the KSA Observer

Volume 13, No. 2

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Summer, 1982

Controls Pay Handsomely

A Weaver's Story

by Bill Cobb



The Materials Management Manager for the Woven Synthetics Division of Chicopee recently forwarded a memo, portions of which follow. He summarized results of new inventory management procedures designed and installed by KSA.

- "...1. Current inventories of \$3.3 million are supporting a sales forecast of \$14.4 million, compared to inventories prior to relocation to Gainesville of \$3.5 million supporting a forecast of \$11.4 million.
 - 2. Service levels have improved from an average of 76% ontime and complete (number of shipments) and 69% (\$ shipped) in 1980 to 90% average for both categories in 1981.
 - 3. Backorders have decreased steadily from a June, 1980 high of \$682,000 to October, 1981 of \$121,000. Backorders in 1980 averaged \$410.000 per month compared to \$157,000 in 1981.
 - 4. An inventory adjustment of \$800.000 downward has been

accomplished since April,

5. Ineffective inventories (those for which no forecast or orders exist) have been reduced from \$498,000 when first measured in March 1980 to the current \$56,000.

In summary, with a lower total inventory investment on a higher sales forecast, a substantial improvement in customer service has been achieved along with a major reduction in backorders. Additionally, the staff involved in Lumite Materials Management has been reduced by two from the levels authorized when transferred to Gainesville."

That's quite a record for a \$38,000 project that took four months to complete. Savings in inventory carrying costs alone, at a 30% annual rate, amount to \$240,000 annually on the \$800,000 reduction mentioned in the memo.

The value of an article on this engagement, however, does not lie in the results that were achieved, the planning methodology that was applied, or the approach to the project. The results are good, but hopefully they all are. The planning methodology was basic to much of our planning practice in the textile industry, and the approach was right out of *Doug Moore's* Body of Knowledge.

Instead, our objective is to outline how we approach a common textile problem so that as you discuss it in sales situations, you can guide the client toward a realistic set of expectations and improve Control Services' ability to deliver his expectations.

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YEARS WITH KSA

SPECIAL ANNIVERSARY ISSUE

STORIES
BEGIN
ON
PAGE 4

KSA/USA sales are still running 5% ahead of forecast. Some markets - notably health services and footwear - are exceptionally strong. But sales are not balanced so we've had a great deal of open time.

Fifth period performance (bil lings and P&L) was the best period to date. However, our year-to-date rate of billings is averaging only 90% of our 1982 budget - and heavy plant shutdowns/vacation periods are ahead of us.

While our backlogs have continued to increase for some service groups, sales have fallen off in the last two periods. Continuing the turnaround begun in 1981, KSA Europe is operating ahead of budget through five periods. Unfortunately the strong U.S. dollar acts to erode our operating margins before they reach the bottom line.

So it's a very mixed bag – paralleling the U.S. and worldwide recession – the worst period since 1974/ 1975.

The Long Term

It was at the bottom of that recession when we could see very little "light at the end of the tunnel" that I learned a long-remembered lesson from Kurt. Business was lousy. We

were plagued with an enormous amount of idle time, and our financial resources were severely strained. Kurt came to Atlanta and was his usual "bouncy" self. I asked him how he could maintain so positive an attitude, and he replied..."It's easy-I simply take the long-term view."

And that's the way we are managing KSA today. We are doing a great deal of very successful consulting and investing in the development of our practice—for the long term. Our quality remains tops and stature continues to grow among our clientele-old and new. We're more active internationally, exchanging expertise between the U.S. and Europe, and our practice is growing in new markets.

We are beginning to see our newlydefined strategy take shape. We are causing our clients to think about their *total* business – strategically - and to help them in implementing change.

And much of this work is beginning to come at our initiative. Our newly-directed marketing efforts are also taking hold. Through these efforts, we can pull ourselves out of this recession rather than waiting for the economy to do it for us. We can't totally buck the trends, to be sure, but we're seeing well-planned

sales initiatives begin to bear fruit. The change is gradual but is beginning to snowball.

Taking a long-term view, we are balancing our need to invest in the future with pragmatic and prudent decision-making regarding current performance. Investment in the development of new consultants, new services and new initiatives is critical to KSA's being positioned to take full advantage of the upturn when it comes.

The Outlook

No one knows if the '81/'82 recession will rival '74/'75, or how long recovery will be delayed. We do know that thus far in '82, the economy has not turned up as had been projected. KSA cannot be fully insulated from these conditions, and 1982 will be below expectations. But your efforts can still lead us to a strong finish.

I have said in this column before that we are positioning ourselves for the upturn. It's slower in coming than we had expected, but we are not waiting for it to happen. When the upturn does take place, we will indeed be positioned to take full advantage of it. And the belt-tightening we must all do this year will be more than offset as we prosper in the years ahead.

