

L.E.T. Accepted by Maltese . . .

By—Ron Brockett

Heinz Jurgen Krogner, Manager of KSA's apparel practice in Germany attended our recent staff meeting. During his visit we discussed KSA's experiences with management and supervisory development and the application of L.E.T. When Heinz left, he promised to get L.E.T. implemented in Europe, but we didn't know how quickly he would do so.

In a matter of weeks, Heinz called saying he had sold management and supervisory training to a manufacturing operation, Medwear Clothing Limited on Malta. He asked if I could begin L.E.T. training in two weeks. I met Hans in Munich to discuss the client's needs before proceeding to Malta.

It was indeed an unusual situation. The supervision of the company and local management is almost entirely Maltese, the exception being some German quality specialists and a production manager. All of line management and supervisors are Maltese. Many of the supervisors are male, and tend to be very young. Only six of the participants were 30 years or over.

The training was held in a hotel in Bugibba. Heinz was present for the first five days, and Peter Pender-Browne—also of KSA-Germany—was there for both sessions. All of management and supervision were divided into two groups and we spent four days consecutively with each group. Much to my relief, I found their comprehension of English to be quite high. At the beginning I informed the group that they would be responsible for their own learning, which included letting me know if they could not understand my English. After checking with them as to their comprehension on the second day, they responded, "Oh, we understand you quite well. All of our television is U.S., and you sound just like Jimmy Carter." That was the only insult I received during the whole trip! Indeed, both groups proved to be the most rewarding I've ever taught. After overcoming some initial fears, they took on an openness to learning and an enthusiasm beyond anything I've ever experienced. They questioned, they challenged, and they looked closely at all the L.E.T. skills and adopted them as their own. When the first group went back to the plant, they resolved to try Method III before meeting again for their final one-half day wrap up. Within the first four days back in the plant, 15 resolved a conflict using the problem solving process.



RON BROCKETT (5th L., looking away from camera), HEINZ KROGNER (6th L.) and PETER PINDER-BROWNE (4th R.) with part of training class.

Through this experience, I realized that the potential for learning among people who have not had the negative models of leadership, often found in U.S. industry, is usually great. They want to learn and they need to learn. If they are given something that makes sense and is compatible with their own needs, it is embraced and put to use.

On May 17, their local newspaper, The Times, carried an article and the above photo of the group. The article told of the intensive leadership course for all levels of the company's management, aimed at giving concentrated training on the needs of employees during the manufacturing production processes. It further stated the course was aimed at raising the abilities of local management to assume full responsibilities and to help develop team work between the senior German management and the Maltese management. KSA, an international management consulting firm, was mentioned prominently in the article.

Our plan is to have a follow-up visit with this group. Heinz brought in another Maltese client to witness the beginning of the training, and they are interested in a program of their own. The potential for future L.E.T. training seems very good.

Both Peter and Heinz plan to become qualified instructors and begin teaching L.E.T. in Europe. This is a fine example of the opportunity for sharing knowledge and learning with our European colleagues.

Small is Beautiful . . . and Profitable

By—Alan Braithwaite

Most KSA assignments featured in Observer relate to large companies, with large fees and impressive results. From the UK comes news of another assignment with relatively large fees and equally impressive results, and for a company that is the largest of its kind in the UK . . . only 50 operators and a total of 60 employees.

The client, Crompton Manufacturing, is the leading UK specialist in hospital wear. In a country where public health service, which runs most hospitals, is fragmented on a regional basis with different specifications everywhere, no manufacturer can hope to supply more than a small part of the total market. Crompton does better than others, with annual sales of around \$2.25m. Though our client is much smaller than firms where we usually work, its operating problems are much greater. Producing a range of nightgowns, nurses' uniforms, surgeon's and nurses' OP theater wear, OP sheets, surgeons' hats and shoe covers, the company makes at least 600 styles a year and usually has 25 style changes a week. Crompton also produces shrouds, once its major activity. However, demand fell steadily and this is now seen as a . . . dying business!"

A One-man Band—The factory was managed by one man for
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Chairman's Corner

The consensus seems to be that we had a very successful U.S. staff meeting. My own view is that all considered—professional content and fun and games—it was the best ever. The program was well balanced and the level of individual participation was high. Again, thanks to all who made the meeting such a success.

With the benefit of some time having passed since the meeting, the perspective emerged, in my mind, that we have a lot of talent in the ranks of KSA today and this promises much for the future. We are engaged in a group of industries that, collectively, holds much potential for growth and we are offering these industries an array of high quality services relevant to the issues of 1980. So on the positive side, the meeting demonstrated a lot of actual and potential strengths.

On the other hand, we also have some needs of which we must be equally mindful.

One conclusion I draw, from the observations of the potential volume in the markets we serve and the relevance of the services we provide, is that we need to find ways of marketing our services more effectively. This is a question of learning more systematically what works and what does not. Clearly, if we allocated twice as much time to new prospect development, we would get more business. If we committed more money to our PR programs, we would support our marketing efforts more effectively. As always, we need to strike a cost effectively balance in our efforts to generate more business. In the immediate future, the business recession will make our marketing task especially difficult.

Having brought in a great many younger consultants in the last couple of year, we have a situation where much work is done by individuals with relatively little experience. We must give this new talent the opportunity to gain experience under adequate guidance of senior consultants. This will stretch our more experienced capacity and while we have no choice, we must not overdo this and run unacceptable risks with quality of work and client satisfaction.

Coincidental or not, a few situations have come to my attention in the last few months where the client was not happy with results of KSA projects. Some of these situations were caused by a lack of complete understanding between the client and KSA—before the project started—as to what the exact objectives and scope should be. And, quite frankly, one or two cases seemed to reflect less than total commitment on our part for complete client satisfaction.

The reasons can be many and this is not the place for details. However, I would like to ask that we all recommit ourselves to the overriding objective of always completing every project to our client's total satisfaction. *This must be our standard.* It pays off in so many ways, including the individual satisfaction of knowing the client got his money's worth . . . and a bit more.

In Summary, the meeting suggested to me that with regard to the fundamentals of talent, markets and services, we are getting our act together very nicely. For the near term, we must provide adequate guidance to younger staff and, through this period, we must make doubly sure that our traditional standards of work are maintained. —SAK

Apparel Industry Performance 1979

By—John Wilcox

KSA's Eighth Annual Survey of Financial Performance of Public Apparel Companies was introduced at the Financial Breakfast in New York in late May. The published Perspective summarizing the survey is highly regarded by most clients and, of course, it helps KSA stay abreast of key financial performance indices within the industry.

