

# KSA's GREAT EXPORT STUDY...

By—Dean Vought

Seven firms submitted proposals, including A. D. Little, Werner and P.A. Bids ranged from \$244,000 to \$650,000. When Stig called on Thursday to say that we had been awarded the contract, the news was received with mixed emotions.

The first planning meeting was delayed a week because the government budget for travel had not yet been approved... a foreboding of payment delays to come!

We had two clients within the D.O.C. First, the Office of Textiles. They had conceived the study and their main interest was in doing something worthwhile, visible and acceptable to the industries of their interest... textiles and apparel. They wanted approval from the industries who had been on their backs about imports. After the study was under way, they continued to solicit opinions and suggestions from the industry on countries and content. They wanted to please everyone. Obviously, this posed a problem since we were trying for a manageable scope.

The second client was the D.O.C.'s Bureau of Export Development. Andy Bihun, experienced in market studies, competent and conscientious, was our main liaison. He determined format, set guidelines and approved reports. He spent the taxpayers' dollars well.

This split client created some early confusion and delays. The Export Development group insisted on standardized formats, and the Office of Textiles group hoped (understandably) to pack everything and every place into that format.

For each industry and country studied, we had three responsibilities to carry out: *Market Potential*, *Market Assessment*, and *Market Opportunities*.

**Market Potential**—This phase was carried out for all 46 countries for one or both industries. It consisted of an analysis of economic, demographic and trade data for that industry in that country. From this information, 47 specific country-industry markets were selected for which to do in-country research and full reports.

**Market Assessment**—This consisted of evaluating (as much as possible by specific product) domestic consumption, domestic production, exports and imports. Some of this work could be done before country visits... much had to be done with in-country research.

**Market Opportunities**—Those product opportunities suggested in the second step were then further researched in-country, covering factors like competitive advantages and disadvantages, tariff and non-tariff barriers, government policies and influences, acceptance of "Made in America" labels, trade practices, and specific potential channels of distribution and purchasers. In the early studies, we also made projections of export growth for the opportunity areas.

The U.K. was the first country fully studied and reported. *Rudy Greer*, whose retail and international

strength was perhaps the biggest asset for the entire study, was responsible for apparel. *Bill Hill*, an associate from Monsanto whose fiber and international background also proved invaluable, handled textiles. These reports served as models for the studies that followed.

The reports were distributed by the D.O.C. to industry for critique and feedback. Although generally complimentary, most firms wanted specific information for their product lines, and in these two industries, there are a tremendous number of product lines.

While it is history now, the Global Market Research study we did for the Department of Commerce during late '78 and all of '79 was a major event for KSA, the U.S. Government's export development and the principal industries we serve. It was big. It was interesting. We did a good job. We learned a lot. We lost against our budget... not much. We gained prestige in our industries, nationally and internationally.

It's difficult to condense the highlights of a project that:

- Spanned six continents.
- Covered 45 countries...we didn't do Iran!
- Involved 21 different KSA consultants.
- Had the able assistance of 14 support staff.
- Used four associated consultants.
- Required 16 months time.
- Produced 55 separate market reports.
- Resulted in seven seminars for 900 people.
- Generated reams of publicity.
- Helped change the balance of trade in textiles and apparel for the United States.

In mid-September, 1978, *Freddie Wood* received a call from an executive of a textile association who said the D.O.C. was about to enter into a contract for market research in 42 countries for both the textile and

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## KSA Christmas Card Fund

**Contributions totaled \$8,246**—More recent KSA'ers may be interested in knowing that this fund, launched in 1968, was founded to help the many who are less fortunate. Because of your thoughtfulness and generosity, their holidays will have been happier.

This year 84 organizations of your choosing benefited from your contributions, plus three additional ones to which the company sent its annual contribution. Thank you for caring and sharing.

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

*Export Study—Cont.*

apparel industries. Further, that the contract would be awarded in approximately two weeks . . . in London! A strange set of conditions indeed. A few days later, we received the telexed Request for Proposal. It appeared to be a hurriedly patched combination of conventional marketing approach for two very broad but different industries. This was to be used to assess the markets in a long list of countries ranging from the largest and most industrially developed to the smallest and most primitive.

We felt the study was somewhat misconceived . . . that it should have had a product focus rather than a geographic one. We estimated that it would require \$1 M to \$2M in fees and expenses to properly carry out the scope as outlined. However, it was rumored—and later published—that the budget for the study was only \$500,000.

Several KSA people debated the wisdom of investing time in responding to a proposal for a study where there was to be guaranteed competition and, if we were successful, a guaranteed overrun. Hence, the penultimate decision: Turn it down.