KSA'S EXECUTIVE COM-MITTEE found itself with a completed agenda for the first time in its history last April, and promptly voted itself out of existence. To mark the occasion, EXCOM members presented Chairman Dean Vought with a handcarved gavel to commemorate his nine years of leadership. Dean is shown above testing the gavel's resonance, with the aid of Stig Kry. The company's Board of Directors will now include much of EXCOM agenda items in their regular meetings.





The KSA Observer

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1982

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Background

In this case, the client's needs were to minimize the impact of a pending factory relocation on customer service in a service-oriented business, and to set and achieve realistic inventory investment goals once the relocation was complete.

The client is a division of Chicopee, the textile affiliate of Johnson & Johnson. It is a vertical manufacturer (extrusion, warping, weaving, finishing, and some fabricating) of products for environmental con-

"Savings in inventory carrying costs alone, at a 30% annual rate, amount to \$240,000 annually on the \$800,000 reduction."

trol and individual filtration. The former end use includes tobacco and general use shade cloth, poultry house window covering, netting used in agricultural experiments, and cloth used to control beach erosion. Demand is very seasonal, and subject to wider fluctuations due to weather.

In late 1979, Chicopee approached KSA, after its Corporate Director of Operations Administration attended our Textile Production Planning Seminar, to request that we help the Woven Synthetics Division's materials management function.

"Monitoring reports describing progress toward meeting the objectives were to be published weekly and monthly, even before KSA's departure."

- Sales volumes were projected to increase by one-third during 1980.
- Service levels were below marketing's expectations on both products sold from stock and made to order.
- Inventories were felt to be too high, but no one knew by how much.
- Weaving was operating six days a week to stay abreast of demand.
- Manufacturing was preparing to move weaving and finish oper-

ations from Cornelia, Georgia, to Gainesville, Georgia, and reduce the number of looms by twenty percent. In addition, during the move, capacity would be reduced by another ten to twenty percent as equipment was moved.

"Our objective is to outline how we approach a common textile problem."

Chicopee management was not sure that the current planning and scheduling procedures could maintain customer service levels during the move, define the levels of inventory needed after the move, draw inventory down to those levels, and maintain those levels long range.

Doug Moore and Josh Taylor visited Chicopee and outlined a project in which KSA would design and install manual production planning and scheduling procedures to accomplish these objectives in the short time frame needed by Chicopee.

Soon afterward, early in 1980, Tom McKinney moved to Gainesville to work with the materials management manager to design and install the procedures. The first several months he commuted to Cornelia — a forty-five minute drive each way that rivaled his service experience as a jet fighter pilot. The Marine Corps didn't teach him about kamakazi logging-truck drivers and rural school busses!

Approach

Tom followed an approach that is common to most engagements of this type. First he studied the division's current planning and scheduling procedures. Then he outlined new procedures for forecast control, inventory goal setting, production planning and scheduling, capacity planning, inventory control, and performance measurement for inventories and service. After obtaining management approval, he documented the procedures and trained planning personnel to use them.

KSA's computerized inventory modeling procedure was used to set inventory goals for the division. Unique to KSA, this method converts a client's service goals, product, and production characteristics into specific inventory investment goals.

After the goals were set, Tom installed the planning and scheduling procedures and began to monitor their use. He worked closely with the planners, advising them on capacity control and maintenance at service levels. He advised management, in determining the number of looms required to support the forecast product mix, and established inventory "burnoff" schedules that would guide planning after KSA's departure.

Monitoring reports describing progress toward meeting the objectives were to be published weekly and monthly, even after KSA's departure. Both inventory and customer service performance was tracked.

After the engagement was completed, KSA monitored progress to ensure constructive follow-up. This is one key to the success of inventory management projects, where results come relatively slowly and client perseverence will diminish without a KSA push and heavy client commitment to results. The twentymonth span observed here is definitely outside the norm, but it does illustrate the problem.

"The Marine Corps didn't teach him about kamakazi logging-truck drivers and rural school busses!"

Success Keys

Although this engagement is not revolutionary, either technically or in KSA's approach, it proves successful for the client because of the significant results achieved. Three success factors that should be presented early when we discuss inventory management problems in sales situations are:

- The planning techniques selected must be appropriate for the situation. KSA has few equals in this
- KSA installation and follow-up will get things started properly and keep the ball rolling, if
- The client accepts the responsibility for achieving results with the procedures after KSA leaves the site.

Sell'em with these caveats, and your Control Services Group will deliver them.

Class of '72

Larsen

Glenn Larsen has been a steady contributor to KSA ever since his arrival. To his credit, he is always interested in learning new KSA skills. However, you can also make his eyes sparkle with the words, "Lotus" or "autocross."

Even Glenn's quiet demeanor will not hide his depth of knowledge of men's tailored clothing...a depth that dates back to days when he sold suits for a living... and that alone is unique. How many quiet but effective people do you know in the apparel business in New York City?



Since those early days, Glenn has worked with such clients as Polo, Jaymar-Ruby, William B. Kessler and Bidermann Industries, all in men's tailored clothing. It's not surprising that he is one of our resident experts in that area.