Some key points from this year's survey:

- The industry enjoyed very good growth of 11.6% in '79 vs. '78. The average for the last five years has been 10.1%. Deflating this by the apparel price index of 5-6% indicates there has certainly been real growth among major public companies included in our survey, in contrast to the limited growth of 1-2% per year for the industry at large.
- Apparel companies had a good year profit-wise with an after tax return on sales of 3.7%.
- Gross profit margins have steadily increased over the last five years . . . a major reason for improved profitability. Currently, the industry operates with a 28.1% gross profit margin.
- Return on Investment showed a steady trend of improvement in '79. The return on committed funds for the entire industry was 9.9%. Return on common equity was 15.9% which compares very favorably with Fortune's all industry figure of 15.9% for 1979.
- Capital investment is something we have begun to highlight in our survey and 1979 showed a 2.2% capital investment ratio in relation to total sales. Over 35% of total cash flow (profit and depreciation) was plowed back into capital investment by these firms.
- There was quite a difference in performance between various sectors of the industry. Women's wear firms continue their erratic performance . . . 13 of 39 reporting actually showed losses. Sportswear firms oriented toward knits had a particularly bad year. There were outstanding performances turned in by firms such as Puritan, Russ Togs, William Carter and Bobbie Brooks. Men's wear showed a much more stable picture with only two firms losing money. The best performances were turned in by Cluett-Peabody, Tultex, PVH and Kennington.
- The diversified sector continues to be the super stars of the apparel industry . . . only one money loser in this group. Over three-fourths of the total industry profits of \$500 million were generated by firms in this group. Major winners were Levi, Blue Bell, Warnaco, Palm Beach and Russell Corp.

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THE KSA OBSERVER

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Pocatello, Porsche and People

By—Bob King

Pocatello, Idaho is in the heart of potato country. At 47,000+ it's second largest city in the state. Its national prominence became painfully obvious at the Atlanta airport. "Poca... where?" "Pocatello, Idaho", I repeated. "Do they have regular airline service there?"

Pocatello looked like potato country. It was not a terrific place to spend a lot of time. Sharon, a shopping center junkie, was underwhelmed to find only one shopping center, with such exotic shops as Korndog, Bi-Rite Drugs, and a toy store that when out of business five weeks before Christmas. Finding the rest of the city rather arcane, Sharon shopped at the mall constantly until a change of pace became essential. We were thrilled to find Idaho Falls was only 50 miles away and it had a shopping center with such exotic shops as Korndog, Bi-Rite Drug, and an insurance office.

With such weekend excitement, I looked forward to Monday so the project went well. FMC Corporation's management wanted a skills training program for their elemental phosphorus plant (the largest in the world.) Elemental phosphorus is nasty stuff. It burns spontaneously when exposed to air, generates toxic gas and explodes under the right conditions. FMC ships phosphorus underwater in railroad tank cars that are pressurized with inert gas. Sometimes a car derailed and the tank bursts, causing spontaneous fires that last for days. To put out the fires FMC literally buries the car with dirt until they decide how to handle the problem. When the car is uncovered later, the fires reignite. Elemental phosphorus is *very* nasty stuff.

The training program and the "KSA desk" began in a 25 ft. trailer near the furnace building. I should have suspected something when it was so quickly available. "Why are there holes in the roof?" With an insidious smile, its owner handed me a hard hat and explained. It seems phosphorus is made in four huge electric furnaces that drew 50% of all the electric power in Idaho. Shale, coke and silica are heated to 3000° F. by giant carbon electrodes. The heat permits a chemical change that yields phosphorus, poisonous gases, slag and a metallic by-product (nicknamed metal.) The phosphorus and gases are tapped off the sides of the furnaces, slag and metal off the bottom. The molten slag runs into pits behind the furnace building, making a spectacular volcanic display as it goes. In the pits it is spray-cooled with water, causing it to fragment for easy removal. A local paving company buys it, adds tar and binding agents, and makes asphalt. The metal runs onto a sandy floor inside the furnace building where it cools in five-ft. circular molds. It is then sold for its high vanadium content.

Sometimes the metal by-product is accidentally tapped into the slag pits. On contact with the cooling water, it explodes, sending hundred-lb. chunks of molten metal up 500 ft.

The hard hat fit perfectly and in two weeks we moved. So much for working conditions.

For 15 months KSA guided development of the skills training programs, creating a custom tailored skilled school. The basis for the program is AAMT, applied in a manner similar to that used in apparel and textile programs. The training center is an 8,000 sq. ft., building housing offices for five instructors, a supervisor, five classrooms, an electric shop, an instrument shop and a mechanical shop.

When the program began, we faced two attitude problems from salaried and hourly employees. The first was disbelief in its durability, since 22 FMC training programs had started and fizzled in the last 15 years. The second was an inflexible

vision of what training *should* be, based on their O.J.T. experiences. On the other hand, support from top management was excellent.

As time passed, KSA's quality approach to training and the instructor's "can do" attitude had its effect. One by one, plant employees were won over and the program gathered momentum. Some of the early converts were union representatives who became its strongest supporters.

One major contribution from training was smooth start-up of a \$16,000,000 emissions control system. Top management felt that it was the smoothest start-up of a major project they'd ever seen. While other factors were involved, they gave the training program a lion's share of credit for its success.

"Hands on" training covers a wide variety of subjects. Dozer trainees "dress a pile" in a 700-lb. capacity "executive" sandbox. Maintenance trainees plumb a Rube Goldberg device that compresses air with the plant's hydraulic components. Production trainees learn complex boiler controls on a computerized simulator. Imagination is the only limit.

A major benefit of the program is standardization. The old timers learned their jobs by watching shift workers on four different shifts, all doing the same job a different way. The training program is changing that by seeking consensus on methods, writing the consensus down, and sharing it. The effects of training have become so popular the six-man staff logged over 3,000 trainee man-hours in March. With classes of 4-6 people, that's a lot of training.

FMC is excited about the prospects of annual cost reductions in the seven-digit range... well in excess of the program cost. Pocatello may not have much to offer in shopping centers, but it is the home of a well satisfied KSA client.



PORSCHE recovering from major surgery...

P.S. The training instructors had a unique opportunity to express their appreciation to KSA for its involvement in the program. About a week before final departure, a chain tensioner on our German sports car locked and the timing chain jumped. "Ya, we can fix your Porsche, but we haf to take out the engine to do it. It takes about a week," the dealer said. With a familiar looking insidious smile, he added, "Und it costs about \$2,200." After a few minutes of mouth-to-mouth resuscitation, Sharon came to and said, "Let's sell it." Obviously, she was delirious. There are some things you just don't sell... Porsches are one of them.

