastern Europe, as we have in major Western countries.

Our Man in Italy

When the decision was made to suspend temporarily KSA operations in Italy, it was hoped some way could be found to protect our short and longer term interests in that country.

Since then, *Renato Tarditi* has agreed to stay with KSA, living in Italy and helping maintain our presence there. As a result, the door remains open for a possible later return of KSA in Italy. Responsibility for that market has been given to German region, to which most of our Italian speaking consultants—*Hardy Artelt*, *Werner Iten*, *Cesare Aspes* and *Joe Muller*—are attached. They can be called upon as needed to help Renato in implementation.

Renato has been with KSA since 1968. His 10-year watch was recently presented by *Stuart Hollander* at a dinner party in Milan.

Bill Wing

When *Bill Wing* went to Oxford in 1960 he little realized that almost 20 years later he would have his profile written for the *KSA Observer* by a Cambridge man. Otherwise he might have been a little more careful in his choice of university. However, apart from giving Bill a taste for the good life, and a broad understanding of engineering, Oxford did him little harm.

Subsequently his four years with large companies, Unilever and the Reed Paper Group, gave Bill good training in management techniques and a sound basis for his later work in KSA. They also gave him a fairly diverse product knowledge and, if ever KSA needs to get into cattle cake, Bill's our man.



In 1966, Bill joined KSA and spent a year or so in the States. He was about the last engineer to go through the traditional Washington and McRae training route. . . certainly the last Englishman. McRae was sold soon after that, although no one blames Bill entirely. In New York he divided his time between soft lights and sweet

music during the evenings and fighting the cutters during the day. The New York cutting room was a continuation of a job started in 1956 by *Stig Kry* who prepared a manual which made the cutters so violent that it wasn't until 1966 that Bill was able to go back and implement it. It was in New York that Bill first developed these cutting skills and, although he has modified his techniques somewhat to cope with the differences between his Bradford cutter and the Brooklyn cutter, he has continued to work substantially in the cutting area ever since. Although he represents an all round resource in the UK and Europe, it is in this area of cutting technology that we look to Bill for a special knowledge.

Since this is a family magazine, we have to draw a veil over the other aspects of Bill's life in the United States, although no reasonable requests for information will be turned down. He returned to the UK and moved straight into an assignment at U.D.S. which was then our largest

UK client. Bill became almost a permanent resident there, for at least three years, and was able to develop a very much more stable social life in Leeds and district than a KSA man usually can. One of the results of this stability was Glen, and later Jenna, Guy and Shian, although by that time Bill was back on the road again. Glen is a very visible and attractively decorated wife and can be relied upon to add glitter to an occasion. On one occasion she added glitter to the Chairman's dinner jacket at the Cafe Royal and for at least part of the evening he was as pretty as a Christmas tree.

Bill's sporting achievements are legendary, according to Glen anyway. He plays cricket (the rules of which, for all but our English readership, Jack Ullman will explain in another issue) for Yorkshire side in a Yorkshire league. This, for a man from Lancashire, is like the vice president of manufacturing for Wrangler being seconded to Levi Strauss for a year to help with their production problems. He is also an international squash player, international in the sense that he once played a couple of games in Cape Town. He also achieved the dubious distinction of being carried off the field after only a few minutes of a Dean Vought annual football game, with what appeared to be a self-inflicted wound. However, since at least one other Englishman was sent off for dropping what was claimed to be an easy pass, we can put this episode down to the last twitchings of the war of independence.

In the early and middle 1970's Bill took on increasing responsibilities within the UK and helped to develop our business particularly in the North of England where a large proportion of the British apparel industry is located. He was appointed Principal in early 1971. Apart from the apparel industry proper, Bill has also worked in other parts of the textile industry, furniture, carpets and household textiles, and has also worked closely with government and European agencies.

Bill's most recent assignments have made him to some extent "our man in South Africa", and South African Airways may award him their Traveler of the Year cup fairly soon.

Bill is one of our longer serving men in the UK and we appreciate the loyalty and hard work that he has given us over those years. We look forward to many more of the same.

—Harry Lack

Attitudes Brief—Cont.

ous aspects of business life vary from country to country. . . sometimes considerably.