Over the years, Glenn has made a transition from living in Chicago to living in New York. His work has not been unnoticed; last year he was appointed manager of the Northeast regional office.

Glenn and his wife, *Tricia*, live in Brooklyn.

Lusk

Richard Lusk celebrated his tenth anniversary with KSA in June ... a decade that has been dotted with successes and interesting occurrences. For example, Richard is the first KSAer who learned to set piece rates in a plant cluttered with models, poodles, four designers, operators from fifteen countries. Some claim that it was during this period that he acquired strong religious convictions, but if you know him well you know the convictions came first.

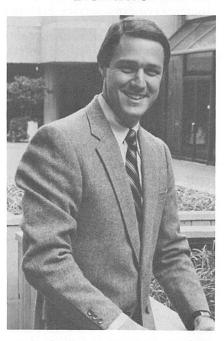
Richard's background prepared him well for this unusual approach to engineering. As a military dependent, he lived in places like Hawaii and grew accustomed to moving. Then, preparing for the future, he attended Auburn University because he heard the school was way above mediocre.

In his work with KSA, Richard has concentrated on sewing room engineering, consulting for Lilli Ann, Jockey, Levi, Wembley, Warnaco and Bali, to name a few. His work has been described as "incredibly good" with all projects completely achieving their intended goals.

Richard, his wife — Lani — and boys — Rich and Ryan — live in Atlanta.



Perdue



June 19 marked *David Perdue*'s tenth anniversary with KSA. After attending the Air Force Academy for a year, Dave received his bachelor's degree in Industrial Engineering from Georgia Tech.

For the first two years after joining KSA, he completed several consulting projects — primarily in apparel clients' manufacturing operations — before returning to Tech for a master's in Industrial Engineering.

In 1977, when KSA's practice began to develop in the footwear industry, he was called to "join" George Weston and his associates and later to manage the material utilization (SLM) activities when it was merged into KSA. From there, and in addition to the SLM assignments, Dave participated in and supervised projects in all of our functional specialties for client companies such as Florsheim, Genesco, U.S. Shoe, Wolverine, Greb Shoes, Norwich, Wellco, Hyde Park, Hyer Boot, and many others. He was recently appointed to lead our marketing efforts in footwear.

Dave and wife, *Bonnie*. have two sons — *David*, *Jr*. and *Blake* — and make their home in Atlanta.

Riepenhoff

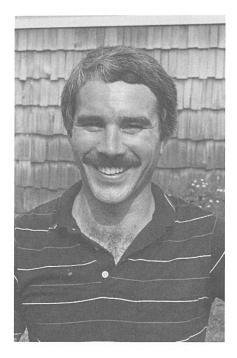
Notre Dame +10! A bookmaker's dream or a formula for success? The latter for Steve Riepenhoff, who celebrated his tenth anniversary February 28th.

During his initial four plus years of Cutting, Material Utilization and Sewing Room Engineering work, Steve's consistent solid performance came to the attention of the Physical Distribution group. In 1976, Steve was recruited by Physical Distribution and immediately became a key contributor to the growth and success of our Northeastern franchise.

In addition to an impressive following of satisfied and diverse clientele, Steve is now embarking on the co-development and publication of our Physical Distribution Body of Knowledge.

Steve's education includes a BSME and MSIE from Notre Dame. He became a Principal in 1978.

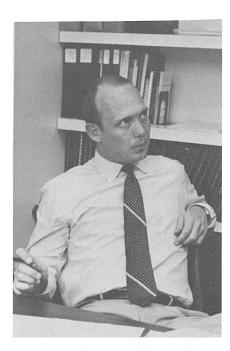
A frequent traveler of the Princeton-Secaucus skyways, and a fiercely competitive racquetballer, Steve, his wife Kathy, and son Matthew call Princeton home.



Ryland

June first was the tenth-year anniversary for Gordon McCabe Ryland, Jr., best known as Mac, who joined KSA after weaving his way through Georgia Tech's School of Textiles and a tour of U.S. Army posts.

Mac started out developing his consulting skills in SRE, work-inprocess control and work sampling projects. Four years later he was transferred into strategy work involving marketing, organization and acquisition studies in apparel, textiles and health care.



Mac's consulting and management skills led to his appointment as Carpet Industry Manager in June, 1981. But he had hardly mastered Bob Saunder's extensive filing system on carpet firms before he was switched to a different task in January. He is now (at least when we went to press) regional manager of the Strategy Group in Atlanta, reporting to Freddie Wood. Mac's versatile and skillful consulting abilities bode well for KSA's future.

Mac and his wife Betsy live in Atlanta.



YEAR ANNIVERSARIES

Stig A. Kry

25

YEAR ANNIVERSARIES

In April of 1957, Kurt Salmon placed a blind ad for industrial engineers in the Daily News Record. It is rumored that he was interested in seeing if *Jack Ullman*, who was leading our growth in the Southeast, was thinking of "jumping ship". Instead, the ad turned up a young Swedish applicant who at the time was working at Wilson Brothers in South Bend. Indiana.