A quick consultation with the checkbook suggested that we seek alternatives to the dealer's generous offer. Things weren't hopeless, though. I had passed the KSA consultant training course, had attended *Buddy Ruppenthal's* L.E.T.

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Tenth Anniversaries

Bob Reeves was one of the “plums” that came with KSA’s entry into the health care field. Bob became a part of KSA when HIC was acquired. He celebrated his tenth anniversary May 20.



As a marine engineer (from the U.S. Merchant Marine Academy) and an avid fisherman, it is appropriate that Bob has always been “launching” new ventures. He helped get HIC underway for about four years and then began concentrating in KSA’s human resources practice. Bob helped start KSA’s industrial training practice at the FMC projects in Green River, Wyo. and South Charleston, W. Va., and then the very long Jim Walter project.

Bob is manager of KSA’s mining and chemical industries practice, a significant diversification for KSA, based upon highly successful extensions of HRD functional skills.

Bob, his wife, *Becky*, two daughters and a son live in Atlanta. They love the Gulf coast, too, where they have just completed a beach house, another new venture that will keep the “old salt” close to his favorite sport.



Dorothy Pease completed 10 years with KSA’s New York office June 29. For many of us it seems she arrived only yesterday, but if it seems like a long decade to Dottie, we understand. As coordinator of the office, she has a many-faceted job . . . involving everything from report typing to dealing with our difficult bank. “Office Coordinator” is her title, but in practice this translates to “Last Resort” when crisis situations arise. Dottie has always been ready to accept the challenge and meet the deadlines.

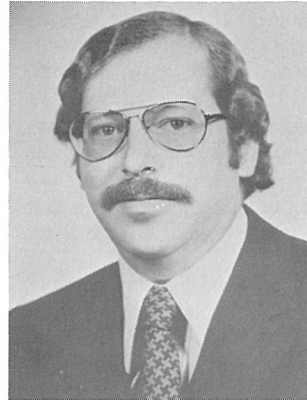
In addition to coping with a steady flow of emergencies, she has handled a wide variety of tasks . . . rushing packages, letters and urgent messages to far-flung parts of the globe, screening droves of secretarial applicants and acting as our unofficial NYO hostess for visitors, office parties and KSA’s frequent committee meetings. On top of all this, Dottie serves as full-time secretary to three principals and part-time secretary to our many visitors from other KSA offices. It’s a job with variety and interest but, like New York City itself, the pressures are great and more jobs come to her desk with a “Today Sure” tag than “Tomorrow” or “Next Week.”

Through it all, Dottie has displayed great dedication and perseverance . . . key factors in helping us meet our many

deadlines. With visiting clients she has been a charming hostess whose hospitality and friendliness are remembered.

Dottie, we know life was never like this at the convent. We don’t know how we’d have made it without you and we hope you will be with us for at least another 10 years.

“PD all the way” is a quick description of *Dwight Totten’s* first decade with KSA. He has handled a wide range of physical distribution projects, including apparel and retail and even facility design for the Oral Roberts’ hospital, clinic and research center.



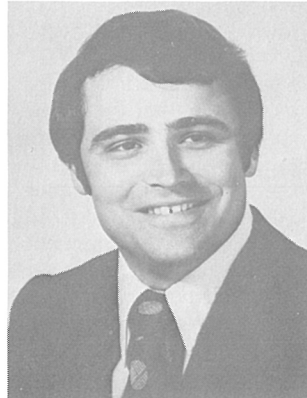
In the process of developing his PD skills, Dwight has become KSA’s most knowledgeable consultant in mail order operations, having done projects for Carroll Reed, The Tog Shop, Sturbridge Yankee Workshop, Country Store of Concord, and others. Dwight has also made a significant contribution in developing the project management techniques being used in the PD group.

Dwight’s education includes a BSIE from the University of Texas and MSIE from Georgia Tech. He became a Principal in 1974.

Dwight, his wife, *Kathy*, and baby boy live in Atlanta. Dwight loves to ski and sail . . . he was recently commodore of a yacht club on Lake Lanier.

Phil Brader marked his first 10 years with KSA on June 15. In addition to his BSIE and MBA, Phil also brought with him eight years’ experience as Senior Research Engineer with Lockheed Aircraft.

Before transferring to MIS in 1972, Phil spent a year in Sewing Room Engineering, did a four-week job in Physical Distribution, and eight weeks on a Cutting/MU project.



With his solid MMD background and a wide variety of MIS projects for major clients, his services are understandably frequently requested by clients, thus enabling him also to make a valuable contribution to KSA. Currently, he is dividing his time between two large and prominent companies, namely, Levi Strauss and William Carter.

Phil, his wife, *Kathy*, and their children are residents of Atlanta. Phil enjoys snow skiing, quality woodworking, and is a formidable tennis player.

Apparel Performance—Cont.

We urge everyone to study this profile. It certainly permits all of us to be much more knowledgeable in speaking with our clients about what they should be targeting in terms of financial performance.

Departures

We regret to announce that *Bill Bowers*, *Tom McKinney* and *Cliff Simms* are no longer with KSA. We wish each of them success in their future careers.

KSA/USA

By—*Jack Ullman*

First Quarter Report—We started 1980 off with a bang at Callaway. Even the weather failed to dampen our best staff meeting ever. To most of you, our thanks for your participation in a wonderful weekend. To those of you who could not be with us . . . you were missed!

KSA/USA performance through Period 4 was close to budget with fee income 9% and net profit 17% ahead of last year. We feel this is remarkably good in view of general economic conditions.

We had seen some softening in sales—in *some* functions and *some* industries—toward the end of last year. By Period 5 our skinking backlogs began to pinch, and we were experiencing a good deal of open time, particularly in MMD, but fortunately our healthy backlogs established earlier helped us maintain satisfactory performance through four periods.

A Record Period—Then Period 5 sales exploded. \$2.2 million—the largest sales period on record. Our backlogs gained approximately a full period overall. MMD sales year-to-date came very close to forecast with MSD well above projections.

A major breakthrough has occurred in retail distribution. Sales in Period 5 totaled \$700,000, bringing year-to-date sales over \$900,000. Our forecast for the entire year was only \$760,000, and more solid prospects are on the horizon. Our hats are off to our retail group. Their strategy to develop an “opening wedge” in the retail industry has apparently paid off, and our past investments there should see a rapid return. Retail is now positioned for meaningful future growth, along with our other “new” industries.

