

*KSA's Computer Used in***Levi's Planning Study . . .**By—*John Caldwell*

A detailed manufacturing facility planning study recently authorized by Levi's new Activewear Division presented KSA with an opportunity to extensively use our TRS-80 Mini-computer. The infinite need for number crunching on such a study proved an ideal application for this equipment. The study's scope required definitions and dimensions of manufacturing facilities which are to serve Activewear's needs through 1984. During this period, the division plans to grow from a current volume of \$2M annually to about \$120M in sales.

The product line—highly seasonal in nature—includes tennis and other racquet sportswear, tops and bottoms for running, warm-up suits and separates, and an extensive line of ski-wear; insulated tops and bottoms, vests, sweaters, and wind-shirts are also included. The division expects to gain momentum from publicity and advertising surrounding the 1980 Olympic games. Levi's has been selected the outfitter of the U.S.A. Olympic team, and the lines' predominant theme is expected to be prominently displayed to millions all over the world via TV. Activewear is banking on this along with Levi's universally accepted brand name to provide immediate and forceful market penetration.

Upon receipt of the authorization, a KSA team was assembled under the direction of *Howard Cooley*. The writer was assigned to collate the data and produce the final report. Other team members were *Frank Armistead*, *Bob Malburg*, *Randy Nord*, *Ed Owen*, *Bill Sand*, and *Mary White*. *Bob Nahas* provided valuable liaison with Levi's corporate office. It is believed Activewear was highly impressed with the content and appearance of the report. Over 100 exhibits were produced by KSA's computer and inserted directly into the report. This replaced probably hundreds of hours of typing, while presenting the client with an incredible array of exhibits which looked most professional. Extensive background and advice for our computer's usage was contributed by *Zeb Roberts* who, during the last year, has been instrumental in guiding KSA's use of in-house computer capability. Many of the programs developed for this study were spin-offs from some of the concepts *Zeb* developed.

Four basic programs were used in the report. The programming concepts were designed by a contract programmer and later polished up by *Mary White* for report quality printouts.

**Sew/Finish Staffing Area and Investment Requirements**—For each of the product groups and for a specified portion of in-house manufacture, this program develops the number of direct labor required, manufacturing area needed, investment in facilities and equipment, estimated training costs, and estimated working capital needs. These items are displayed for each year of the division's build-up plan. Going further, estimated factors are incorporated into each of the annual amounts of investment

and working capital. Input to this program includes estimated SAH per unit, estimated plant efficiency, season length, average wholesale unit price, and a ratio of sales to working capital; it contains a great amount of semi-fixed data which can be modified according to the situation at hand. It is believed this program may have some general use for similar forecasting situations on other KSA assignments.

**Cutting Staffing Area and Equipment Requirements**—This program is very similar in format to that used for Sewing and Finishing Requirements. Given the units required and the per cent to be produced in-house for each year of the Division's build-up, it develops the number of direct labor, linear yards of cutting table, department area, building cost, equipment cost, direct labor payroll, and department operating costs, including overhead. A secondary program was used to generate data to feed this one. By using estimates of roll sizes and cutting heights, *Bill Sand* used an existing cutting analysis program to develop some of the input data for Levi's program.

**Sewing/Finishing Manufacturing Model**—For each of the Levi product groups, and for each year of the division's manufacturing build-up, this program develops the sewing and finishing plant operating costs. Once given input  
*Continued on page 2*

**KSA Takes Lead in Internationalization of U.S. Apparel Industry**By—*John Wilcox*

During 1979, KSA has become the unquestioned authority on international issues facing the U.S. Apparel Industry.

Of course, our most dramatic activity has been in conducting the 22-country Department of Commerce global export opportunities study. In spite of the complexities and frustrations of this assignment for everyone involved (*Dean Vought*, *Rudy Greer*, *Fred Johnson*, to mention a few), there is no question this caused KSA to be viewed as the best information resource regarding exports.

At the recent export opportunity conference in New York City, it became clear we had achieved this position. There were comments from the Department of Commerce, *Rudy Greer's* speech and *Dean Vought's* panel participation. Also, the conversation of clients and potential clients around the tables at coffee breaks and during lunch all pointed to the great job KSA has done in leading the way in this important element of the apparel industry's future.

In addition, we continue to develop a more enlightened understanding of the various sourcing options that  
*Continued on page 5*

## Chairman's Corner

KSA is about to complete a good year. The demand for our services has been generally strong, both in North America and Europe. 1979 will certainly be a record year in terms of volume. The operating profits are very near target and as we also have some extraordinary non-operating gains on the U.S. books, we will see a significant gain in book value per share.

There could not have been a more fitting way for us to pay tribute to *Kurt's* memory than through record performance by the company as a whole.

Basically, business in the U.S. has been strong, although there are a few weak areas. Our bottom line results will be respectable but we have the potential to do a good deal better. Specific steps are in preparation for converting more of our hard work to larger bonuses and net profits at the end of the year.

It appears that Europe will make a fine contribution to corporate results in 1979. This is most welcome following some recent lean years in which we had to make difficult and costly decisions to severely curtail our operations in Italy and France.

The German and U.K. regions are strong and profitable and we have in them a good base for growth and profits. . . . We are in the process of registering a company in Spain. Under *Alberto Figa-Beleta's* leadership, the region is already making a contribution.

Our priority task for 1980 is to manage as well as possible in an uncertain and recessionary environment both in the USA and Europe. At the same time and looking beyond 1980, we hope to add new emphasis to marketing and business development, thus enabling us to reach a higher rate of real growth.

In the U.S., we are involved in a number of promising new industries and there is still much to do in Apparel and Textiles. . . . In Europe we must strive to maintain our strong position in Apparel, make more headway in Retail and find a third industry with scope and promise for a sizeable practice.

In 1980 we must sort out our approach to the Brazilian market. An audit is under way, and in due course we will communicate our decisions. We have been rebuffed in our efforts to register a 100% KSA owned company in Mexico, so we will have to determine if there are other acceptable alternatives open.

Generally, Latin America remains a promising region for KSA but there are tax, currency, and other complications which make it a less than straight forward area in which to do business than we would wish.

We are slowly building contacts in the Far East and KSA's experience and recognition is thus becoming known. We are mindful of the opportunities in that part of the world but not ready to move them to the front burner.

At the end of 1979 we find ourselves with a better balanced practice of technical and general management consulting than ever before. The entire base of KSA's operation is stronger and our profile in our selected industries is higher than it has ever been. We do need to find ways to market our services more effectively. While 1980 may be

a difficult year, we hope to position KSA for rapid growth, once the economy recovers.

The year ending was one of extraordinary hard work for many and there were remarkable achievements in individual functions, industries, and regions. On behalf of KSA's management, I would like to thank all of you for making 1979 a year of progress.