The interview sequence was pretty short. Stig impressed Kurt to the point that he was offered a position on the first visit. Ross Runnels' quote after his first meeting with Stig was, "KSA's problem is going to be keeping him challenged."

While earning his Textile Engineering degree in Sweden, Stig worked for Junex, a progressive tailored clothing firm in Sweden. In 1957 and 1958, we were just beginning to drive a wedge into the tailored clothing market. Stig spent several of his early years engineering cutting rooms for Howard Clothes, M. Wile, Palm Beach and Famous Sternberg. That successful start in the tailored clothing market was one of the keys to our growth during the '60's.

KSA has kept Stig challenged. He was made Vice President in 1962, Executive Vice President in 1966, Vice Chairman in 1973, and Chairman (succeeding Karl Striegel) in 1976.

He has rotated into several challenging responsibilities. He consolidated our foothold in Europe starting in 1961, and first headed our U.K. operation, followed by responsibility for all of Europe.

Returning to the U.S. in 1966, he directed the growth of our then rather small MSD Division which included General Management, MIS, and PD. We had our first surge of growth in these groups during the years of Stig's responsibility.

Because of his background and experience, Stig remains a true internationalist, and this has served KSA well. Stig's rise in KSA, and the



growing respect he has earned in the industry, are due to many strong attributes. His keen analytical ability cuts quickly through complex issues, which he can express in clear and understandable terms. He has authored several "deep think" papers on issues facing KSA as well as the industry. He is a highly respected member of the U.S. delegation to the International Apparel Federation. He is always a gentleman, respecting the rights and opinions of others.

His interests are not all professional. He is an active skier and tennis player. He is an ardent reader, on a wide variety of topics, in three languages. He is an avid student of such diverse topics as Alaska and the American Indian.

Altogether an extremely competent and very unique man.

Stig lives with his wife, Margeret — an editor of a woman's fashion magazine, and accomplished in her own right—and family on the outskirts of Greenwich Village in New York. Their daughter, Lisa, attends Connecticut College, and son, Lars, is a junior in high school.

Lutz J. Kohnagel

Along with Ulf Weiss, formerly with KSA/Germany and a frequent companion of Lutz's on world-wide travels, about 40 Atlanta based KSA'ers enjoyed a surprise party for Lutz, on May 1st, in celebration of his 25 years with KSA. The party was held at the Kohnagel's home and featured an elegant buffet prepared by Doris Kohnagel, who is a professional caterer.

A number of people spoke of past assignments with the Kohnagels. A little "roasting" was done, and both Lutz and Doris talked about some of

their early KSA experiences in a relatively new land for them.

To commemorate the last 25 years, KSA presented Lutz with a commission for a painting of his North Georgia mountain property. We're all anxious to see the final product.

As shown in the accompanying excerpts from a past *Observer* article, Lutz has certainly made his unique mark on KSA and we honor his 25th anniversary with personal pleasure and professional respect.

– John Caldwell



RECENT ADDITIONS to the marketing and information analysis groups in New York (or at least people who have not previously been pictured in the Observer) include (left to right): Myrna Sheridan, Jean Harlow, Elizabeth Sweetman, Kathy Loftus, and Lisa Eustace. Kathy (10/81) and Elizabeth (4//82) handle the information, Myrna (8/81) and Lisa (5/81) keep people organized and Jean stares at a bush.



Lutz was born in Germany, learned tailoring as an apprentice, attended the renowned apparel engineering school at Moenchen-Gladbach, and earned his degree in 1952. He worked for two years as an engineer in a men's clothing plant in Lubeck, Germany. Then he got restless and moved to Bogota, Colombia, to join a company manufacturing men's suits. He eventually managed the company's ladies' coat plant. Meanwhile, he kept up a correspondence with *Kurt*, which he had started while at school, via annual Christmas cards.

And so it came to pass that *Lutz Kohnagel* became a KSA consultant in April, 1957. His first assignment was at the Wembley tie factory in New Orleans, under *Freddie Wood*. Then, an 18-month stint in Marshall, Texas, where he engineered a blue jean operation (*Don Burkhalter* was the resident IE).

Tired of staying in one place so long, Lutz next went to Mayaguez, Puerto Rico, to do the first of several assignments for Cadillac Shirt. He returned to the island Commonwealth on and off for the next several years, interspersing assignments in South America and Opp, Alabama.

During a good part of this period, Lutz and his wife, *Doris*, maintained a permanent residence in the Bronx, New York. Honest. And, for a brief period, he became involved in a warehousing project for a client in Brooklyn—only a subway ride away, but "one of the toughest trips I've ever made. I still don't know how I got there each day."

At the end of 1961, Lutz got an assignment to do the first KSA survey in West Germany. (All went well until the client complained about Lutz' Spanish accent.) About a year later, our man helped establish KSA's German operation, remaining for five years.