The Economic Outlook and KSA Plans—Despite these results there is no doubt that the long-heralded recession has arrived. We were fortunate to enter this period with solid backlogs in most areas, and as noted that has served us well. Overall, sales remain strong, but it will take time to shift some of our capacity into new areas (e.g. MMD to retail distribution.) Some areas of our practice have been severely impacted already . . . carpets, furniture and footwear led apparel into the recession. Apparel is beginning to suffer at retail, and this has impacted our basic apparel and textile MMD work and may well affect other services. Healthcare sales are off though, hopefully, only due to normal seasonal trends, and we're really just getting our marketing efforts off the ground in the potentially sizable hospitality field as our Holiday Inns work winds down.

EXCOM thoroughly reviewed the outlook at the end of the first quarter, and this review indicated:

- We would be affected by the recession in 1980, and a reforecast of expected volume indicated a slight shortfall was likely. Our strong first quarter and present backlogs should help us minimize the shortfall.
- More significantly, we felt that the recession might well be longer than earlier forecasts, and we should plan conservatively for little or no growth in billed hours for 1981.
- To protect our margins and generate cash flow, we should limit intake of recruits, reduce or defer costs wherever it makes sense, continue to manage our receivables very closely, and we should also target our first fee increase—in real terms—in more than 10 years.
- If we are to err in judgment, we concluded we should err on the conservative side. Predicting the economy is precarious, even for the economists, and we have learned that over-capacity is the nemesis of consulting economics. If we see a shorter recession or less impact of KSA, we can reactivate our recruiting rapidly.

If we sell more than we can handle in '81, we'll stretch—do the best we can—and if we lose a little potential volume, that's far less risky than being over capacity with all the ill effects that brings. Accordingly, we have put a hold on our recruiting after hiring approximately 20 of our budgeted 32 recruits.

Expected Results—We feel these plans will see us through a difficult economic period. Our confidence is bolstered by:

1. A solid balance sheet with strong cash reserves and an unused short-term credit line.
2. Lowest receivables in recent times.
3. Heavy overall backlogs, though not as balanced as we should like.
4. Well-trained staff capable of transferring from weak sales areas to stronger areas of activity.
5. The healthiest MSD structure in our history, capable of delivering a variety of functional services at a profitable gross margin.
6. A strong MMD group which historically has delivered high margin services.
7. Industry diversification which will permit us to capitalize on economic recovery in specific industries.
8. ABOVE ALL, our reputation for excellence and an outstanding and flexible staff, capable of moving into areas where service demand is high, willing to “stretch” where necessary to achieve high utilization and resulting rewards.

It's difficult to be optimistic in this economy, but KSA's position and continuing service demands give us an optimistic—if cautious—outlook.

Coming Events

- | | |
|-----------------|--|
| July 13-16 | International Carpet & Rug Mart, Atlanta. KSA will exhibit. |
| July 28-31 | American Hospital Association Show, Montreal. KSA will exhibit. |
| Sept. 14-17 | Furniture Show, Louisville, Ky. KSA will exhibit. |
| Sept. 34-26 | Bobbin/AAMA Show, Atlanta. KSA will exhibit, and <i>Jack Ullman</i> will chair the TAC report on “Computers in Apparel Manufacturing. (9/24) |
| Sept. 30-Oct. 1 | Repeat of KSA's seminar on Textile Productivity. Charlotte, N. C. Fee-paid. |

Ted Theodorsen Leaves KSA

After 27 years with KSA, *Ted Theodorsen* will hang up his consultant's hat, thus enabling him to devote his full time and efforts to what he now recognizes as his first love, inventions and machinery development. Ted's success in this area is already established. He holds several patents on machines he has invented and has a number of ideas for others.

Ted was a great contributor to our early practice in women's wear. He did our first dress installation. He was also a great proponent of supervisory responsibility and what we now do on a formalized basis he, in fact, practiced for many years.

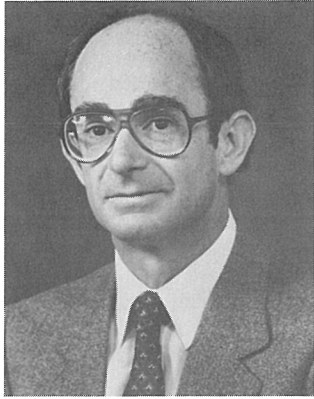
Ted's product knowledge and experience is vast, encompassing a number of unusual products. He supervised important pioneering assignments for KSA and also trained and guided many newcomers in their early assignments.

Ted, we hope your new venture will prove immensely rewarding in every respect. We look forward to hearing about your new inventions and wish you and *Irene* much success and happiness.

Appointed Principal

Congratulations and best wishes to *Keith Alleson* on being appointed KSA Principal, June 16.

Keith, a South African citizen, worked from 1970 to 1974 with the P.E. Group of KSA. He was in the U.S. for six months in 1971 for training in sewing room engineering and cutting/material utilization. He has a B.S. in textiles from Leeds University and spent three years prior to 1970 as manager of a textile mill. Before joining KSA/USA in 1977, he was Production Director of Gregory Knitting Mills, a South African hosiery and fabric manufacturer.



For the past three years, Keith has been working on various MMD projects in Canada, mainly in Ontario and Quebec where his knowledge of the French language is very useful.

Keith is also known as a jazz pianist, a very good tennis player, and one of the best golfers in KSA. He and *Shifrah* live in Burlington, Ontario with their two children.

Communications Dept.

Springtime is meeting time for soft goods; any apparel or textile trade association worthy of the name usually runs its annual meeting in some posh Southern resort during March and April, and invites outside speakers to warm up the golfers. Lately such groups have called upon KSA to supply speakers, and this year there were droves of us on the circuit. *Jack Ullman* talked to the Knitted Textile Association in Florida; *Stig Kry* went to Arizona to beguile a SWATM meeting (you guess what it means); *Rudy Greer* addressed knit underwear makers in Alabama, and *Frank Armistead* explained productivity to the Sporting Goods Manufacturers Association in Miami. Tough duty, and they all thought it would be nice to have some slides to show. . . .

The Communications Dept. also turned out a few dozen slides for a Levi sales presentation, a *Bill Reed* speech at N. C. State, a *Ken Osborne* speech to the AIEE, and *Jim Giddings* speeches to two retail groups. Not to mention another four dozen for our annual Financial Breakfast in May, which introduced this year's Profiles before an audience of over 150. This is the first time the Breakfast "stood on its own," without tying in with a trade show or meeting, and we take particular satisfaction in that fact.