Merry Christmas and a Happy New Year to you and your families.  
—SAK

### *Levi Planning Study—Cont.*

of number of operators, average SAH per unit, operating efficiency, weekly hours and annual weeks scheduled, it develops a model of operating costs showing separately direct labor, piece work and excesses, indirect labor by each job category, fringe benefits, fixed and variable overhead costs, and finally, the annual operating budget within a given multiplier of direct labor.

**Start-up Costs**—A final program was developed to provide estimated start-up costs for labor and unabsorbed overhead. This program accepts variable input concerning length of start-up, plant efficiency, average hourly earnings, base rate, fringe benefits, rates of operator acquisition, and stated fixed and variable overhead. Its output provides for each four-week period of the start-up, the operating budget and cost per SAH produced. A final calculation shows the total start-up costs as well as the weighted average cost per SAH during the start-up period. From this program can be developed an average start-up cost per operator.

This was a fascinating and challenging project. KSA was literally given "the world" and asked to boil it down into a logical manufacturing facility plan. It was immediately seen that the amount of calculations would be monumental. Our TRS-80 Mini-computer probably saved 90% of the man-hours necessary to produce this quantity of analysis. The printouts, showing a high degree of accuracy and professional presentation, were bound directly into the client's final report. Those of us who worked with this project can see wide ranging use for this in-house capability. As our programming skills develop, this will provide greatly enhanced service for studies of this type.

## Sympathy

Our sincere sympathy goes to *Bob King* whose brother was accidentally electrocuted September 17; and to *Brenda Russell* (word processing, Atlanta) in the loss of her Mother.

## 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*

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December 31, 1979

# KSA/USA

By—Jack Ullman

As 1979 comes to a close, it's once again a time to reflect on the year ending and look ahead to the next. As a starting point, we looked back at our comments of a year ago. In many respects, they could be repeated!

"The recession that wasn't"—While the last few months have "early warnings," by and large KSA/USA didn't feel the effects of the recession.

"The inflation that was"—But we did feel the enormous pressures of the debilitating inflationary spiral. All of us feel it—our clients, our associates, and our families. Quality of life is sacrificed, and no measure of success can fully compensate.

Despite these pressures the extraordinary efforts of our consulting and support personnel are bringing the year to a satisfactory level of performance. Our volume is close to forecast and a new record—in real terms.

The outlook for '80 demands contingency planning now under way in case the projected recession does in fact impact us. It also means belt tightening for all of us in view of continuing inflation. But we do expect modest growth and reasonable profitability.

It's been a gratifying year for us with extraordinary publicity in local, trade and national publications. The "fallout" from the DOC Global Export Study, the Georgia Tech Market Strategy Study and our work with numerous industry committees and associations has been gratifying, and we are seeing direct and positive results as more and more clients seek our help in marketing, strategy planning and manufacturing alternatives in their efforts to combat imports.

We feel the quality of our work in all areas has never been better, and this continues to bring us repeat business, not just in apparel and textiles, but our newer industries, too. We've become a factor as consultants in the footwear, health care and mining industries, and are being recognized in the hospitality and retail fields as well.

Long preeminent as consultants in the production areas of apparel and textiles, we have, while retaining our

## KSA Christmas Card Fund

Contributions totaled \$7,347!

The Spirit of Christmas ran high...high enough to have topped all previous years. Congratulations to all of you for making this special effort for the many who are so much less fortunate.

This year 114 KSA'ers worldwide participated by making a contribution to causes of their choosing (94.) Organizations benefiting children—including the children of Cambodia—were by far the largest recipients, with such well-knowns as cancer and heart running second and third. The donors names were imprinted on a Christmas card and mailed to KSA's worldwide staff.

For many years the Company has made an annual contribution of \$1,500 to the City of Hope. This year that amount was reduced to \$1,000, with \$500 going to the Robert D. Pee Memorial Scholarship Fund.

technical expertise in manufacturing, added a solid practice—more than 40% of our volume—in the areas we call management services. Strategic planning, marketing, organization, systems, data processing, distribution and facilities planning—and others—all growing in importance as we continue to develop a full line consulting service group *second to none* in the industries we serve.

Our key is still people—and always will be. Excellence in consulting can only be achieved with superior people. And that's KSA. We added 37 (maybe 38 by the time this goes to press) in '79 and project 31 for 1980. With normal turnover, this provides capacity for a continuing real growth rate in the order of 10%.

We'll have problems in 1980 with or without a recession and with continuing—though hopefully declining—inflation. But we (you) thrive on problems. Problem-solving is what consultants do. So, we'll master our problems and have a good year.

In closing, a word about Kurt. We miss him. Most of our new 37 didn't have a chance to know him. But they and all who follow soon learn of the legacy he left for us. Professionalism, superior performance, always striving to do better, and a warm, sincere interest in all of our KSA family. These things we all remember and will continue to live by.

A year has passed and a new one begins with all good wishes to you and yours.

## Material Utilization at Levi Strauss-Canada

By—Keith Alleson

The time was March 1979, snow was beginning to melt along Toronto's sidewalks and in an impressive board room the Levi Strauss International Group M.U. project with KSA was finally underway. Our objective was to introduce correct M.U. procedures and controls to plants in Hamilton and Cornwall, achieve material savings of 3% and train Levi Strauss engineers to be able to do likewise in all other international plants.

So it was that the still town of Hamilton became home and a training ground for patience over the next several months. Local management was skeptical that much would result from KSA's project; cutting room supervisors changed every two months, fabric shortages made warehouse life difficult and lack of marking department supervision began to slow down progress. There was never much doubt that savings were up for grabs... the problem was one of having total client commitment to the project.

A change in top management did help to achieve this, and after brainstorming sessions with Mike Brent and several visits from Jim Trautman, the momentum resumed. Finally, the combination of procedures such as cut planning, miniature marker making, fabric shade and width measurement, spread audits, and the effective use of sensitive management reports, the magic began to work. With only a little assistance, the Cornwall plant

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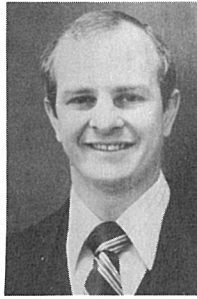