On the other hand, we reasoned, someone would do the study. It was already funded. No one could do it better than KSA. It would have very high visibility. It was our turf. The ultimate decision: Go after it. This we did, hoping we could somehow reshape or renegotiate the scope of the study.

The NYO was very active the following week. *Greer, Hill, Frazier* and *Vought* divided the proposal sections for writing. Drafting, re-drafting, editing, re-editing, typing and re-typing, photocopying and collating all seemed to be going on simultaneously. With superlative office support, it all came together Friday night at 6 p.m. It was a strong proposal!

**Cloak-and Dagger Doings**—Although *Stig Kry* had already been scheduled to go to London that weekend, we made a point of informing both Washington and our London embassy that our Chairman would personally fly the proposal to London and deliver it on Monday morning in time for the deadline. This may have been a case of overkill, but it did no harm.

Apart from the U.K. and Spain, our European colleagues did the research and drafted the reports for 11 European and two Mid-Eastern countries. They took responsibility for specific staffing and scheduling within our overall framework and budgets. *Harry Lack* acted as liaison for the U.K., *Cesare Aspes* for Germany, and *Xavier deMontfalcon* for France.

While the textile and apparel industries interface in the soft goods chain, for the purposes of these studies they are very different.

The apparel industry, with its high labor content, cannot compete internationally on a cost basis except in a few cases where labor cost is minimal and raw material cost very favorable (T-shirts and sweatershirts). Otherwise, U.S. apparel products must command a premium price and can only compete on uniqueness of style or representation of American lifestyle. Further, with a few exceptions, the industry is highly fragmented, insular and internationally naive. The fact that products change every season does not facilitate continuity either.

On the other hand, the textile industry, because of cost of materials and economies of scale, can compete on a cost basis. The firms are large and most of them

have been exporting for years. Many are very familiar with overseas markets. Textile exports have grown substantially in recent years and many firms are looking to international markets for their future growth. The fundamentals suggest that this is not likely to be the case for apparel.

Budgeting for this project was done by starting with a large, impossible goal and working backward so that everyone had a piece of the impossibility. With an outstanding group effort, however, we came down the learning curve very rapidly. Had the study covered twice as many countries, we would have been able to make our budgets.

We judge the project to be a success. It was of value to the public and they perceived it as such. The D.O.C. was very pleased. They went on record commending us for our professionalism and the conduct of the study.

The list of credits is long. On the U.S.A. side, *Phil Lutz* set up our control procedures and *Edith Mendelsohn* very thoroughly kept us on them . . . among her many other administrative responsibilities. *Bob Heiland* helped standardize the format of our early reports. *Fred Johnson*, who joined us full-time in April, did much of the research and writing for both industries in the Western Hemisphere countries. His language capabilities as well as international outlook were of great assistance, and helped immensely to close the budget gap.

*Roberta White's* skills and "quick study" of the Wang word processing equipment (installed compliments of the D.O.C.) were invaluable. She pushed the reports through so efficiently that the D.O.C. was "flooded" as we stayed on schedule and they fell behind. Even *Kurt* was pressed into service as he translated German documents used for the German reports. *Bob Saunders* provided help on international carpet markets. *Lillian McCarthy's* skills helped translate complicated national merchandise calendars.

Europe mustered an even larger team who made valuable contributions. *Elaine Fleming* and *Andrea Isaacs* researched trade statistics in the U.K. where they had unusually good sources. *Cesare Aspes* had prime responsibility for research in five countries, *Xavier deMontfalcon* in two, *Greg Kostin* in three. Depending on the language and/or previous country experience, they were assisted by *Werner Iten*, *Steve Webb*, *Henry Pawlik*, *Jurek Piasecki*, *Joep Van Gent* and *Renato Tarditi*.

To all of the above, plus other unsung (or unbilled)

*Continued on page 5*

## 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 Mary W. Baach at 7944 Meadow Lane, Newburgh, Indiana 47630.

Editorial Board: *Mary Baach* *Joe Scheines*  
*Jack Johnson*

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# KSA/USA

By—Jack Ullman

As another year draws to a close, it's time to pause and reflect on where we've been and where we're going (as a firm and as individuals), what kind of a firm (people) we are, and what we wish to be.

I especially look forward to this issue each year because it's an opportunity to communicate not only with our active KSA family but with some 165 of our alumni as well, and to give them a view of the KSA of today.

1980 was KSA's 46th year . . . but in a way our first. It was the first year we "flew solo" . . . without the watchful eye and guiding hand of KS. I wonder what *Kurt* might have thought of KSA at this time . . . of what we are and what we wish to be. I think he'd be pleased that he had accomplished his personal objective of assuring KSA's continuity as a firm committed to the fundamentals he established in its early days.