On the brochure front, a new one describing our apparel industry services came off press in May, and we can throw away the xerox copies and scotch tape. . . . Also scheduled for completion before July is a new MIS piece for carpets, as well as a new carpet industry brochure. There are now six industry brochures printed in the new six-page format, and hospitality is in the works.

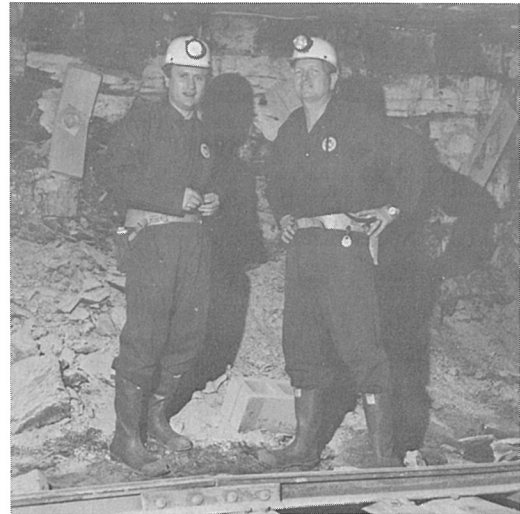
Seminars at a Montreal trade show for apparel manufacturers (*Denys Williamson* and *Ken Campbell*) and a repeat of our ever popular textile inventory planning program (two days) took place in June. In articles, *Jim Hicks* wrote about organization planning for the Knitting Times Yearbook, *Dudley McIlhenny* explained market segmentation in American Shoemaking, and *Bob Frazier* was interviewed by the N. Y. Times and Women's Wear Daily.

The biggest accomplishment, of course, was producing our 9th Textile Profile and our 8th Apparel Profile. *Kathy Couch*, *Irene Jurczyk*, and *Jamice Ryer*—with multiplication and long division help from *Mary White*—managed to keep their composure while honcho-ing some 60,000 numbers. Or was it 600,000? *Janice* and *Jill Steinberg* also fearlessly took on corporate treasurers and the SEC in their determined pursuit of annual reports. It's called teamwork, and it was all worth it. —JS

Heinz Krogner's Visit and Orientation

During his brief visit, *Heinz Krogner* attended the staff meeting at Callaway Gardens, became familiar with KSA's USA practice, and toured client installations across several functions and industries. *Frank Armistead*, *Jim Trautman*, *Ron Brockett* and *Bob Reeves* assisted in his orientation.

One installation visited was the William Carter plant in Barnesville, Ga., about 60 miles south of Atlanta. This small town managed to retain a 1930 flavor with its old buildings and antique ironwork. When Frank and Heinz stopped for a hamburger at lunchtime, Heinz looked around and commented "with this setting, one really expects to see cowboys with guns drawn emerging from the buildings."



HEINZ KROGNER (left) learns something about our mining practice during a coal mine tour by BOB REEVES—2,000 ft. below surface—at one of the Jim Walter Resources mines.

Porsche—Cont.

classes, and had learned to change spark plugs four years ago. I'd even worked up to mediocre competence in 10,000 mile tune-ups. The solution was obvious. "We'll tow it to other assignments until we save enough to get it fixed. The instructors must have been thinking back to the night before their training manuals were due when they said, "Oh, no. You can fix the engine. We'll help you." That smile again.

We towed the Porsche into the mechanical training shop (between courses, so as not to interfere with a class) and went to work. One wheel at a time, we jacked the car up and stacked railroad ties underneath until it sat two and a half feet off the ground (Porsche engines come out from the bottom.) For the next five evenings, I worked into the wee hours. The instructors had learned their craft well, making frequent checks, offering encouragement and guiding my "hands-on" training. The stamina test came the fourth evening, which

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New Staff

David M. Denny (Dave) . . . Age 32. Single BS in Math, Loyola University. Several years experiences as programmer/analyst. Most recently with DPF, Inc., Atlanta, as Systems Engineer, with both software and hardware duties. Interests: Reading, sports, theatre.

Michael F. Furbish (Mike) . . . Age 22. Single. BS, Industrial Systems Engineer, Georgia Tech. Various summer jobs, one which was in shipping and warehousing with KSA-client, Oxford Industries. Interests: Golf, running, sailing, skiing, auto repair, travel.

Peter W. Harding . . . Age 34. Wife, *Jane*. Two children. Upper Second Class Joint Honors Degree in Chemistry and Geology, Bristol University, England. MBA Program: Awarded diploma in Business Administration; will receive MBA on presentation and acceptance of thesis, Bradford University, England. With Courtaulds, Ltd., since 1971, first as research chemist and marketing executive before transferring to the company's New York office as manager in 1977. Interests: Sailing, skiing, squash.

Charles R. Harris (Chuck) . . . Age 26. Single. BA Government and Foreign Affairs, University of Va.; MBA, Institute of Textile Technology. Salesman and bookkeeper for real estate company while going to school. Most recently employed by Textile Technology and Avondale Mills. Interests: Travel and outdoor sports.

Susan D. Kaminski (Sue) . . . Age 24. Single, BA, major biology and Spanish, Perdue University; MBA, operations management and logistics, Indiana University. Held summer and part-time jobs; paid 100% of MBA expenses. Summer of '79 at Eli Lilly working in domestic and international traffic, warehousing, purchasing, order processing and customer service. Interests: Ballet, figure skating, tennis, gymnastics.

Keith R. Nelms . . . Age 24. Single. BSIE, Georgia Tech. As a co-op student, worked at Proctor & Gamble and Georgia Power Company. Interests: Photography, music, writing, drama.

Eric D. Schulze . . . Age 21. Single. BSIM, Perdue University. Held various summer jobs while pursuing education. Interests: Golf, tennis, camping, travel, financial market.

James A. Severyn (Jim) . . . Age 24. Single. BS and MBA, University of Notre Dame. Recently, part-time teacher plus summer jobs as swimming pool manager. Good background in French. Interests: Swimming, jogging, skiing, travel, photography.

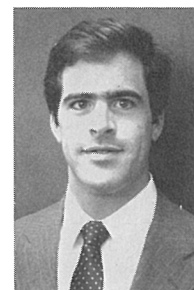
Porsche—Cont.

was literally an all-nighter (4:00 p.m. to 8:00 a.m.) . . . On a fifth day, the engine went back into the car and hook-up started. By the end of the sixth day we tested the car and it worked. In my enthusiasm, I backed over a trouble light, raising the total cost of parts, labor and ingenuity from \$35 to \$45 . . . a good deal less than dealer cost!