Since settling in Atlanta, Lutz has been in the forefront of our rapidly developing Latin American and Carribean Basin practice. From managing projects and developing contacts in this vast region, Lutz is probably KSA's most traveled consultant.

With addendums, his passport is probably as thick as a KSA coat shop manual!

The site study work was over for the day so I checked into the motel. I was lying in bed watching fertilizer commercials (honest) when it hit me: the clients are out to get me!

It didn't start that way, of course. My training assignment was straightforward sewing room engineering with *Richard Lusk*. We did our time studies, taught new methods and cut the rates. The trouble always began a day or two later, after each rate sale, when the union business agent, Julia, arrived on the scene. At 5'7" and roughly 280 pounds, she was a force to be reckoned with.

The yelling and pounding always stopped after a couple of hours. The president and vice-president were totally supportive:

President: (Interrupting a conversation with me) "It looks like you've finally done it!

V.P.: "What do you mean?"

President: "If this engineering program doesn't work, you just p____ ed away \$200, 000."

Jim Trautman said to "cheer up, things could be worse," so I did and they were. We were extended three months to engineer the pre-sewing area. A week later someone ran into my car while it was parked in front of the plant. That isn't so strange, but I've always wondered how they hit the side next to the sidewalk.



Then Richard and I worked on Mode-O-Day in San Bernardino, but it was a short project. When the fourth rate was set the operators went on a wildcat strike. Their contract clearly prohibited such action,

so they had to return or lose their jobs in 24 hours. Management suggested a "meeting of the minds" with the union.

Right.

Then there was the time we set up a training center for Spanjian Sportswear near San Diego, and everything was normal...so I thought. We completed the project, but returned a month later for a follow-up visit (leaving my wife, Sharon, eight months pregnant and alone in Idaho). I'm not sure how they did it, but the clients got her into labor while I was gone and then booked the next flight to Idaho for the Mormon Tabernacle Choir. We had planned a Lamaze childbirth where the husband coaches the wife during delivery, so I had to be there. Of course, we had seen "Airport," so maybe I could talk her thru by radio.

The Pocatello assignment was an elemental phosphorus plant with Bob Reeves — piece of cake. All they had were periodic explosions, poisonous carbon monoxide gas, acid clouds, molten rock, burning ponds, and phosphorus fires. The exciting part was to avoid getting under a bulldozer rollover... and then there was the time the locomotive hit the gravel truck.

When the Pocatello project finished, we made a quick trip to Michigan for the next one. A highlight of the trip was lunch in Rock Springs, Wyoming, once labeled Sin City by "60 Minutes." The place was so dreary we immediately said out loud, "We wouldn't want to live here."

On to a quick five weeks with Steve Avary in a chemical plant in Michigan. It was brand new, built among the ruins of an older plant. The product was ethylene imine, which instantly blisters skin on contact. Fortunately, as a deadly carcinogen, it is manufactured, stored, and sold in sealed containers which kept it relatively safe. The dangerous part was to stay away from the old plant that held phosgene gas. Phosgene kills in four ways: carbon monoxide gas, carbon dioxide gas, chlorine gas, or hydro-

chloric acid. Of course, I don't think you get your choice...

The five weeks went quickly, so we moved on. Faster than you can say, "blizzard" we were back in Rock Springs, Wyoming. You guessed it, we lived a half mine from the site of those six famous words. It was a coal mine project with Bob Reeves. The mine did OK while we were there. They had an underground fire that closed 25% of the active diggings; an underground flood - about 3 million gallons worth; and a roof fall that buried a 50-ton miner. Amazingly, only the mine manager got hurt. A bigger disaster was one of the training instructors. He was 6'3" and liked to to wrestle. One day he and three others disrobed Mike Ellison and me and spray painted our ... never mind.



In Alabama, site of our next project, it was back to sewing room engineering, this time with *Gil sydell* and *Mike Waldrop*. The clients couldn't run us off with tough stuff so they tried a different approach. After we slashed rates, the operators gave us cake, cookies, presents, etc. and said nice things to us. I felt so low I couldn't say Kurt's famous words, "the air certainly is fresh in here" while alone in my car.

After Alabama we managed a few uneventful weeks with *Butch Price* in Kentucky while awaiting passports for overseas work. The passports were behind schedule, so Sharon asked the local official to call the passport office and check on things. Most of the call was about the Parkers who can't leave Russia until they get some special papers ... I wonder who their clients are?

The passports finally came, so we left for Wales, where I worked with John Beddows. John and the Altrincham staff were absolutely super to us, but we were almost finished off when a large ambulance tried to run head-on into us...Of course, we were on his side of the road. Oh, but the driving didn't get us...it was the Irish extra stout for which I paid a heavy price. When we took a ferry across the English Channel, I was able to cross by rail.