The experience of our 1980 staff meeting confirmed that these fundamentals are in place. Those of you who attended KSA's first staff meeting in 1967 would have never believed it could be equaled. Well, it was in 1980. And the reason is precisely the same . . . KSA's people! KSA continues to be comprised of an outstanding group of individuals . . . men and women—each different but with the same basic characteristics required to meet the standards Kurt established so many years ago. Individuals who are true professionals committed to excel in all that they do. Individuals dedicated to providing the highest quality of consulting to their clients. Individuals who show the common characteristics of integrity and basic honesty, sound judgment and a good mind, lots of drive and a competitive spirit. And, the fierce determination—as taught by KS—to see the job done well, to do the best they can to provide their client with all he should expect from KSA and more; and perhaps above all, a genuine feeling of caring about people.

Kurt reflected on this latter point in the first issue of the *Observer* when he described as one of KSA's unique strengths the fact that "we respect and work with each other as professionals and at the same time know and appreciate one another as individual human beings."

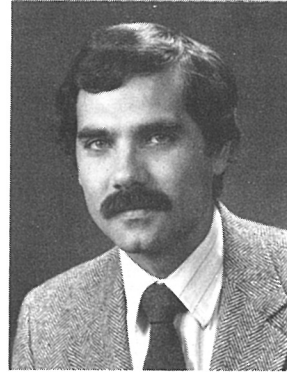
These principles were basic to KS . . . they were ingrained in him. But he never let us forget that we had a business to run and that we must run it in a businesslike fashion. (Managing our business was the topic of this column in the September issue.)

Being businesslike is not enough for a professional service firm of the highest standard . . . KSA. We must always adhere to the philosophy and fundamentals discussed here. A recent review with one of our younger principals made me feel that we're on the right track. He stated words to the effect . . . "I get a lot of KS through the senior principals working with me."

1980 may have been the first year we "flew solo," but Kurt's guiding hand and philosophy are very much with us. I think he'd be pleased with what we are and what

# Promotions...

*Mickey Zaldivar* will join the ranks of KSA Principals on 1/1/81, having come aboard in September 1974. He holds BSIE and MSE degrees from the University of Florida. Previously, he taught industrial engineering and had spent a year in consulting with Peat, Marwick and Mitchell.



Mickey has lent his skills on a variety of projects in sewing, cutting and PD. His versatility and solid engineering abilities have been a great asset to KSA. We have also benefited from his talents and winning way on assignments in the furniture industry with such well-knowns as Century Furniture and Broyhill. These, plus his Spanish capability have

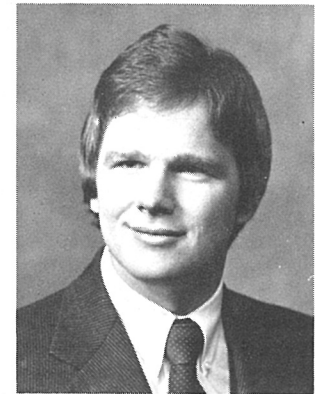
made him an asset not only here but also in South America.

Mickey, his wife, *Maria*, and three children live in an Atlanta suburb. Between his KSA activities and his children's soccer participation, he squeezes in an occasional game of tennis just for himself.

Congratulations, Mickey. We're happy to have you on our team.

*Paul Connell* was recently named Director of Finance and Administration. Paul came to us in 1974 with BSIE and MBA degrees from Cornell University. After two years in MMD, he transferred to the MIS group. Prior to becoming a member of the Georgia Bar Association in February, 1980, Paul was a full-time law student at Emory University—making the *Law Review*—while working half time in MIS.

Paul has direct line responsibility for finance and administration in the U.S., including Department T. As KSA's senior executive for finance and administration, Paul has functional responsibility for his area for all KSA's subsidiaries as well.



Paul and his wife, *Cheryl*, live in the Atlanta area. Congratulations, Paul, in your new role and continued success in your career.

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we wish to be. Our standards have never been higher, and we look to the future with enthusiasm, confidence and commitment.

To all of our KSA family—active and alumni—very best wishes for the holidays and a wonderful New Year.

## A Case Study in Strategic Planning Strategy vs. Diversification: Focusing vs. Drifting

By—John Wilcox

One of the most powerful new services ever developed by KSA is our current approach to strategic planning. Our colleagues in GM&M are perhaps more qualified to describe this process but, having just witnessed the conduct of a successful project, I would like to make some objective comments.