On a suggestion from *Bob Reeves*, the instructors also fabricated a custom-made tow bar so we could pull the Porsche with our van. They assured me the tow bar would be plenty strong to do its job. On the trip to Michigan the bar took a real test. A major blizzard hit Pocatello hours before our depar-



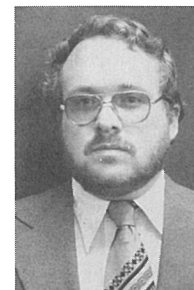
Denny



Furbish



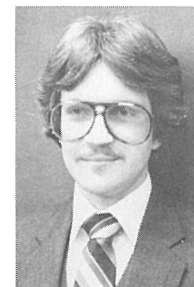
Harding



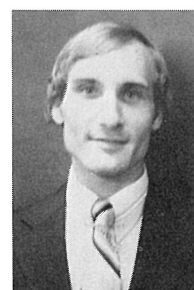
Harris



Kaminski



Nelms



Schulze



Severyn

ture. After 93 miles on an inch of ice we spun 180 degrees! For about 100 ft., the Porsche (the towed car) went backward down the highway with the van (also backward) following. Then it spun again, completing a full circle and more, and launched us into a 15 ft. ditch. When we finally stopped we were amazed to find ourselves unhurt and the cars undamaged. The tow bar was intact, too. After an hour with a wrecker and day and night "snowed in" in a tiny town we completed the trip unevenly.

Each time I slide behind the wheel of the Porsche I recall with pleasure how much some of our clients appreciate KSA.

Atlanta



Barfield



Faulkner



Stahl



Chaffin



Sisselman

Vaughan Barfield became proofer/editor for word processing in March. Vaughan has a BA in English from Georgia State and previously worked for Georgia Power Company for two years. . . . *Gwen Faulkner* also joined word processing (in April). She, too, has a degree in English from Fort Valley State College and previously worked as a secretary.

Gail Stahl came aboard in April as administrative assistant/secretary to *Dave Cole*, *Jim Hicks* and *Frank Wise*. She previously worked as a research and administrative associate for a financial research and consulting firm in Atlanta. Gail has a degree in Spanish from the University of Georgia and minored in library science.

Melissa Chaffin is our new receptionist. Melissa has seven years secretarial experience and came to us from Georgia Tech's Economic Development Department.

Drew Sisselman joined Tech Support in the Drafting Department. Last year he graduated from the University of Cincinnati School of Design, Architecture and Art. Drew worked as a free-lance graphic designer before joining KSA. His special interests are designing facilities for the deaf and blind.

Elaine Thurmond was promoted from Xerox/Mail Room to Tech Support, number crunching with *Mary White*. With us since September, Elaine has contributed significantly in that short period.

New York



Left to right, CHERYL MILLER, DOROTHY PEASE, JOAN GOLDSTEIN and ELLIOTT LIARDO.

Three new members have been added to the NYO staff. *Elliott Liardo* joined us in March as xerox and mail room clerk. . . . *Cheryl Miller* became a part of our new word processing department. She is a sports enthusiast, and hails from Summit, N. J., where she worked in a family business. . . . *Joan Goodstein* was appointed Administrative Assistant to *Ralph Ross*, *Jim Giddings* and *Rudy Greer*, after eight years with Touche Ross. She lives in Riverdale, N. Y. and has two sons. We wish all of them the best and hope they spend many years with KSA.

Since the NYO is expanding at a rapid pace, we decided it was about time to develop a professional word processing department to handle the increased workload. The Atlanta word processing department was kind enough to let us have their excess Lanier equipment (complete with 4,903 left-over, half-processed words) and we currently have a two-person

department. *Roberta White* is our new word processing supervisor, and *Cheryl Miller* recently joined the department. In addition to our new Lanier equipment, we are redesigning our Xerox room and have two nifty new machines (complete with salesmen, installers, and instructors.) Now if we could just find out where the coffee machine went. . . .

Nashville

Steve Bannister is officially calling Nashville home and is in the process of relocating from Princeton. Steve brings to Nashville an impressive systems background and we look forward to having his help in expanding KSA's MSD practice in MC (Music City.)

Gary Brown recently completed a very successful plant start-up for Oshkosh in Marrowbone, Ky. Between assignments, Gary has been helping on some short-term projects in the Nashville office.

Congratulations!

Weddings—Three Atlanta KSA'ers were added to the newly-wed list on April 26. *John Champion*, a Principal, chose for his bride *Penelope Malone* of Word Processing. While our Controller, *Bill Beckmeyer* met his wife, Sherry Braden, outside, she is, of course, now a part of the KSA family. Best wishes to both couples for a long and happy life together.

Births—Congratulations to the four families who had an addition to their family recently. *Diane* and *Paul Reese*, a daughter, *Lauren Leigh*, March 4; *Barbara* and *John Dye*, a daughter, *Elinor (Nora) Akosua Knight* (Akosua, from the Twi language of the Ashanti tribe of Ghana, means Sunday's Child), March 23; *Linda* and *Butch Price*, a daughter, *Lindsey Robinson*, April 8; *Barbara* and *Craig Thornton*, a daughter, *Adrienne Leigh*, April 23; *Deborah* and *Don Seymour*, a son, *Thaddeus*, May 25.

EUROPE

Europe Works for Europe

By—*Steve Webb*

As we have pointed out so often, the conditions under which KSA operates in Europe are different in many ways from those in the U.S. Perhaps one of the most significant differences between the two continents is the more liberal attitude to international trade adopted by the EEC.

While both the U.S. and EEC countries make much effort to raise their apparel exports, the EEC's tariff and quota policies leave the Community far more vulnerable to imports than is the case for the U.S. For some years, the European apparel industry has suffered a rate of shrinkage higher than that of any other industrialized area. While the EEC is justifiably reluctant to put at risk its exports of capital goods by applying more restrictive policies, it shows growing concern at the rising unemployment which is at least partly due to reduced activity in the apparel field.

It is against this background that KSA was commissioned by the EEC last year to carry out a study on how the development of new technologies in apparel assembly might help the Community's producers to resist pressure from imports and to maintain employment levels. The initial suggestion for the survey was made by the AEIH (European Association of Apparel Industries), largely through the initiative of one of its committee members, Dr. Zegna of Italy, with whom we have long had an excellent client relationship.