Then it was back to the states to work with Ron Brockett, Greg Murphy and Libby Morgan. Recently, Ron arranged for me to teach LET for Masland Carpet in Atmore, Alabama. The client was kind enough to provide directions and a key for B-2, the company apartment. I arrived at midnight to walk in on a stereo, opened mail, used pajamas on used beds, etc. A quick search showed two things: nobody home, and this doesn't look like where I should be. Then I saw the shotgun collection-five shotguns, a reloading machine and box after box of shells.



Of course, the next morning I asked Masland what happened. It seems the company apartment is B-3, not B-2.

Yes, the clients are out to get me, and who knows what they'll try next? It isn't easy, but I can accept having my days numbered. What I really want to know is how to get this spray paint off.

Diane Makes Front Page Andalusia Star-News

Covington Capsules

Weather

Local Events

She'll be running Saturday, too



Legislative district plan THE RED LEVEL AMERICAN LEGION AUXILIARY. Units 19, will be selling popples this Saturday in Downtown May win final approval

Talk about fitting into the community! Diane Schleicher has done this so well in Andalusia, Alabama, that she was recently featured on page one of the town's newspaper.

Diane, wife of KSA's John Schleicher, has been a running enthusiast for several years. She has run in Germany, New York, Atlanta, Athens, Georgia, and Dothan, Alabama. According to Diane, the big "plus" in running is that you can do it anywhere.

Diane's regular schedule includes a two- to three-mile run almost every day. Once a week she runs six to seven miles to keep in shape and build stamina.

Running is such an integral part of Diane's lifestyle that if she misses a day or two of running, she goes into a depression. She is a strong advocate for running, not only because of the mental and physical benefits gained, but because she has made friends and collected lots of T-shirts.

Diane ran until she was seven months pregnant with her now sixmonth-old daughter, Kristine. In addition, she did aerobics. In her first race after the birth of her daughter, Diane placed second in herage group.

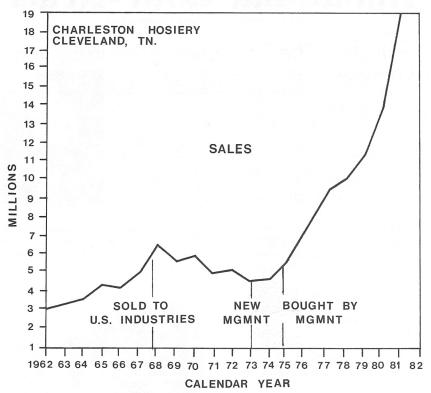
The most recent race Diane participated in was Andalusia, Alabama's 6.2 mile Three-Notch Chase. Among a field of competitors from Alabama, Florida, Mississippi, Georgia and surrounding states, Diane once again placed second in her age group.

The next race for Diane is a 5K for men and women in Florala, Alabama. Competing against Diane will be the same woman who placed first in the Andalusia race. According to Diane, the heat may be a factor in

her finishing time. Regardless of whether she places first or not, Diane will be in the pack giving it her best. We wish her luck and happy running!



Solomon, Lea, Parks Boost Charleston Hosiery Sales



(Editor's note: A number of former KSA consultants have gone on to make their marks in private industry, and we think the Observer audience will enjoy reading about them. Herewith, the first in a series of occasional articles about our alumni. We want to stay in touch...and we could learn something!)

"The long range success of any organization depends only on the caliber of its people." There's nothing original about this conviction, but my nearly ten years with KSA proved it to me—first with KSA personnel, and again and again with client companies." So says Robert E. Solomon, a former vice president of KSA who handled both AAMT and hosiery activities during his years with the company.

Bob left KSA in 1973 and assumed the presidency of Charleston Hosiery, then a division of U.S. Industries that produced and sold girls' kneehighs and tights. The move was an opportunity for Bob to begin realizing his long-term goals of settling in a medium-size Southern town and managing a hosiery or apparel company, with eventual equity.

Until he achieved part ownership, however, Bob went through a trying period of management change, during which one chairman, one president, one executive vice president, three vice presidents, and one director of manufacturing departed the company within one year.

They were replaced by "absolutely the best men I could hire anywhere," including Ted Lea, to head up manufacturing, and Larry Parks, who later came on board to handle finance for Charleston Hosiery. Both Ted and Larry had worked with Bob during their KSA days.

When that first year of turmoil ended (it was also the 1974 recession), sales had risen by 12% and there was a modest profit. "Obviously, the new key people had hit the ground running," says Bob. Despite Charleston Hosiery's profit, however, all three of U.S. Industries' hosiery companies lost money as a group, and the parent company decided to dispose of them.

It was at this point that Bob Solomon became an entrepreneur in earnest, as well as a financial wizard.

While the new Charleston management team took care of production and sales, Bob devoted eight months to creative financing and finally was able to put together the capital needed to buy Charleston Hosiery from U.S. Industries in October, 1975,

The accompanying chart shows the kind of progress made by the company since that date, and as it was prepared by one of our alumni, we can only accept it at face value. In commenting on it, Bob points out that the chart "does not show the care with which we selected management as we grew. A strong salesman, formerly a competitor, was added to the staff and is now one of the owners; Larry Parks joined the group as vice president of finance; a chief IE, a knitting plant manager, a finishing plant manager, and a production control manager were all selected with equal care.'