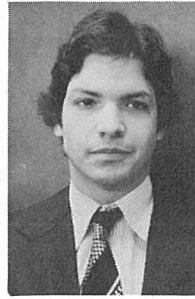
## New Staff



**Ball**



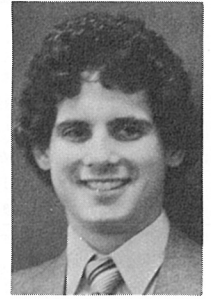
**Batten**



**Bequillard**



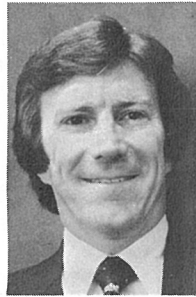
**Bowers**



**Crupie**



**Greenwood**



**Johnson**



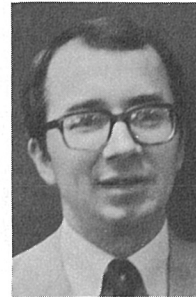
**Maldovan**



**Mantilla**



**O'Connor**



**Osborne**

*William R. Ball, Jr. (Bill)...Age 33. Wife, Linda. One child. BS, Computer Science, Purdue University; MBA, California Lutheran College, 1978. U.S. Navy (14 years)—Lieutenant. Interests: Bridge, chess, flying, tennis.*

*Hugh N. Batten...Age 33, Wife, Cathy. Three children. BS, General Engineering, U.S. Naval Academy; MBA, Southeast Missouri State College, 1978. Proctor & Gamble (4 years) I.E. Department Manager; U.S. Navy (5½ years.) Interests: Tennis, swimming.*

*Roberto B. Bequillard...Age 22. Single. BIE, Georgia Tech. Worked three summers with Tricotextil, S.A. Fluent Spanish—native tongue. Interests: Bowling, water skiing.*

*Willard C. Bowers (Bill)...Age 27. Single. BS, Business, State University of New York; MSIM, Georgia Tech, 1979. Interests: Tennis, racquetball, photography.*

*Robert E. Crupie (Torre)...Age 23. Single. BSIE, Georgia Tech, 1979. Interests: Soccer, volleyball, bowling, tennis, hiking.*

*Jill Greenwood...Age 27. Husband, August duPont. BA, Stanford University; MBA, Harvard University, 1979. Owner, designer and manager of boutique shop (11 years, including part time work.) One year, Joe Webb Company, women's sportswear. Interests: Design, sewing, bridge.*

*James E. Johnson (Jim)...Age 38. Wife, Yolanda. One*

*child. BS, Psychology, Texas A & M University; MS, Psychology, North Texas State University. Sears, Roebuck (6½ years), Director of Human Resources; Terrell State Hospital (3 years), Staff Psychologist. Jim is KSA's Associate Employment Director and works out of the Atlanta office.*

*Michael A. Maldovan (Mike)...Age 29. Wife, Ruthanne. BS, Geography, Penn State University; MS, Systems Management, University of Southern California, 1979. U.S. Air Force 6 years)—Captain. Interests: Golf, tennis, photography.*

*Cesar A. Mantilla...Age 27. Single. BS, Electrical Engineering and MSIE, University of Houston. Fluent Spanish (native tongue.) Hudson Products Corp., production control; Harco Corp., assembly plant, assistant designer and assembler; Exxon Co., computer operator. Interests: Mountain climbing, bicycling, swimming, sailing.*

*William J. O'Connor, Jr. (John)...Age 29. Single. AB, Rutgers University; MBA, Augusta College, 1979. U.S. Army (6½ years)—Captain. Interests: Stamp collecting, jogging.*

*D. Chris Osborne...Age 32. Wife, Dianne. Three children. BSIM, Purdue University; MBA, Marketing/P.D., Ohio State University, 1971. Consultant with Data Science (1 year); Brown & Williamson Tobacco Corp. (6 years), Manager Systems Development. Interest: Golf.*



## KSA-Canada

KSA is currently active in all services offered to the textile and apparel industries in both MMD and MSD.

In 1978 our MMD volume against budget was almost doubled; this year, after 11 periods, we have already exceeded budget, and for 1980 we anticipate a 35% volume increase in MMD alone. Although economic conditions in Canada tend to reflect U.S. trends with a time-lag of a few months, we feel that even with the lower value of the Canadian dollar and the present list of very good potential prospects, it will take a major effort to surpass our 1980 MMD budget. This is further exemplified by the unfavorable political climate in Canada and the always present threat of "Sovereignty confusion" in Quebec which may not be settled by the next spring referendum.

This year we have completed major assignments for Modern Shirt (SRE), Merit Clothing (plant startup), Levi Strauss (M.U.) and Ella Skinner, Division of Workwear Corp. (SRE). We have proposals for these clients for further assistance in other areas. Among this year's major new clients are Riviera Slacks (Toronto), Sainlee Industries, Division of Workwear Corp. (Toronto), Shirley Kay Maternity, Inc. (Montreal) and Paris Star (Montreal). As usual, a large portion of our fees in MMD, MSD and GM&M is generated by our work on a retainer basis with numerous small and medium-sized companies in the Province of Quebec, and undertaking feasibility studies under the Federal Government Enterprise Development Program.

With only three "permanently based" full time consultants in Canada, we must rely heavily in every function on the contribution of KSA/USA. With the winter coming we want to remind such regulars as *Ken Osborne, Ken Campbell, Bob Saunders, Mike Brent, Glen Larsen, Ron Brockett, John Dye, Dudley McIlhenny* and many other KSA visitors (including *Jack Johnson* and his SLM gang which we hope to introduce soon to the Quebec winter) that it may be a bit colder in Winnipeg, Montreal or Quebec City than in Atlanta but it's easier to fly back home on Friday night from Canada in the winter than from, let's say Chicago, Buffalo or even Boston.

—*Denys Williamson*

*KSA Takes Lead—Cont.*

are available to U.S. producers. Studies for such companies as Burlington, DuPont and Monsanto, opportunities to visit the Far East, studies of these markets and the economics of importing are one form of input. Work we have done in 807 operations in the Caribbean and Mexico are another example. Through this we have come to understand that our clients' apparel businesses are not necessarily doomed by the encroachment of imported products from low wage countries. Rather, they can formulate enlightened strategies which protect their positions in the markets they serve, regardless of where they must manufacture. In many cases this means continued domestic manufacture but upgrading to achieve the level of excellence required. In other cases, it could mean a blend of domestic and 807. In some cases it might mean a blend of domestic and Far East package imports.

We recently published a Perspective entitled "Sourcing Strategies in a World Apparel Market." This document attempts to synthesize the various thinking that has been evolving in KSA. At the export seminar in New York, *Tom Roboz*, Chairman of AAMA, quoted directly from this paper and again there seemed to be quite a bit of comment among the audience that KSA was leading the way with its enlightened approach to sourcing in to-

## Tenth Anniversary

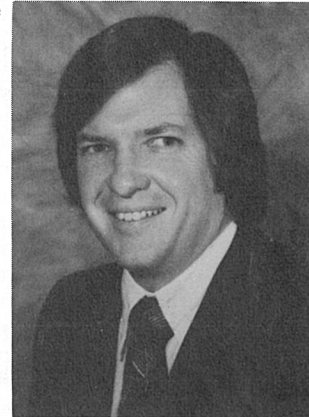
Congratulations to *Bill Cobb*, who celebrated his 10th on October 20.