Fortunately, KSA techniques are based on universally applicable principles. This means potential effectiveness of employee attitude surveys and other techniques in the area of human resource development remains high. While the principles are valid, their applications must take account of these basic attitudes. Implementation can only be effective when carried out by a national of the country

concerned, with a fully adequate knowledge of the psychological background and attitudes of workers and union leaders in that country.

Departures

Frank Caddy left UK region to return to line management in the apparel industry. *Daniel Manchon* left KSA France in September. *Giacomo Ronco* left KSA Italy in October. We wish them success in their new careers.

It Happened in Europe

Peter Bengsch provided the winning entry to an internal competition organized by German region to find an appropriate name for a new software package developed for the apparel industry. The call was for a meaningful and evocative name to describe the package and his entry—ACT (Apparel Communication Total) won him a bottle of champagne. In the UK, the acronym may be interpreted as Apparel Communication Tool.

A team of KSA-UK consultants presented a new seminar on SMMA (Style Manufacturing Management Approach)...an integrated package comprising operator training, production system concept and motivational methods that promises to be valuable to clients. At a time when more and more apparel manufacturers are moving upmarket to meet the challenge of offshore imports, SMMA is expected to assume increasing importance in the context of KSA's marketing drive.

John Heyworth in the UK completed the conceptual work on a new, highly simplified, balancing system that can be applied with a minimum of supervisor training. The resulting work aid involves a specially designed board with mobile strips of variable length representing individual operators' estimated output. It is now being tested in a client factory. A more detailed description of the system will appear here when its anticipated effectiveness has been proven in practice.

Hardy Artelt and *Heinz-Jurgen Krogner* were invited by the organizers of the Munich Fashion Weeks—one of Europe's leading apparel trade fairs—to make a presentation during a technical forum. This was the first time KSA had been invited to participate in this event which is at-

tended by top production executives of leading German companies. The presentation, covering management and control systems for the apparel industry, was very well received and helped to confirm KSA's leadership in this area.

New Office Staff



Jacqueline Knight



Hannelore Worle

Jacqueline Knight joined Windsor office in October to take over from *Anne Crewe* as *Stuart Hollander's* secretary. Although Jacqueline has considerable secretarial experience, she spent some time selling antiques before joining KSA. Her interest in, and knowledge of, this speciality might well prove useful and profitable to visiting consultants tempted by the extensive—but often much overpriced—selection of antiques in shops surrounding Windsor office.

Hannelore Worle joined Darmstadt office in September, replacing *Anneliese Lobstein* as full-time typist. Hannelore lives in Darmstadt with her two sons.

Functionally Speaking—Cont.

Public Relations

Since absolutely no one protested the absence of a PR report in the September *Observer*, we hasten to make amends...before the Editor decides we're expendable and goes after a comic strip to fill this space.

Between July and January, the PR Department produced:

8 articles, plus one in "Coal Age" on HRD at Jim Walter Resources that *Bob Reeves* handled all by himself, and which was by far the largest and most successful of all;

10 service bulletins—apparel, furniture, footwear;

3 Perspectives—retail, apparel, and the annual Soft Goods Outlook;

2 brochures—interior furnishing and a reprint of retailing;

13 speeches at 11 seminars, ranging from apparel imports and health care to the Far East textiles and process control;

1 paid seminar on production planning for textiles;

3 trade shows—Bobbin, Furniture show, Health Congress;

2 interviews in Daily News Record—*Nort Eberly* on cutting and *Ralph Ross* on mergers;

2 Delphi surveys—yarn and apparel.

Considering the fact that two of our stalwarts, *Kathy Couch* and *Jill Steinberg* managed to get themselves hospitalized for a total of seven weeks during this period, we are, frankly, impressed.

Long-Running Hit—"Oklahoma" and "Hello Dolly" were all right in their time, but for longevity and cost-effective public relations, few shows can surpass KSA's

own "Textile Systems Production Planning and Inventory Management Seminar."

Despite a somewhat cumbersome name and un-hummable songs, this two-day paid seminar has been presented five times since June, 1976. The last, and most successful performance took place in Atlanta last month, attracting an audience of 29, including many from upper management levels.