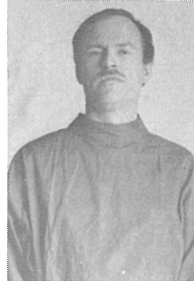
It was originally due to *Stig Kry's* close contact with Dr. Zegna that we had the chance to carry out the survey. The objectives were ambitious and indicative of the rational approach being brought to apparel industry projects by the EEC. In broad terms, the objectives broke down into three parts:

- To determine whether, and to what extent, savings in garment assembly could help close the production gap between the industrial countries of the EEC and their overseas suppliers.
- To identify promising technologies that were either being developed or could be envisaged. The field of research was not limited to traditional suppliers of machines and processes to the industry but was to include possible sources of potentially transferable technology from other industry sectors.
- To outline what action might be taken by the EEC to promote the development of the promising technologies identified and to encourage individual companies to make use of the new technologies that were to be developed.

The research, managed by *Stuart Hollander* and *Steve Webb* with help from many others in both Europe and the U.S., including *Hardy Artelt*, *Howard Cooley*, *Charles Topping* and *Jim Trautman*, produced some interesting and sometimes unexpected findings.

Highlights of the report, handed to the EEC Commission for further action in March, included:

- A warning that, if present trends were maintained, Europe's apparel industry was likely to become too small to remain viable by the end of the present decade. On the other hand, however, action taken now to start reducing the rate of shrinkage could reverse the trend before it's too late.
- The identification of specific areas where appropriate research and development could yield the most significant results:



To complete his knowledge of the product—the basis of all good consulting work—ALAN CHANDLER tries on surgeon's gown.

nearly 20 years. He set the piece rates, costed new styles and managed the factory. He retires this year. Suddenly, the managing director realized the factory manager was the only person in the company who knew enough about all the styles to do costing and set piece rates. The managing director asked KSA to install control systems that would allow a new factory manager to take over and provide management with regular information on the performance of the manufacturing unit.

During the survey, we defined a productivity improvement program which would provide not only the controls the company needed but also produce direct labor savings of about \$45,000 a year. The cost of the assignment, also \$45,000, could thus be paid back within a year and the total cost of the whole operation paid back in less than two years, with clear profits from then on.

The KSA Approach—A KSA team with *Bill Wing* as Account Executive, and *Alan Braithwaite* supervising the two resident consultants—*Alan Chandler* and *John Haworth*—installed an incentive scheme based on standard minutes, a 3-in-1 payroll and labor cost control procedure, a costing procedure and a style specification procedure. The team also trained some supervisors and an ex-supervisor as a workstudy engineer.

At the end of full time consulting, productivity had increased by 23% and cumulative direct labor savings had reached \$14,850. Annual direct labor savings amounted to \$60,000 and annual extra contribution from additional output was \$40,500. We project that annual savings will increase to over \$225,000. What is more, management now has the information needed to control manufacturing.

During the last month of the sewing room project the client authorized a cutting and material utilization assignment. This is now under way.

Quite apart from the excellent results achieved, this assignment shows clearly that opportunities exist for successful and profitable work among companies of a size often thought too small to benefit from KSA assistance. As a result of this work, we shall have a better chance of selling KSA services to the many smaller companies that make up such a large part of the apparel industry in the UK and in Europe.

- full cycle automation
- full sequential automation
- alternative processes (i.e. molding, welding, 3-D knitting and melding technologies)
- improved decision-making through adequate application of data processing techniques.
- The recognition that a number of potential breakthroughs could be achieved only through the combination of comple-

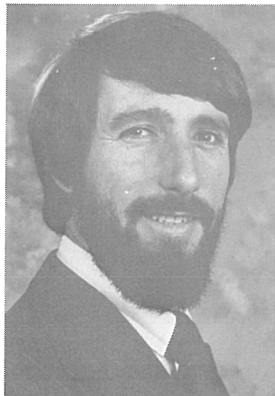
Continued on page 11

Products of a Vintage Year

This year, we celebrate 10th anniversaries of seven European colleagues. To emphasize the vintage qualities of 1970 as a year for recruitment, we present our 10-year men all together in this issue in alphabetical order instead of at the usual intervals according to date of entry.



Alan Braithwaite



Ron Gunston



Karl Hoffman



Mervyn Kerr



Wilfried Lutteke



Peter Schueler



Steve Webb



Alberto Figa-Beleta

Alan Braithwaite joined us May 28, 1970 and spent his first two years with KSA in the U.S. Upon his return to his native UK, he was particularly active in developing the men's wear side of our practice, carrying out many assignments in the area of engineering, systems and HRD for such clients as Carrington Viyella, Courtaulds and the Baird Group. A keen marketer and salesman, Alan took over the new function of the UK Apparel Industry Manager the beginning of last year. Since then, he has had considerable impact on our UK sales effort.

Alan, his wife, *Carol*, and their daughter, *Catherine*, live in Sandbach, Cheshire, within easy reach of Altrincham office.

Ron Gunston came to KSA in June 1970 and was sent to the U.S. for training, taking with him his new bride, *Carole*. He stayed three years and upon his return to Europe, continued to operate outside the UK much of the time on assignments in Scandinavia, the Middle East and other countries. More recently, Rod has successfully concentrated on developing the UK knitting industry practice, producing substantial contracts with many new clients. He has also had much impact on the Norwegian knitting industry, so much so that he was once refused entry into the country for not having a work permit. Other major clients served by Rod include Carrington Viyella, Coats Paton and the Vantona group.

Rod and Carole live in Nottingham, close to the UK knitting industry centers, where they will celebrate their 10th wedding anniversary at the same time as Rod's first 10 years with KSA.

Karl Hoffman started his KSA career July 1, 1970, when he

became responsible for all bookkeeping and accounting work in German Region. He came to us with extensive training and experience in accounting as well as a diploma in English correspondence. From his desk in Darmstadt office, Karl not only copes with all aspects of KSA accounting in connection with our practice in Germany and other Central European countries but also has the strenuous task of making German tax inspectors understand the intricacies of our international business.

Mervyn Kerr came to KSA in May 1970 and has also worked in the U.S., spending four months with Walton Clothes. Although he also worked in Iran and elsewhere overseas, Mervyn has spent most of his time with KSA in the UK and in Ireland where he has been very active in developing our practice in that country with considerable success. Mervyn is one of our most experienced salesmen and, thanks to his efforts, KSA billings in Ireland have increased regularly, as he steadily strengthens his position as "Mr. KSA" to all the Irish.

Mervyn and his wife, *Joy*, live in Jordanstown, Northern Ireland, near Belfast, with their two boys *Simon* and *Michael*.

Wilfried Lutteke joined KSA January 1, 1970, went to the U.S. in March that year and returned to Europe in September 1971. Wilfried came to us with experience in consulting, planning, methods, training and had also been a lecturer on scientific management at Berlin University. Since joining KSA, he has worked on assignments in a variety of functional areas ranging from PD through Marketing, Systems and General Management through to EDP. Wilfried was appointed Principal

in 1974 and recently assumed functional responsibility for systems in German Region.