Gem Dandy, Inc. of Madison, N.C., is a 30-year-old, privately held company with 1980 volume in the range of \$10MM. Originally, this business served the dress and casual belt market. Over the years they were very successful and captured approximately 10% of the total market. Along the way, the company began to offer suspenders and a limited number of leather accessories. As various family members entered the business, they began to diversify. A line of women's panties was offered and they began to supply several distribution channels. Thinking ties were compatible with belts, they offered a line of men's neckwear. This led to entering the men's sportswear field with a fairly broad range of knitted shirts. They also developed a line of notions and became quite a factor in this limited market. Finally, about three years ago, they decided to enter the junior sportswear market. Initially, this was a fairly limited range of knitted playwear—tops and bottoms; however, during the past four seasons, they attempted to develop a rather sophisticated coordinated sportswear line.

At this point, management began feeling uneasy about the direction of the business. As they broke out volume and profits by product area, they noted wide disparities. In particular, while the junior sportswear line was growing, it was not contributing to corporate profits.

The president of the company requested KSA's help in "rationalizing their junior sportswear business so they could manufacture profitably." It quickly became evident that the problem was not the manufacturing cost; rather, it was a case where the line was too diversified relative to volume. This naturally led to questioning the overall elements of their business. As a result of these discussions, *Dudley McIlhenny* entered the picture and a formal proposal for a strategy audit was developed and accepted. *Eric Cantor* was assigned to the project and over the last four months we have thoroughly dissected the Gem Dandy business and determined the following:

- There are five natural Strategic Business Units (SBU's) within the company.
- Eighty percent of the corporate profits are generated from the men's accessories SBU. On the other hand, the junior sportswear had been contributing a net loss to profit.

Based on this analysis, it was recommended that Gem Dandy refocus its management and financial resources toward men's accessories. We found opportunities to expand this business, achieve volume growth over the three years and increase profits.

As a result of this study, Gem Dandy is beginning to focus on the real opportunities in their business to build on their strengths in healthy market sectors. We are currently engaged in implementation of the strategy, and will likely be involved in upgrading a number of

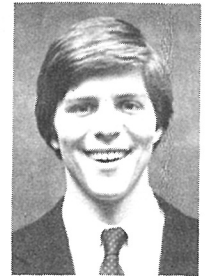
## New Staff



Caffey



Cairns



Millspaugh



Zee

*Kip R. Caffey*... Age 24. Single. BA, English and Religious Studies, University of Virginia; MBA, Harvard University. Interests: Photography, guitar, sports.

*Theodore J. Cairns (Jud)*... Age 23. Single. BSIE, Virginia Polytechnic Institute. Although Jud has been working on a project for the MS group since July, he will go through the six-weeks training course in January. Interests: Photography, water sports.

*M. Laurence Millspaugh (Laurey)*... Age 22. Single. BS, Mechanical and Aerospace Engineering, Cornell University. Interests: Tennis, golf, cabinet making.

*David Zee*... Age 28. Single. BS in Biology, Georgetown University; MBA, Cornell University, 1980. British citizen (Hong Kong). Permanent resident of Brazil. Language capabilities include Portuguese, Chinese, Spanish, French. Interests: Horse show jumping, Chinese cooking, table tennis.

other operations such as sales management, product line management, and manufacturing.

This study has had high value for the client. As a side note, the president had tended to take a very retiring attitude toward the various diversification trends. As a result of the study, he has emerged a much stronger leader and is exerting strong control over various SBU managers toward meeting their individual objectives.

There is no doubt in the writer's mind that companies which subject themselves to this kind of analysis and objective setting will eventually capture larger shares of their chosen markets. This could further spur the trend toward consolidation in the apparel industry. We should end up with more healthy, focused companies serving the markets in a much more efficient way, and eliminate the marginal companies that drift from area to area without legitimate purpose.

## Health Services Division

**Memo to Paul Flood re HSD Sales**—We should have caught on after you delivered that “to sell or not to sell” soliloquy at Callaway. But frankly, *Paul*, we thought *Joe Scheines* wrote that speech! We need a meeting to discuss how we’re going to handle the response from your latest sales proposal to our clients... you know, the one about Santa moving South for reasons of health and setting up his new headquarters at 400 Colony Square, 9th floor. Have you seen the Christmas lists that flooded our offices since early November? Just last week we had to put on more personnel (*Jean Snow* and *Mark Schneider*) to answer all the mail. Perhaps you should take a look at some of the letters.