In the eight years since taking over Charleston Hosiery, Bob Solomon and company have raised sales from \$4.2 million to \$19 million, added 66% more people and 20% more space, and have reduced the salesforce by 50%. Over half of Charleston's production now goes to the men's and boys' market, and the company is the leader in novelty printed hosiery products, carrying such licenses as Star Wars, Strawberry Shortcake, Dukes of Hazzard, and so on.

Experience gained in consulting can come in handy when it's your own financing, organization, strategic planning, and marketing problems that have to be solved!



Milestones

Congratulations

- To Ivy Waldman and Dan Camp who married on May 15.
- To Tom Barts and Judy Morris who married on June 5.
- To Denise Dickson and Mark Younker who married on June 12.
- To Ann and Tom Prindaville, who remarried on April 14.
- To Don Richter and Pam Blackburn who married on June 19.
- To Kent and Becky Davis on the birth of a daughter, Micah Tiffany, on June 16.
- To Bonnie and Bob Frazier on the birth of a daughter, Brittany Kathleen, June 20.

 To Paul and Cheryl Connell on the birth of a son, James Bryant, on June 22.

New Analysts

Elizabeth C. Sweetman...Age 23. Single. B.A. Brown University. Interests: piano, squash, cross-country skiing, swimming. Position: Market research analyst, Strategy Group, New York office. (See photo p. 7)

Stephen A. Bodner... Age 26. Single. Trained in Data Processing. Interests: Racquetball, softball, Broadway shows and ballet. Position: software analyst, Control Group, Princeton office. (Photo not available.)

Departures

Since the last issue of the *Observer*, the following consultants have separated from KSA: Josh Taylor, Ken Wilson, Ron Chisenhall, Mike Ellison, and Don Seymour. We wish them every success in their new careers.

New Seniors

The spring of 1982 has brought forth several new Senior Consultants. Advancing to this title were: Peter Harding, John O'Connor, Doug Sherwood, Doug Rogers, and Rob Brown.



AT A SMALL DINNER marking the official "retirement" of Ralph Ross, the honoree made an eloquent response to the many encomiums, toasts, and reminiscences offered by KSA'ers who had worked with Ralph for many years. Flanked by his wife, Liesel (right), and Mary Baach, RER spoke about the spirit of professionalism and drive for quality that have been integral to KSA since he joined the company in 1946 as Kurt's assistant. Starting in 1951, Ralph spent 15 years as president of

KSA's boys' wear subsidiary, Roydon Wear, and then returned full time to consulting. KSA's early activities in general management and marketing were under his direction. (A full Profile on Ralph appeared in the 9/76 Observer.)

Although Ralph officially retired December 31, 1981, he will continue his KSA consulting activities on a part-time basis. He and Liesel have purchased a home in Lake Worth, Florida, but also maintain their apartment in New York.

Big Breakfast

KSA's eighth annual Financial Breakfast, held in New York on May 26th, was a big success. Ticket sales hit 165, up 16% from last year. The paid attendance was split into two groups: about 70% industry representatives (with apparel double textiles and footwear); and the balance a mix of bankers, factors, personnel and ad agencies. There were 15 press representatives, and a goodly number of guests.

In addition to the regular cast (Bob Nahas, John Wilcox, Wall Street analyst Jay Meltzer), speakers also included Bob Frazier with a macro-view of the soft goods chain, and the prime movers at M. Lowenstein and Liz Claiborne, both among the top performers for fiscal 1982.

Jill Steinberg, Communications Department AA in New York, handles all the details for these complicated events—from selling tickets and typing slides to stuffing kits and food tasting. "It's getting to be a snap," says Jill, who wants to do a Financial Picnic in Central Park next year.

YEARBOOK HICCUPS

A small casualty of this year's economy is the KSA Yearbook. We will not be publishing a 1982 version. But that gives everyone another year to provide a decent black-and-white snapshot (with spouse).



Quality Circle

Practicing what we preach, KSA has started a quality circle in the Atlanta office. Under the tutelage of *Bob King* and *Ron Brockett*, a dozen members of the administrative staff have begun periodic work sessions on the improvement of office functions and support services. *Cathy Deadwyler*, group leader, is shown with other group members during a brainstorming session.

Communications:

Sliding Into Third With A Stand-Up Double

This has to do with a department over-extending itself (and if that doesn't explain the headline, don't worry about it.)

During the last three months, the Communications Department involved itself in seven presentations in North America, and one in Southern Europe, plus a couple of trade shows and three Profiles.