Bill received his B.S. in Personnel Management from the University of Tennessee, where he also worked as an instructor while doing further graduate work. He then carried his affinity to the classroom with him as he worked as an instructor for the U.S. Army Adjutant General School.

Upon joining KSA, he was immediately immersed in the design of two major order processing systems—West Point Pepperell and J. P. Stevens. Since then, his expertise in these systems has repeatedly led to improved order processing and customer service for several clients, leading finally to CMIS (Carpet Management Information System), KSA's entry in the software market for carpet companies.

Meanwhile, Bill has continued to expand his horizons and is one of our key specialists in the overall inventory management area for textiles, as well as having an extremely good knowledge of how to make practical use of a computer...from which many of our clients have benefited greatly.

Many times over, Bill has proven himself as a fine consultant and project manager, one which can always be counted on, particularly when the going is a bit rough. Bill lives in Atlanta with his lovely wife, *Jan*, and two children. When he is not busy at the office or at home, it's a good bet to try Lake Lanier, where he will either be sailing in a regatta, or helping plan the next one.



day's apparel environment.

In addition to this, of course, we have the added advantage of our own international practice. This has given us a developing understanding of the Western European market, which none of our competitors can approach. This understanding will certainly be of increasing importance as the U.S. industry further internationalizes. On down the road, KSA will have to be addressing the matter of more specific commitment to the Far East and this could open up even more opportunities. Again, there is no doubt that we will be there first.

There is one other extremely important element of the internationalization of the apparel industry that pertains to our practice. Properly sorting out the alternatives in this environment requires a blend of manufacturing expertise, marketing, strategy formulation, information and control logistics and distribution. Of course, this sounds like a menu of our services. It is beginning to look as if we will have increasing need to blend our resources and expertise to insure that our clients survive in the new international apparel environment.

## Departures

We regret to announce the following are no longer associated with KSA: *Jack Downie • Smiley Jones • Hal Ivey • Skip Rezaei • Herb Wise*. We wish them success in their new careers.

## Health Services Division

It's been a year of ups and downs for this division. A successful management and operations audit of the Tampa General Hospital system was completed in July. The project covered the development of marketing strategies, re-deployment of services and beds between two hospitals, a reorganization of top management structure with recommendations for a new governing body, development of new policies and procedures for closer affiliation and working relationships between the University of South Florida Medical School and the hospital system, an analysis of their management information and materials handling systems, and implementation of procedures to improve staffing and operational effectiveness.

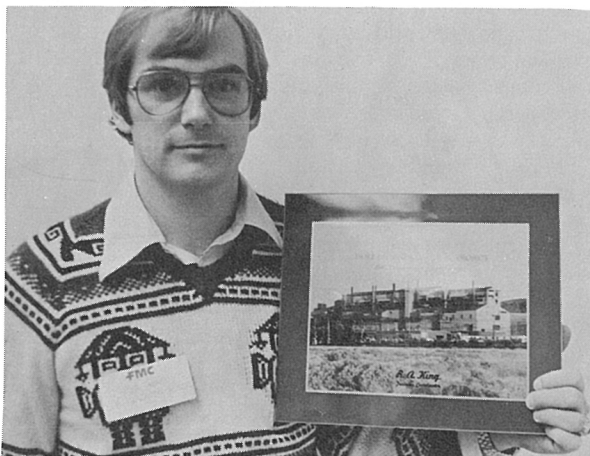
The initial phase of facilities planning for the City of Faith Hospital at Oral Roberts University was completed at mid-year. It included planning a 777-bed teaching hospital, a 60-floor ambulatory care center and physicians office building, and a 27-floor research and development center. Total construction costs for this project are over \$250M. *Frank McMillan* continues work on the development of a management information system for the entire complex. As the buildings near completion we should be involved in the actual start up.

After a fast start at the beginning of the year in terms of sales and billings, our health care practice slowed somewhat for a couple of months. Thanks to renewed marketing and sales efforts by everyone, we are ending the year in a strong position.

*Pete Paddrik* developed a number of projects in the marketing and planning area with both old and new clients, and he and *Ron Everett* have been instrumental in landing some preliminary financial feasibility studies.

*Virginia Lamb* has been involved in the development of Certificate of Need applications for about 15 hospitals this year. Her travels have taken her from New Jersey to Florida to California. Most of us feel our schedule is well planned if we have a client to visit in Florida in the winter and a northern one for summer. Virginia, being the versatile gal she is, as well as an avid skier, enters December with two clients in Florida, one in the northeast near the Adirondacks (N.Y.) and one near the Rockies!

*Fran Fowler*, not to be outdone, has a client in Bour-



**BOB KING** was awarded a plaque by FMC Corporation at a dinner in Pocattello, Idaho in October, 1979. The presentation was made in recognition of the new Training Department's contribution to successful start up of the plant's \$16,000 dust emission system.

bon County, Ky. (I'll let the reader make something of that!) Quite seriously, Fran has bounced between a number of operational projects such as Tampa General to facilities planning and design at ORU and Cookeville, Tenn. She's also been involved in several planning and Certificate of Need studies.

In the latter part of 1979, we've seen significant expansion of our work with Hospital Corporation of America and a couple of other proprietary hospital chains, due to the efforts of Ron Everett working with HCA people and Pete Paddrik's work with some existing for-profit hospital clients.

*Jim Wermert*, who spends about two-thirds of his time in health care and the rest in GM&M, has been involved in marketing and organizational projects as well as financial feasibility studies when not off to Mexico and other far-flung corners for GM&M.

This year we added two outstanding men from Cornell—*Don Seymour* and *Mark Richardson*. If KSA overall continues to add as many consultants from Cornell as we have in the last couple of years, it won't be long before they will have enough for a football team to challenge fellows from Georgia Tech and Auburn!

We look forward to continued growth in this practice as we face the turn of a new decade. In the 70's we built a solid foundation and reputation in the health industry. We have a strong and talented group of consultants who work both in our industry group and the functional areas of health care.

—*Paul Flood*

## Public Relations

The Bobbin Show once marked a crest in annual PR effort for KSA. But that was a long time—and many industries—ago. As KSA expands, so do the activities of PR.

Case in point: the joint efforts of both Atlanta and New York staffs for this year's footwear show in Atlantic City included new footwear and SLM brochures and a manufacturing bulletin, along with the first printed footwear profile.

At the same time, PR was promoting two Export Opportunities Conferences jointly sponsored with the Department of Commerce. Attendance at the New York apparel seminar was SRO, and *Rudy Greer's* speech on "Where and What to Export" has been widely reprinted. *Bill Hill* did the honors for the textile meeting two weeks later. Buttressing our new internationalism, an export services brochure has been printed, along with an Apparel Perspectives on sourcing strategies and a press release on the effects of the recent tariff reductions by *Elliot Schwartz*.