*Dear Santa*: Thanks a lot for the nursing home you sent me. *Pete Paddrik* and *Charlotte Branton* delivered it yesterday. Now all that’s left on my list is 321 additional beds and a \$32M expansion project. Santa could you put in a good word for me with the Tennessee Health Facilities Commission?—Your friends in Memphis.

*Dear Santa*: I don’t want anything for myself, but thought I could point out ways you could save money this year. That hospital in Chattanooga, they don’t need a new facility... I know, I live just down the street. I hope *Ron Everett* told you. He said he would.—Hospital Affiliates.

*Santa*: Because I live in the mountains I thought I’d put my request in early, so you would have plenty of time to get here. Sometimes, the roads get pretty bad. The strategy plan your people have been working on—*Virginia Lamb*, *Sheryl Siegel* and *Paul Flood*—do you think it will bring me more doctors and nurses, and some money to repair my old building? I know Christmas is a little early, but it would sure start my year off right.—Best wishes, Ft. Payne.

*Santa*: We just want to say thank you for the wage and salary program you’re having delivered to us by *Fran Fowler* and *Don Seymour*. I just know it will get the union off our backs.—Cleveland, Ohio.

*Dear Santa*: I would like to build a new hospital in North Fulton County... maybe Roswell. Could you send someone to help me get the State to okay it?—Appreciatively, American Medical International.

Me, too, Santa.—Hospital Corporation of America.

Now, *Santa*, what North Fulton needs is a Women’s Hospital. Could sure build a nice one for them!—Humana.

*Santa*: Don’t listen to those guys. You know I gave my list to your people long before HCA, AMI, and Humana gave you theirs. *Ron Everett* and *Mark Richardson* even told me I needed more beds as well as an expansion of services. Then you sent *Fran Fowler* to design it. Surely you’re not going to give those North Fulton County beds to someone else? Are you?—Northside.

*Dear Santa*: Everything’s going pretty well over here with our long-range plan, since you sent *Jim Wermert*, *Don Seymour* and *Paul Flood*. But the other day I noticed that Jim needed new shoes. He said he wore his old ones out running in the New York Marathon. Could you send him a new pair?—Thoughtful client, Roanoke.

*Paul*, we need to discuss this. And *Paul*, please don’t tell me... Yes, Virginia, there is a Santa Claus.—*Virginia Lamb*.

## KSA-CANADA

This branch continues its varied activities for a wide range of clients... from tanneries to the world’s largest organ manufacturer. Nearly half of KSA’s North American professionals spent some time in Canada during 1980 assisting *Keith Alleson*, *Denys Williamson* and me on various projects and proposals. Major projects were undertaken by *John Stevenson*, *John O’Connor*, *Bob Malburg*, *Ken Campbell*, *John Dye*, *Steve Riepenhoff*, *Dave Perdue*, *Bill Williams*, *Josh Taylor*, *Roger LeBarron*, *Dudley McIlhenney*, *Ed Loseman*, *Mike Brent*, *Gerald Turbyfill*... just to mention a few.

One of the most exciting undertakings here—aside from having a concerto played exclusively for *Tom Swanston* and myself while directly in front of a 45-stop, six-story, pipe organ which literally rattled our brains and bowels—is to be undertaken by our mining group. They have a contract with Imperial Oil (Standard/Exxon) to help train their staff in the extraction of crude from the Tar Sands.

One of the least exciting projects involved *Denys Williamson* and *Buddy Ruppenthal* laying out a client’s facilities SIX times, two of which repeated our original plans. This all too typical Montreal entrepreneur would neither admit nor accept this fact.

We are delighted that *Keith* and *Shifra Alleson* settled in the Toronto area this year, thus giving us an active presence in this market. *Keith* is busily developing our reputation there through his visits with some 30 companies. He is undertaking assignments from Toronto-based clients ranging from luggage to emblem manufacturers.

The Quebec market, ably managed by *Denys Williamson*, continues to be our major source for Canadian assignments. In between making layouts and attending cocktail parties thrown by his many government contacts, *Denys* has sold many assignments this year including a course design for a fashion school, SRE for a seven-operator jeans plant, and plant start-up planning for *Levi Strauss*.

Y’all bring your skis and dog sleds and come visit next year.

—*Chick Schwartz*

## COMING EVENTS

- |            |   |
|------------|---|
| Jan. 11-14 | NRMA Show, New York Hilton. KSA will exhibit.                             |
| Feb. 3-4   | Apparel Inventory Management Seminar, New York Hilton. (KSA—fee paid)     |
| March 11   | Apparel Technology Update Seminar, Colony Square, Atlanta. (KSA—fee paid) |
| March 25   | Apparel Strategic Planning Seminar, New York Palace. (KSA—fee paid)       |

### Export Study—Cont.

contributors, KSA owes a debt of gratitude.