Over the years, *Josh Taylor's* group has presented the seminar to over 110 people from 69 companies—including Stevens, West Point Pepperel, Masland, Milliken, Lowenstein, etc. There have been participants from as far as Nicaragua, and one man from J.P. Stevens has attended twice! Attendance fees have totaled over \$33,000, and at least three assignments and numerous proposal opportunities have come about through these seminars. Further, a number of KSA'ers have attended over the years and widened their appreciation of textile systems.

The cast of speakers have changed over the years. The last one featured *Josh*, *Doug Moore* and *Bill Cobb*. *Bob Gargan*, *Dale Dodrill*, and *Lynwood Johnson* have appeared in previous productions. All are to be congratulated on KSA's longest-running, most cost-effective, hit.

—J.S.

Training and Professional Development

The second half of the year has been very busy. The summer class consisted of seven full-time students: *Peter Brown*, *Tim Brown*, *Pete Dubuisson*, *Joe Neal*, *Cliff Simms*, *Jim Wermert* and *Arthur Hertnagel*; plus four

Continued on page 16

Training & Prof. Development—Cont.

part-time students: *Ron Everett, Fran Fowler, Dave Eldredge* and *Jurgen Steuck*. This class was pictured in the previous issue.

The fall class consisted of six consultants: *Bill Brown, Tom Dennis, Tom Gibson, Jim Haas, Elliot Schwartz* and *Frank Wise*. Non-consultants attending parts of the course were: *Herb Wise*, our new controller, and *Irene Jurczyk*, our new word processing editor.

We also conducted two client courses, one each of Apparel Engineering Basics and Apparel Factory Managers.

Professional development in the form of short courses is available to all staff. Some of these are available by correspondence, others must be conducted in the Atlanta office. We encourage its use and can provide more details if you will contact us. The courses available are:

- Textile Engineering
- Product Analysis Training (shirts/dress slacks/

- dungarees)
- Men's Clothing Introduction
- KSD
- Cutting Room Engineering
- Advanced Material Utilization
- Survey Problem
- Survey Report Writing
- Standard Cost
- Return on Investment
- Financial Analysis
- Financial Ratios
- Executive Effectiveness
- Listening
- PERT and CPM
- Operator Training (AAMT)
- Supervisory Development
- Physical Distribution
- Work-In-Process Control

—*Bill Cameron*

New Faces in Old Offices

Atlanta

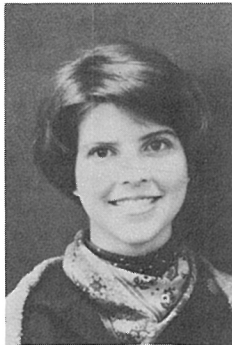


Cathy Deadwyler

New York



Miriam Evans



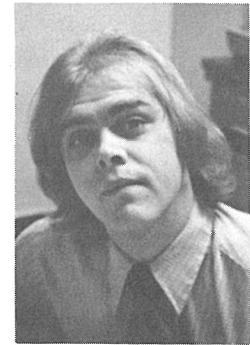
Irene Jurczyk



Brenda Russell



Ellen Dong



Dave Eldredge

Cathy Deadwyler is new administrative assistant to *Howard Cooley* and other MMD'ers. Cathy has a degree from the University of Georgia in accounting. Her past experience includes supervising and training employees for the Six Flags Over Georgia amusement park.

Another Georgia graduate, *Irene Jurczyk*, our new and capable editor in Word Processing (Report Dept.) has an impressive background. She will not be in full swing until she has completed the current training class. She and her husband, *Glenn* have two children.

Brenda Russell is also a new member in the Report Dept. Brenda spent a number of years working for the United Way as a secretary and comes to us highly recommended. Brenda and her husband, *David*, have three children.

Miriam Evans is handling administrative support duties for GM&M in New York (*Bob Nahas* and *Dudley McIlheny*.)

Ellen Dong took over as secretary to *Stig Kry* and *Phil Lutz* in November.

Dave Eldredge joined the Public Relations staff in New York in March, but couldn't be slowed down for a picture until now.

Editor's Note

Contributions by *Observer Correspondents* were particularly voluminous for this issue. Unfortunately, space limitations precluded using all of them. Except for topics no longer current, look for them in the next issue. HAPPY HOLIDAYS!