Also, speeches were delivered by *Freddie Wood* and *Josh Taylor* at ATMI seminars in New York and Greenville, and by *Todd Barr* and *Tony DeMaria* at a session of AAMA's Advanced Inventory Distribution Systems seminar held at Georgia Tech.

In addition to live performances, KSA's message was also expressed in print. *Mac Myland's* waste control article in *Carpet and Rug*, *Zeb Roberts'* on variable base rates in *Bobbin* and one on productivity in *Furniture Design & Manufacturing* all appeared during the past quarter.

PR also kept the printers busy with reprints of *Bill Reed's* DNR articles on textile technology, new file folders to all the stuff we print, and buck slips for sending them prospects.

In October, the managing editor of the *NYTimes* bought a suit—and decided it was time to investigate ris-

ing costs in that industry. Result: a feature article in the Sunday Business Section with copious quotes and cost figures from KSA. Despite its potential for water-muddying, the piece proved harmless. But it's nice to know that the Times now has our telephone number.

Our annual Soft Goods Outlook was half-written in October so *Dudley McIlhenny* could present a "preview" to the Textile Analysts Group. It was then prudently shelved for six weeks to allow interest rates to settle. We finally screwed up our courage and printed a basically optimistic forecast in early December. At this writing, there's no way to tell if we're leaving on the next banana boat or taking a suite at the Economists Club. Stay tuned.

—*Dave Eldredge*

## TMMD

We are busy in many areas with manufacturing surveys being conducted in yarn manufacturing at SCT (*G.L.Turbyfill/D.N.Baltimore*), Harriett and Henderson (*F.E.Evans*), Mohasco (*E.D.Rader*), and MacField Texturizing (Turbyfill/Evans); technology studies for Kendall, Monsanto, and DuPont (Turbyfill/Baltimore) and American Yarn Spinners Association (*W.A.Reed*); quality control function surveys at Graniteville (Reed/Evans); and an engineering implementation project at Spartan (*J.N.Mann*). Fred Evans will also be resolving a grievance between the Teamster's Union and a client. Training projects are also underway at Wellman (*R.F.Reeves/P.G.Brown*) and Chipman Union (*R.L.Ruppenthal/C.D.Thornton*). Carpets and Knitting are not being neglected with recent manufacturing studies at Mohasco (*E.M.Ryland*), Gemini (*W.Sand*) and Jockey (Ruppenthal/Reed).

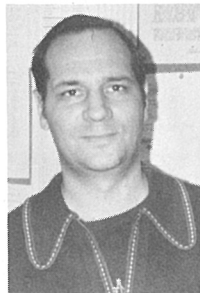
Our prospects for implementation are growing from the surveys underway, and as they are sold additional staff will be developed in TMMD.

—*Bill Reed*

## New York



**Sobers**



**Falco**

A warm welcome to *Georgette Sobers* and *Dennis Falco*.

Georgette came aboard in October as administrative assistant to *Stig Kry* and *Phil Lutz*, replacing *Barbara Rowe*. Although Georgette was born in India, under the British Raj, she hails from Yorkshire, England. She had lived in London for several years applying her skills as an AA before coming to the U.S. in 1973. She worked with the British Government Offices in New York for the last three years.

Dennis was recently assigned to the Xerox/mail room, where he replaced *Virginia Donovan* who quit work because of the pending birth of her second child. Dennis is a licensed mortician. He served three years with the Marine Corps, with 22 months in Vietnam. After his discharge he worked three and a half years with an international construction company as mail room and shipping supervisor.

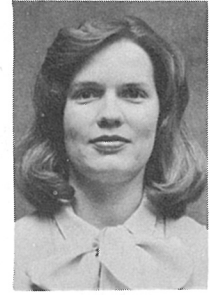
## Atlanta



**Dizer**



**O'Neill**



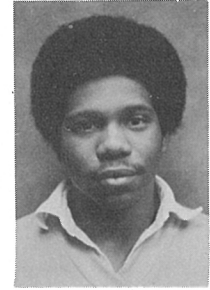
**Mademann**



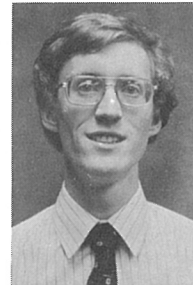
**Thurmond**



**Griffin**



**Clark**



**Campbell**

We are pleased to announce two promotions in the office. *Penelope Malone* became supervisor/editor of word processing. Penelope has been with us two years and was administrative assistant to *Dave Cole*. She has a BA in English from Vanderbilt University which she will put to good use in editing. . . . *Debi Johnson*, formerly our receptionist, was promoted to secretary and is working for our new recruiter, *Jim Johnson*, *Charles Topping*, and assisting personnel with some of their administrative duties.

*Cindy Dizer* replaced Debi at the front desk. She's been a full-time student but decided to return to work full time. Before attending school, Cindy was a bond clerk and receptionist for a bank in New Jersey. . . . *Bonney O'Neill* replaced Penelope as MSD administrative assistant. Bonney has a degree in Business Administration from Michigan Tech University. Her past experience included a mixture of business and education.

*Pauletta Mademann* joined our support staff to work for a group of MMD's. Pauletta left teaching (Spanish for 7 years) to take the plunge into business. In case you're wondering about that name...yes, she is *Barry Mademann's* first cousin. . . . *Elaine Thurmond* is working in the Xerox/Mail Room. She just graduated from Oglethorpe University with a degree in business. Elaine also worked part-time in the university post office while attending school.

*Dana Griffin* is a new member of Department T, work-

*Continued on page 12*



# EUROPE . . .

## European Overview

by—*Stuart Hollander*

In 1979 KSA performed at record levels of profitability up to Period 9, and in spite of a drop in performance in the latter part of the year, we expect to exceed budget.

Sales for the year will also be around budget—\$5.3M, PMS and apparel sales will be above budget, GMS and retail sales below. Sales in the German Region will be just ahead of budget, UK will show a shortfall and Spain is well ahead.

Profitability of the German Region will be slightly below budget but UK and Spain will be showing record results. Also, it must be stated that although we have liquidated our company in France, we have sold and earned far more than we expected, much reducing the anticipated liquidation costs.

The demand for PMS continues strong and we are increasingly well positioned to keep this part of our practice growing by the broadening of services and the capabilities of our staff, and in future by the penetration of other manufacturing industries within our sphere of interest. . . . In GMS we also have high demand in some services, but not always as well matched with the capabilities we have. Hence, the utilization problems.

If you read into this the need to increase our flexibility, you are in line with EUROCOM's thinking. In the last issue I wrote about our increasing geographic flexibility, and we now need to put much more effort into increasing our functional flexibility. Unfortunately, this cannot be achieved by training courses, although they can provide an initial impetus in some cases. The necessary increase in flexibility will come about because we put intelligent consultants, with a will to apply their mind to new problems, into new situations. Many of our colleagues have shown the way and others will follow.