Not all government projects are professionally satisfying. KSA should take satisfaction and pride in this one. Our public appreciated the reports and felt they received value. The D.O.C. respected the work and KSA. We learned a great deal and received excellent P.R. We confirmed our belief that adequate margins are seldom available in government work.

# Rejuvenated PR Department Hits Stride!

Good news! Like the fabled phoenix, the Communications Department has risen from the ashes and is once again in full cry, flapping and crowing about KSA's many virtues.

Because there was no time for a report in the last issue, some readers may not know that *Kathy Couch* and *Irene Jurczyk* left us in June... bringing our turnover to 75% for the first half of 1980. Happily, we regrouped before the autumn fun started and now have the strongest department in memory.

The first step in rebuilding was to promote *Janice Ryer* to staff member back in July. Wise in the ways of KSA and PR, as well as Keeper of the Itek Machine, Janice took her well deserved promotion in stride, dropping not a stitch nor a slide. Then *Carolyn Frasier* replaced Janice as administrative assistant, and her organizational skills and ad agency background have already made noticeable contributions.

*Sandy Evans* joined us in July, and works out of New York, even though she's a Southerner to the core. A graduate of the University of Georgia Journalism School, Sandy has trade magazine experience in the retailing and supermarket fields, as well as an infectious giggle.

In August, *Beth Souther* took over as manager of PR operations in Atlanta. Also a graduate of the Georgia J School, Beth's professional background includes magazine editing, public relations, and shopping center promotions. Her avocation is narrowing point spreads and, being a native of Dalton, Ga., she knows how many needles there are in a tufting machine.

So you could say PR got a late start in 1980; eight months into the year, we got up to full strength, which is not to say we sat around twiddling our thumbs. Neither turnover, recruiting, training, jury duty, nor the absence of an office for two months ("Why not start the NYO expansion in PR and work our way west...?") stayed us from our appointed rounds. The latter half of the year has been unusually productive.

Briefly, since July we have published six brochures—carpets, textiles, hospitality, recruiting, carpet systems, and textile systems; also two Perspectives, an operator training memo, an AAMA management letter on product line management, a bulletin on productivity for hotels, a footwear profile, a piece on distribution center incentives, and our annual Soft Goods Outlook. In addition, we exhibited at five trade shows... carpets, hospitals, furniture, textiles, and apparel.

In between, we became involved in at least 14 presentations. Their range tells us something about KSA's reputation with a variety of publics, as well as our own broadening interests. To wit:

*Jim Trautman* and *Mickey Zaldivar* delivered a seminar at the big furniture show in early September. A week later, the annual TAC report, chaired by *Jack Ullman*, and the Financial Management Committee's report, headed by *Ralph Ross* were presented during the AAMA/Bobbin Show. Together they required over 250 slides, plus another dozen for a seminar on the textile/apparel interface, whatever that is.

This year's TAC report, on computers in the apparel plant, only lacked elephants and a tenor to qualify as grand opera. Because it was JJU's show, PR felt it should spare no effort, so it was that *Janice* learned how to swing a spotlight after three minutes' practice



**Souther, Frasier, Ryer, Evans, Steinberg**

and *Beth* found herself sewing a costume for a computer chip. If nothing else, we're flexible.

Meanwhile, *Sandy* put together an 80-slide presentation for *Bob Frazier's* DuPont shirt study. With three big, complicated jobs going at the same time, our slide production studio in N.Y. thought we were crazy. We were.

Other presentations during the next six weeks required about 40 slides on inventory management for *Randy Nord*, only seven for *John Wilcox's* speech on the history of sewing mechanization (he thinks small), and another three dozen for *Hal Wilson's* talk to the National Council of Physical Distribution Management.

Then there were presentations for which we supplied words but no slides: *Stig Kry* and *Jim Trautman* explained the U.S. apparel industry to 25 Japanese biggies; *Dudley McIlhenny* offered a preview of our Soft Goods Outlook for 1981 to the Textile Analysts Group; and *Bob Nahas* refined the same forecasts a few weeks later for the N.Y. Exchequer Club.

For the last few years, the motto around the Atlanta end of the Communications Dept. has been: "If things get too quiet, we can always run another textile seminar." Things got quiet on a Friday afternoon in early October, so we repeated the ever popular "Production Planning" and "Productivity Improvement" seminars. (One day we're going to mix the titles on these and see if anyone notices.)

Finally, *Jack Ullman* talked about "Productivity and Human Resources" before the prestigious AAMA Economic Outlook Seminar on December 10 in New York.