He and his wife, *Erika*, live close to Munich in Bavaria.

Peter Schueler began working with KSA in Switzerland in August 1970 and switched to KSA Germany in 1974. Originally trained as a textile engineer, Peter had worked as financial controller in a carpet mill and as a consultant with another company in the textile field before joining us. He has tended to specialize in cost accounting while with KSA, although he has also done system work. His special knowledge of financial management has led him to work on most of our major accounts in Germany where he has done much to refine our approach to costing problems.

Peter and his wife, *Hilde*, live in Viersen, Germany.

Steve Webb started with KSA January 1, 1970 and spent six months in Iran, working with *Bob Frazier* on the DuPont study in the U.S., in Europe on the DOC study, as well as on the EEC apparel assembly technology study. Possibly his longest assignment was with UDS in the UK on a trouser assignment that was scheduled for six months but extended gradually to 30 months when he engineered everything in the company from bras to donkey jackets. Steve is now quoting for an assignment in Australia but even without that, he is probably the most experienced international consultant in the UK; he is probably also one of the most able technical people in the region. He also takes pleasure in writing programs for any hardware he can get his hands on.

Steve, his wife, *Janet*, and their two children, *Vickie* and *David*, live in Knutsford, within easy reach of Altrincham office.

Alberto Figa-Beleta started his working career with KSA, joining us February 1970 after getting a degree in industrial engineering from the University of Barcelona, his home town. During his two-year training period in the U.S., Alberto had the unusual experience of recruiting his wife for a client. While working at Nogales in Arizona, he recruited Anna-Luisa as a supervisor and later decided that he could not leave her there and she became his wife. Back in Europe, Alberto worked on a wide variety of assignments for some of the largest companies in Spain, possibly the toughest being coping with the legal, administrative and bureaucratic tangle that needed to be sorted out before we could set up our own Spanish company, which was founded officially January 1 this year. Alberto manages our practice in Spain, where his broad experience and marketing abilities are proving very successful.

Alberto and *Anna-Luisa* live in Barcelona, Spain, with their two boys, *Gustavo* and *Eduardo*.

Our congratulations to all our vintage 10-year men and best wishes for their future careers.

Europe Works for Europe—Cont.

mentary technologies not normally available from a single source. Examples of such multi-technology developments are:

- versatile and totally reliable pick-up and positioning devices
- alignment devices
- reversible and selectively applicable rigidification processes
- transferable automatic sewing machine heads with self-threading and omnidirectional sewing capabilities.

The development and application of a suitable rigidification process for example, would call for joint research to be undertaken in collaboration by chemists, experts in the design of transfer machines, sewing machine designers and possibly suppliers of needles and threads.

Approaches to the development of this and other key

“building blocks” would probably involve the development of several technologies which might have little or no commercial value alone but which, in conjunction with the complementary techniques, could produce major breakthroughs.

- A recommendation that the EEC should set up a series of mechanisms that would ensure: identification of priority development areas; assessment of the development potential of research; projects now dormant through lack of research funds and/or apparent commercial applications; equitable and appropriate allocations of development support subsidies; introduction of fiscal and other incentives to the industry to favor rapid adoption of such new technologies as may be developed as a result of the program.

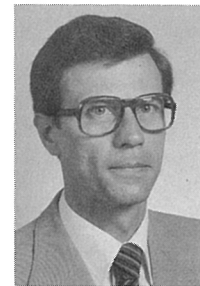
Current indications are the report was sufficiently well received to produce what passes as an immediate reaction in the notoriously redtape-bound EEC administration. By mid-April, we had heard from our contact in Brussels that a budget of nearly \$2m (U.S.) was being applied for in 1981 to implement the first part of our proposals . . . the setting up of the necessary mechanisms and the search for appropriate development projects. KSA was asked to provide the outline of a plan with an estimate of the financial resources needed to achieve each stage.

It seems likely that the initial survey, which itself was worth \$100,000 in consulting fees, will produce many further assignments in connection with this project. Thanks to its high prestige in the industry, coupled with its recognized high level of expertise, KSA will probably be closely involved with the project up to its completion.

New Staff



Vollmer



Zeitz

Werner Vollmer . . . Age 30. Wife, *Ingeborg*. One child. A degree in mathematics and practical experience in consulting as well as EDP. Home is in Worms, Germany, near Mannheim. Interests: Skiing and electronics.

Axel Zeitz . . . Age 38. Wife, *Barbara*. Two children. Joined KSA-Germany in February—too late for last issue of *Observer*. After college, worked in the book trade with rapid promotions before deciding to resume studies in business administration. Since graduating he has considerable consulting experience. Home is near Freiburg, the Black Forest area of Germany.

Departures

Jack Doyle took a line management position with a UK engineering firm; *Xavier de Montfalcon* is in charge of the planning department of a French electrical engineering firm; *John Phillips* is starting his own consulting firm and hopes to continue collaborating with KSA on an occasional basis; *Edgar Reinhold* took an executive position in the steel industry; *Geert Seidel* became managing director of a German apparel firm. We wish them success in their new careers.

Staff Meeting—1980

Rumors are rampant that this was the best staff meeting ever, with just the right mix of work and play. Somehow, the working portions were not recorded by the camera crews, even though the sessions were interesting, worthwhile and informative. In addition to the much publicized KSA Road Race, we even have photos taken at the dinner dance.

The Big Race

The young and the old, males and females, neophytes and veterans, the halt and the lame—they all lined up in a glittering array of running gear for KSA's First (and possibly last) 5-Kilometer Road Race and Rabbit-Scaring Competition. At least 100 cooler heads stood in the rain and watched 80 KSA'ers lope and stumble around the grueling course, wondering how many billing hours could be lost if congestion developed at the 2-K mark and a half-dozen knees were badly scraped. Luckily, the CVR and ambulance teams had nothing to do; the beer was kept cold and dry indoors, and the only damage reported was done to the collective psyche of a four-man relay team from New York that managed (luckily) to come up one runner short.



Pacers at the ready jostle for favorable starting positions.



The Winner: DOUG ROGERS, in a new KSA record time of 18:30! (SAM: 18:11. Not bad.)



Pacer MARY CHURCH-HILL, Race Producer JIM HICKS, and Starting-Sign Pole Holder EVELYN ULLMAN hold milling throng of racers in check.



Out in front at the 300 meter mark, CECIL PHILLIPS shows no sign of strain.

Party-goers . . . Were you there?