Everyone has a contribution to make to increasing his own flexibility, by reading reports from other functions and requesting the opportunity to work in new problem areas. Some have given weekends to developing new skills and understanding and this is much to be admired and extolled. Thanks are due to all who have done this.

There is a limit, as everyone knows, to the amount of working time that can be spent on non-client work and the economic pressures of the current environment are such that this limitation will increase rather than lessen. But the best personal development comes on the job, if the will to add to and learn from each experience is there. Most of our best consultants have developed confidence in their ability to help clients in solving problems by doing just that.

In 1980 we will need more flexibility, more imagination and more dedication. It is going to be a tough year. At the same time, it should be an exhilarating year, testing our capabilities as consultants and salesmen. We are in the forefront of much of the thinking in the industries we serve, and in the forefront of the technological and economic developments which affect our clients. Keeping this position is a task for everyone. We are also doing an increasingly effective job of promoting KSA's position on the major issues.

My sincere thanks for all the efforts of my European colleagues in 1979. They have been magnificent. Good luck for a successful 1980 and, of course, best wishes for Christmas and the New Year.

## Benefits of Cognization

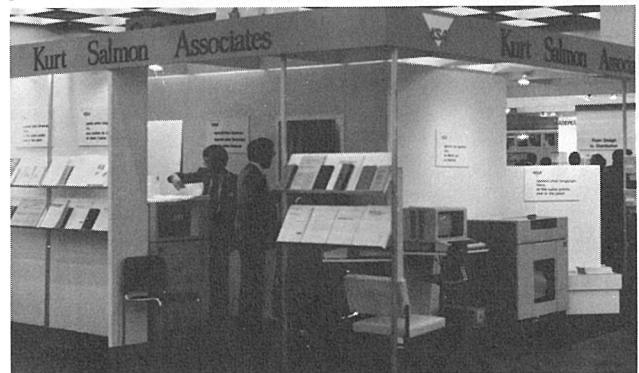
No, it's not a printer's error, but a prime example of the type pun that cost this writer more drinks than he cares to remember.

It refers to KSA's tremendously successful participation at the IMB Fair in Cologne the last week of September. It was successful not only because of the unprecedented number of contacts made—even the managers responsible for the budget complained the booth was too small...all 456 sq.ft. of it—but because of the opportunities it provided for KSA transatlantic contacts. With the presence of *Dave Cole*, *Howard Cooley* and *Charles Topping* from the U.S. and, at one time or another, all of the European Principals and Managers, much valuable information was exchanged during the four days of the show.

As a result of these personal contacts, everybody gained knowledge of new problems met and solutions developed by KSA in many different situations on both sides of the Atlantic. This will be put to good use in the service of KSA clients everywhere. In fact, had there been fewer actual and potential clients at the show, we would have achieved even better communications...but you can't have everything.

The interest aroused by our comprehensive demonstration of EDP techniques—ranging from ACT, KSA's proprietary software covering every aspect of commercial management information from the application of micro-processor technique to payroll data processing—promises to produce many new assignments.

The next Cologne show is scheduled for May 1982; there is some doubt about our demonstrating a new program for robot operators by then, but perhaps in 1985. . .



Taken after the show—the only time we could get a clear view of the booth—the photo shows one of three video screens used to demonstrate the ACT software.

## Congratulations!

And best wishes to *Juergen* and *Franziska Zapp* on the birth *Alexander-Juergen*, August 23. . . and to *Peter* and *Karin Pinder-Browne*, also a son, *Oliver*, November 8.

# One Down . . . And 22 To Go

By—Graham Lucking

The opportunity to work with a major manufacturing group in a country where we operate is always good news for KSA. When the group is an old client where we had not worked for four years, it made the challenge even more worthwhile. In addition, our estimated cost of the project to the client at only 25% of the work proposed by a rival consulting firm added considerably to the interest.

Baird Textiles, consists of 23 companies with annual sales of \$220M, with 8,500 employed in the production of textile goods, excluding hosiery and knitwear. In 1976 Baird bought Samuel Collins, a company turning over \$8M, producing exclusively for the Marks and Spencer retail chain. They operate two factories in Scotland, one producing women's slacks and men's shirts, and the other boys' trousers—casual and schoolwear.

About a year ago a new managing director was appointed to consolidate the two units and improve profitability by raising unit volume without increasing costs. When he arrived, he found a proposal from the Scandinavian consulting firm EA Projects, suggesting that to run the unit up to its potential productivity level, \$100,000 be spent in the installation of new handling equipment in one factory, plus \$70,000 in consulting fees ...payback for the project was to stretch over two years. The managing director asked KSA for a second opinion, and *Steve Webb* carried out a short survey. Our findings suggested a more "tailored" approach and a completely different concept.

The major problems fell into three categories: Poor work flow caused by an unsuitable layout; lack of adequate management information systems to control line balance, direct labor costs and performance and quality; and a low level of operator motivation resulting from lack of supervisory strength and ability. KSA outlined a program that would result in at least a 15% increase in productivity with a small decrease in direct labor costs. The total project cost \$45,000, with payback to the client within the first year. The productivity program outlined included:

- Retain the existing progressive bundle unit using the current transportation system of clamp trucks and bundle trucks.
- Replan the sewing unit layout, taking into account the need for adequate finished goods storage.
- Install the KSA 3-in-1 payroll and management information system and train the staff in its use.
- Make an analysis of operator performance and skills and initiate training and cross training to increase capacity and minimize potential bottleneck operations.
- Assist client staff in implementation of methods and equipment changes agreed.
- Extend use of information for production checks into improved balancing procedures, through design of suitable paper work and training of production manager and supervisors in the necessary techniques.
- Work with management to develop factory performance and efficiency utilizing information from the control system.

The program outlined and results projected left some of management's team incredulous—not to say disbelieving—but the suggestions fitted what the managing director was looking for, so with the authorization signed we began work.

The writer was appointed resident consultant, with

DEPT.	PERFORMANCE		UTILISATION		EFFICIENCY		OUTPUT				
	5 DAY	1 WEEK	5 DAY	1 WEEK	5 DAY	1 WEEK	2 WEEK	3 WEEK	4 WEEK	5 WEEK	
BETHAN BOARD	100		100		92		5250	6800	7600	7800	
BETHAN I	88	85	87	85	79	81	5725	7741	6950	7550	
II	79	82	99	80	78	87	5800	6610	7050	7650	
III	87	88	99	93	88	82	4668	6875	7875	7275	
IV	87	78	81	95	60	75	5364	6917	8250	6575	
V	93	94	93	91	87	86	5374	7213	85	8800	
VI			96	92	91	85	6067	7211	86	8675	
VII			85		83						

The Factory Efficiency Board shown here was only one of many innovations KSA used to boost productivity.