Count 'em: 14 presentations in four months, before audiences as varied as visiting Japanese government and apparel association representatives, National Football League franchisees, DuPont top executives, furniture manufacturers, apparel financial executives, distribution specialists from all fields, and bankers. KSA is all over the place.

—JS

## Congratulations!

Recently, several KSA consultants were susceptible to that well-known "itis" caused by the "lovebug." *Pete* and *Lynn Paddrik* were married November 21; *Steve* and *Judy Bannister* said their "I do's" November 26; and *John* and *Diane Schleicher* exchanged vows December 6. Much happiness to our newlyweds. May none of you recover from happy-itis!

Congratulations to *Bill* and *Jan Cobb* (Atlanta office) on the birth of a daughter, *Julie Marie* November 30.

# EUROPE . . .

## Sligo, Where It All Comes Together

By—Eugene McIlroy

Though few people could even find it on the map, and most would not know where to look, a small town on the west coast of Ireland is the location of an apparel factory with surprising international connections. It is also the setting for an on-going KSA success story.

Despite its name, Sligo Models is owned by a large vertical German group with two stores in Stuttgart, one of which employs 3,000 people. Its chief executive is a 35 year old Dutchman . . . a former Holiday Inn manager who once won the European Young Business Man of the Year Award. The company was set up 25 years ago by the owner of the German parent company, Herr Brenninger. It is said that his main reason for selecting Sligo as the location of the new unit was that he felt it was one of the safest places in Europe in case a Third World War should break out.

Originally, the factory was designed to produce women's wear for export back into Germany. For some years, however, it has been producing men's suits of medium to high quality. Most of the production is sold in the British Isles but 35% is exported each year. The layout and visual appearance of the factory has received much attention and is seen as an important part of the firm's image; it was recently used as the setting for next season's publicity campaign, with photos taken by Gina Lollobrigida.

Before that, however, KSA had already brought another element of internationalism into this 150 employee company turning over more than \$2MM a year. Our involvement began after the company decided to computerize some of its activities, increase production space by 25% and raise productivity. Our first assignment was in sewing room engineering, initially in the trouser line with *Jack Doyle*. Later, *Nahor Meenan* worked on the jacket line, and I subsequently took over from him.

From the beginning, assignments were plagued with labor relations problems as a result of imported management and paternalistic ownership. This, despite the fact that Mr. Brenninger, in addition to being a millionaire, is also an authority on social anthropology, having written several books on this subject. Where his theoretical knowledge failed, or was not applied, KSA's practical approach was applied to tackling the problems and the whole labor situation is gradually becoming more manageable.

The first assignment produced excellent results despite these problems. Trouser output rose from 650 to 1,100 units per week, representing a 50% increase in productivity. At the time of writing, output on the jacket line has risen 15% to reach 800 units a week.

Fees for assignments completed or started so far amount to about \$120,000. Another assignment in the cutting room was authorized recently at a fee of approximately \$43,000.

It is clear that when the Irish subsidiary of a German firm, managed by a Dutchman, promoted by an Italian film star and engineering by KSA—not to mention

## Richard Clarke Retires



At a sit-down dinner in Manchester with *Richard and Tony Clarke*, 18 KSA'ers presented them a gift of silver to which so many generously contributed. Although Richard's retirement date was November 1, the dinner was planned to coincide with *Stig Kry's* visit and was a most enjoyable affair. More importantly, as you see from the photos, Richard and Tony enjoyed it. Good luck in your retirement, Richard, you deserve it after these many years.

Sligo's beaches and championship golf course—*all come together*, some exciting results can be expected. We have already produced some and are working on the rest.

## KSA-UK

It continues to be a difficult year for KSA in the UK. Most commentators have run out of pejoratives for the depth and length of the recession but, nonetheless, it continues. High interest rates—affecting investment—and the high value of the pound—attracting imports and making exports more difficult—both have a major impact on clothing manufacturers. Widespread unemployment also has a major impact on most retailing sectors, and the two industries we predominantly serve are thus poorly positioned to make investments for future growth or efficiency. Cash flow is God, profits are a welcome and a rare surprise if they accrue. That's the bad news . . . now for the less bad news.

KSA-UK has taken its unpalatable decisions and has positioned itself to cope with the difficult conditions and, while we don't expect to set the world alight in 1981, we can at least be confident that we have blocked any further cash drain. Although the economic conditions are not good, the quality and scope of those assignments which we have secured continue to improve and widen. Our work in the retail industry has included a highly successful planning assignment for one of the major retailing groups in the UK: Boots the

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KSA-Ltd.—Cont.

Chemist, which will almost certainly develop into major work next year. Our micro-computer seminar, sponsored by Marks and Spencer and reported in the last *Observer*, was so well attended that we are holding a repeat session early in 1981.

We have recently begun a substantial assignment with one of the major groups, William Baird, and are actively involved in developing the manufacturing strategy of one of the largest ladies' wear companies in the UK, the Steinberg Group.

The new European structure, which brings us closer to the States in reporting terms, has been shaped mainly to deal with the reduced volume in Europe, but we hope that a positive result will be a close contact between individuals in the UK and the US.

Finally, I have no doubt that other commentary will be made on the retirement of *Richard Clarke*, but on behalf of all his friends and colleagues in KSA-UK, we wish him and *Toni* well in retirement. In Europe, all of us owe a great deal to their help and encouragement over the years.  
—Harry Lack

## KSA-SPAIN

Retail sales for the summer season are down sharply from last year's levels, which means apparel manufacturers will face a difficult 1981. The economic measures taken by the government to increase employment have not worked out, and apparel companies continue to show a reluctance to invest. There are, however, some bright spots, among them a \$2MM government program in aids to the textile industry and some approaches to KSA by companies in new fields... food, textiles, distribution. Our old client Mayoral just accepted a Sales Force Evaluation Study which confirms a trend toward marketing oriented work.

We have just completed a feasibility study for Intexsa for a computerized grading, pattern cutting and marking service for apparel manufacturers, and in spite of the difficult economic conditions, our sale projections are relatively good.

—Alberto Figa-Beleta

## Best Damned Engineer

A few years ago, KSA's personnel was asked to submit brief papers covering business development, growth, etc. *Chick Schwartz's* was entitled "Whatever Happened to the Best Damned Engineer." His premise was that regardless of PR efforts, organizational structures, marketing strategies, etc., KSA never forgot that *good work always begets more*. *Tony DeMaria* recently recalled that over the years he'd seen this proven true time after time, confirmed by such an incident in early 1980.

*Don Bradley* of Dillard Department Stores (formerly with Levi) asked KSA to quote (non-competitively) on a major incentive project in Fort Worth. In asking Don why he sought out KSA—he didn't know of our efforts in retailing—he referred to the work *John Caldwell* and *Howard Cooley* did for him at Levi and stated "John Caldwell was *the best damned engineer I've met*" and if you fellows can do half as good..." Take a bow, John!

Dillard's first phase authorization was for \$166,000 with a 95% probability of \$400,000 total. Indeed, good work does beget more.

## Welcome to KSA—Atlanta

*Judy Turrentine* joined KSA as administrative assistant to the Systems Division. Previously, Judy was employed by the law firm Wasson, Sours & Harris as legal secretary and gained experience in word processing. Her diverse background includes classified sales for the Wall Street Journal, reservation sales for Peachtree Plaza Hotel, and experience in real estate sales.

*Gwynne Mason* is now Data Processing Coordinator in the Atlanta Accounting Department. Prior to KSA, Gwynne was research technician at the Yerkes Primate Center, Emory University, Atlanta, where she researched animal behavior. She has a BA degree in anthropology from the University of Wisconsin in Madison.

The new keypunch operator in Accounting is *Drena Lockhard*. Drena has 16 years keypunch experience. She began her career with the IRS. Most recently, she was employed by Ray Lawson Carpets, and prior to that by Metro Atlanta Rapid Transit Authority.

## KSA-Princeton Invitational Road Race



TROPHY WINNERS,  
Peter Brown,  
Mike Brent and  
Bill Luckert.

*Mike Brent*, Captain of the KSA team, captured the first place Equus Gluteus Maximus trophy—as expected—with a time of 41:25. Said Mike after the race, "that was the most difficult and challenging course I've ever faced." Mike has faced some very difficult courses in his time... including the awesome Principal's Training Course.

*Ed Merigan* placed second for the KSA'ers, followed by *Randy Nord*, who trimmed a minute from his best previous time, an impressive accomplishment considering the terrain.

The Rosie Ruiz Trophy, awarded to the runner with the most unorthodox approach, was unanimously granted to *Peter Brown*. Professional demands prevented Peter from pursuing a regular training program but he had submitted to a concentrated, one-night session at Conte's Bar and Grill. Complaining of a severe case of runner's elbow, Peter struggled to the finish.

The John Anderson award, granted for expending the most effort in a known hopeless cause was captured by *Bill Luckert*. Running in his first 10,000 meter race, Bill turned in a very respectable time of 54:43 and served notice that he would be there for the Great Road Race in March. Mike Brent is gathering the details and will be providing information in the near future.