*Alan Braithwaite* as supervisor and *Steve Webb* available for technical input throughout the project.

Tremendous progress was made from the first day, with authorization to change the whole factory payroll and labor cost control procedure to the KSA 3-in-1 system...even the stationery was ordered for delivery within 10 days at most! The target date for the layout change was scheduled 12 days after the assignment began.

One difficulty usually encountered with clamp truck and bundle truck handling systems is the factory floor tends to become very untidy and visually difficult to balance. To overcome this, the plan established clearly defined work-in-process areas between operations and uncoupled preassembly, assembly and finishing sections by creating in-process "pools" between the three lines. The layout change took place over a (very long) weekend and was an immediate success. Only a half day's production was lost as operators settled into their new positions, compared with a one-week loss estimated by EA Projects.

KSA credibility was rising fast, so it was decided to immediately take advantage of the revised layout to introduce new balancing procedures to the supervisors. These were based on controlling WIP by maintaining the number of bundles between operations at strictly defined levels, with a series of codes to determine action, should the levels fall outside acceptable parameters. Parallel with this change, a supervisor and management development program was started covering not just balancing but all aspects of factory management. Classroom sessions and follow-up Problem Based Training on the factory floor extended management's knowledge and ability in workstudy, labor cost control, operator performance development and motivation, and communications skills. Additional supervisors and operator training instructors were appointed and the initial "resistance to change" turned to enthusiasm not only with supervisors but also the operators.

This enthusiasm and a great deal of hard work by the factory manager and supervisors enabled the 3-in-1 system to be fully utilized and operational within three weeks of the layout change for all six making up sections, covering 120 employees. Performance development workshops were held weekly between factory manager, supervisors, training instructors and work study to plan the steady improvements in productivity required from the operators and to "troubleshoot" any problem areas, using data produced by the 3-in-1 system. The task of raising the output level began in earnest.

As a Marks and Spencer supplier, quality was of paramount importance. While the client was supplying an

*Continued on page 10*

# Tenth Anniversaries

*Hans-Horst Hensch* became associated with KSA in October, 1969, bringing considerable experience of both consulting and the textile industry. Even before beginning his career with KSA, Hans-Horst had begun to specialize in systems and EDP applications. Since then, the needs of the apparel industry have placed growing emphasis on those aspects of management as well as on the importance of strategic concepts and planning. His previous experience and his continued development within KSA allowed him to effectively apply his talents in these key areas.

Appointed Principal in April 1970, Hans-Horst became the first locally recruited German national to lead our practice in that country when he became Director of German Region in June 1973, following the return to the U.S. of *Eric Chipps*. Internally, perhaps his major achievement was the successful welding of a truly dedicated team of consultants to provide and promote precisely the range of services that was most needed by the industries we serve. In this task, not only his planning and analytical skills but also his human qualities proved decisive.

Hans-Horst's grasp of the problems facing the industries we serve, coupled with his talent for quiet persuasion, has done much to promote KSA services among major clients in Germany and elsewhere. His past assignments include work for most leading apparel companies in Germany and, in particular, his long-standing collaboration with Mehler has helped KSA to progress from engineering to major marketing concept and strategic planning assignments.

In 1977, Hans-Horst became a member of the Board. We congratulate him on his first 10 years with KSA, with our best wishes for his future with us.

*Ingrid Zillis* joined KSA-Germany October 1969 when we were still operating from what has been described as a very large cupboard over a much larger garage. Since then, we have expanded into more suitable accommodations and Ingrid's responsibilities have kept pace with our growth. She handles secretarial work in the Darmstadt office, takes care of reservations, often answers the telephone and, in the hallowed KSA tradition, copes with any other emergencies that arise. In a working environment that produces emergencies just as fast as they can be dealt with, this keeps her pretty busy.



We feel reasonably confident that Ingrid will stay with us for some time because one of the emergencies she handled was the German staff meeting in Munich a couple of years ago. Anybody who can cope with organizing a



staff meeting and stays on knowing they might have to do it again at some time in the future has real staying power. Ingrid has this and we congratulate her on her 10th KSA "birthday," with our best wishes for the future.

## *One Down...—Cont.*

acceptable level to the customer, the cost of obtaining it was very high. It was agreed that control be taken back to the needlepoint where the problems were occurring in the first instance and a full KSA-SQC system was implemented to ensure the desired output was obtained as the right quality cost.

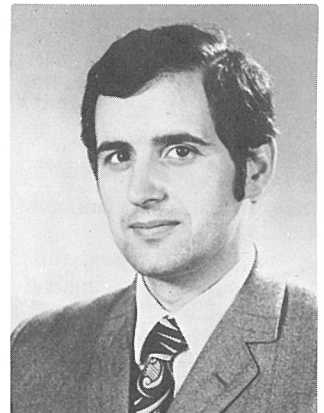
During KSA's involvement, output increased from 6,200 trousers to 9,300 per week with the addition of only four operators. The workforce was earning more, direct labor costs came down and profits began to move up.

With reduced pressure at the end of the assignment, it was estimated the factory would stabilize with at least a 23% increase in productivity...possibly more. This is now producing a first year net increase in contribution to Samuel Collins of about \$100,000 with second and subsequent year contribution of over \$150,000...with more available from a continued program of work outlined by Steve Webb. Payback was within the 15 week duration of the assignment. And what did KSA get from the assignment other than our fees and a well satisfied client? Well, further KSA work is planned in other sewing units and in the systems area, and it is intended to use a video-film produced during the assignment as background for a production managers seminar for the Baird Textiles Group. After all, there are still 22 companies waiting for our help!

## Appointed Principal

*Cesar Aspes* was promoted to Principal September 1. He joined our German company in April 1977 and brought with him a strong professional background in the marketing of textile products.

Since then, Cesar has developed a major marketing concept for one of our largest clients, has carried out several market studies for German and international clients and contributed much to the growing reputation of KSA in the marketing field. He is responsible for building up KSA's marketing practice in Germany.



## Shades of Watership Down

We hear *Rod Gunston* is organizing a KSA Golf Challenge in the UK with a final play off scheduled for spring 1980. Knowing nothing about golf, we were intrigued by the further announcement that a "rabbits" competition for non-qualifiers is to take place alongside the main event. No detail as to the nature of the first prize is given but the winning "rabbit" has been promised a six-pack of Guinness by *John Beddows*.

The rules state that anyone losing to *Stuart Hollan*  
*Continued on page 11*



## European Attitudes Brief

### Conclusion

These articles have been published to highlight the different attitudes in Europe on a variety of subjects related to our business. The aim was to emphasize the difference between Europe and the USA.

We were glad to learn *John Wilcox* experienced these differences. In the last issue, he devoted a paragraph to how different a consultant's life in Europe is from that of the US. We have decided to terminate the series, but not before covering a few more differences connected with doing business in Europe...this time, just for fun.

Travel by air usually involves customs since most countries are so small it's not worth going to the airport unless you're making a long internal flight...more than 200 miles. In Switzerland you go through customs and immigration for all internal flights, either because the country is so small that you go on a foreign trip if the air brakes don't work properly or, because 99% of the passengers are making international connections. Few business people have time to travel by train which is usually filled with active or retired people, workers on vacation, war veterans and several other sections of the citizenry traveling on free or low-cost passes. Automobile travel also has its drawbacks...trucks. We believe drivers in the US face the same problems.

Hotels are so designed, whether you want a room with bath, shower, single or double, it's always the one you wish that's not available. You are pleasantly greeted without a reservation, but with suspicion when you have one...probably because they know they'll be unable to find it. In all but the best hotels, room service is a man on the phone saying you can get it in the restaurant, coffee shop, bar, or hot-dog stand around the corner. As in restaurants, ice is a precious commodity supplied only to close relatives of the manager or visiting oil sheiks.

Restaurants fall mainly under three categories...awful, acceptable, or exorbitantly expensive, except in Italy where one must be very careless to find a bad meal. Italian restaurants in other countries, however, together with ethnic eating places such as Chinese, Greek, Indian, Indonesian, change their cooking style according to the national environment.

The telephone is regarded by the British as a secretary's toy, but to be used only in dire emergencies. In Germany it is no more than a working tool, but in France—where it seldom works—it's a status symbol. In Italy it was formerly used mainly to extend the scope of the caller's machismo, but is now the only means of communication since the postal service degenerated into an organization merely selling stamps—but seldom delivers mail. The degree of vandalism of public phones depends upon the country. Germany has little because their phones are designed to prevent calls to other countries; call boxes in Italy are rarely vandalized, but the machines beside them which provides counters instead of coins are; Switzerland's public phones are found everywhere and free of

*Watership Down—Cont.*

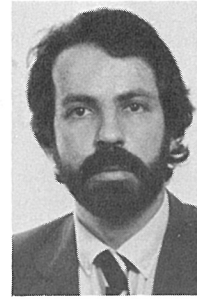
*der, Harry Lack* or *John Phillips* within four weeks of a salary review will be automatically disqualified.

Looking at the handicaps, we're horrified to find that, unless some dedicated staff players break the rules, at least two EUROCOM members competing may end up among the bobtailed rodents. Watch this space for details next summer.

## New Staff



**Borzner**



**Torrent**



**Bates**

*Dieter Borzner*...Age 35. Joined the GMS team of KSA-Germany October 1. Dieter has extensive experience in computer programming and will help to improve and implement in the computer area.

*Luis Garcia Torrent*...Age 29. Joined KSA-Spain October 1. Luis holds degrees in engineering (electronics) and industrial organization from the University of Barcelona. His previous experience includes six years with a major shirt company where he progressed from production supervisor for 250 operators to manager of the computer application department. Luis lives just outside Barcelona with his wife *Montse* and two children.

*Geraldine Bates* joined the staff of Windsor office in the UK as secretary to *John Phillips*. Geraldine was formerly secretary to the manager of a manufacturing company.

We welcome the three and wish them successful KSA careers.

vandalism; in Spain they were only recently introduced and the novelty has yet to wear off, but whether a call is local, long distance or international, the rate at which the phone gobbles up Pesetas is controlled by a mechanism; so you might pay \$5 for a short call around the corner, or have a long chat with a Japanese agent for about 50¢.

Appointments with top executives are easily made by phone in France and Italy—even if you're unknown—but when you arrive, you will be told he had to rush off to Australia and delegated the deputy assistant invoicing clerk to speak to you. In England, appointments are easily made, but not directly with the person you want to see; it is made by his helpful secretary at the precise time you want, but 10 minutes later you may receive a call suggesting a 15 minute spot three months hence. In Germany and Switzerland, getting past the secretary block is easy, but before your prospect agrees to an appointment he will want to know the details to be discussed, then says no, thus saving you the trouble of going to his office.

Language is the major barrier to communications and almost everything else. The British and French regard their language as a unique gift from the gods and find it inconceivable others exist without being able to speak it. Of the two, the British take more kindly the less fortunate fellow men. When addressed in a foreign language, the Englishman replies courteously, in a loud voice, and speaking more slowly; however, a Frenchman considers inability to speak his language a personal insult and may mutter sombre threats into his beard or break into a tirade against the unfortunate visitor. Germans identify the language barrier as an obstacle to be overcome and go

*Continued on page 12*

*Attitudes Brief—Cont.*

to great trouble to achieve a degree of understanding. Italians respond first in French and, if that fails, revert to Italian and their hands are used with greatly added emphasis to convey the message. In Holland, English has every chance of being understood—which is more than can be said for the reply—but some degree of understanding is usually achieved.

In Switzerland, with four official languages, the man in the street regards anyone unable to speak his local dialect with the same amazement we reserve for little green men emerging from flying saucers...but he'll take pity on your shortcomings and treat you kindly. In those parts where German is spoken, it is better to speak English, as the reply will be incomprehensible in any case. In the French-speaking section, people react much as real Frenchmen. In either of these areas Italian (another official language) is to be avoided. One word of Italian will brand you as a migrant construction worker despite your Oxford suit and \$5,000 wristwatch.

How do Europeans cope with these problems? They don't. Most stay home except for vacations when they stay in hotels where they're sure someone will speak their language. KSA consultants are highly adaptable, however, and consider these problems a challenge to be overcome in the process of building a European practice.

*M.U. at Levi's—Cont.*

adopted the—by now—"standard Levi Strauss M.U. procedures" and savings at both plants were averaging 4% or \$14,000 a week.

In retrospect, this was another interesting project and an eye-opener as to KSA opportunities in this enormous and successful organization.

## Congratulations!

And best wishes to our families who have new babies. They are: *Lucy and Jim Hicks*, a daughter, *Diana Lorraine*, September 6. . . . *Diane and Blake Lowman*, a daughter, *Camille DuBose*, October 1. . . . *Bonnie and David Perdue*, a son, *Blake Randolph*, October 14. . . . *Jayne and Jim Kirby*, a son, *James E., Jr.* . . . *Linda and Bruce Broadrick*, a son, *Brett Lamar*, November 30. Linda is our office coordinator in Atlanta.

*Atlanta—Cont.*

ing as our keypunch operator. . . . We also have two new members of the Tech Support Team. *Seaborn Clark* works part-time in our drafting department, and *William Campbell* is "number-crunching" with *Mary White*.

*Edith O'Connor* and *Sandy Dardo* are no longer with KSA-Atlanta.



**"Forget it! My billing instructions are due on Monday."**