There was a hospital show in Atlanta, accompanied by a Perspective on fiscal and strategic planning, a hosiery exposition in Charlotte, a meeting of knitters in New York at which Joe Reid delivered a new speech on quality control and yield improvement, and a meeting of suit manufacturers who heard George Soffron explain a new computerized factory control system that he helped develop at M. Wile under the JTR contract. Stig Kry and Glenn Larsen spoke at an apparel event in Montreal, Bob Frazier told the Textile Analysts Group about strategic planning, and there were three KSA presentations at the Financial Breakfast (see story elsewhere). Finally, Bill Cameron and Ron Brockett spoke at an AIIE meeting in New Orleans, and Doug Moore delivered a 60-slide talk for Canadian Textile manufacturers.

Most of the above events called for the usual speech releases and slides, and there was little to get excited about because it happens every spring. Besides, our new ads started to appear with the daffodils.

The kicker this year was a 300+ slide presentation of a marketing study conducted by Larry Lein and Eric Cantor for the Italian Trade Commission. Product area: tabletop merchandise (dishes, glassware, giftware, etc.) Language: Italian, for manufacturers of those products in five Italian cities. Problem: nobody around here spells Italian, and over half of the slides had to be corrected - during the same week the Financial Breakfast slides had to be produced. Result: Return on equity for women's wear firms rose 2.3%, but 'altri manufattura" dropped 3%. Altogether, a shattering experience.

This year's Profiles effort was another great public relations success. It included footwear companies as well as apparel and textiles, but *Janice Ryer* and *Beth Souther* kept their cool, and *Jane Zeitouni* (since departed, sob!) provided great help with typesetting. The enormity of this annual venture is truly mind-boggling. Luckily,

Sandy Evans, a department member for almost two years, has left KSA and is now editing a retail furniture magazine, Professional Furniture Merchant, which has been duly added to our press list.

J.S.

Chairman's Corner

Editor's Note: In lieu of his usual column about the state of the company, we have asked Stig Kry to reflect on his 25 years with KSA. His comments follow.

This is written almost exactly on the day of my 25th anniverary with KSA. This could be an occasion for introspection on the changes in KSA and the consulting profession over 25 years and speculation on what may be ahead. But this does not seem to be the right time for that. After all, we just completed our strategy audit and that was our best effort at both retrospection and projection. As I am convinced that our new strategy and organization corresponds very well to our opportunities, there is not much I could meaningfully add.

Instead, I want to illustrate my coming of age in the last 25 years more from a personal point of view. First, I will forever be grateful for getting a chance with KSA after a short time in the U.S. and with a rather halting command of the English language. Of course, Kurt, who first interviewed me, was not so sure, so he sent me to Ross Runnels, who sent me to Karl Striegel and collectively they decided to take a "flyer."

KSA then had about 30 consultants. We must have grown quite a bit that year as *Freddie Wood* and *Lutz Kohnagel* had just joined before me.

After a few days at Headquarters in Kurt's basement in Washington and one week of training in KSA's pilot factory in McRae, Georgia, I was available for my first assignment. Dean Vought, who became my mentor for the first couple of years, had a one-week project for Troutman in

North Carolina. It involved conversion of layout and standards from a men's jeans to a boys' jeans line. It was quite straightforward. The client was happy and while my time in the plant was short I made some

friends whom I always see at the Bobbin Show every year. In a small way the project represented the best in consulting, a satisfied client. I learned something and I gained some friends.

I lucked out on a few more projects in such diverse places as Woodstock, Ontario, Brooklyn, Knoxville, New Orleans and Buffalo, and I was ready for the big time.

Dean Vought had surveyed the UK apparel industry and established that there were good possibilities for KSA. A decision was made to form a joint company with PE, one of the leading UK consulting firms. But who could go to the UK and run the new company? Ross Runnels took it on for six months but after that who would carry on? The more senior consultants were not available for one reason or another so the "pressure" was put on me.

"At the time, I had no great desire to go, but neither did I have good reason not to."

At the time, I had no great desire to go, but neither did I have good reason not to. So after three years in KSA off I went to London to take over. The PE management was quite mature and clearly skeptical of this young lad's ability to make a success of it. And it was not easy at first. We were unknown, we had only one or two reference clients and no real prospect list. Little by little we developed a bit of business. Our big break came when Stuart Hollander's surgeon – was father-in-law-a ready to operate on John Collier, the Chairman of one of the biggest men's suit manufacturers and retailers in the UK. At a well-selected moment, with the knife in hand, the doctor suggested that Mr. Collier receive Stuart and me for an introductory appointment. That was agreed to and as a result we began a long and continuous relationship with this firm which formed the backbone of our practice in the early years. This was not exactly the result of scientific marketing, but I learned by the doctor's example the meaning of "leverage" in a sales situation.

After two years in the UK we had a small but promising practice underway. Freddie Wood came over to build further on that and I moved to Paris to put new life in our floundering office there and to give an embryonic practice in Germany a push.

Through Ross Runnels I met Margeret in London. We got married on our way to France, in a manner of speaking, and that led to the arrival in Paris of our daughter, Lisa. As our son was born in New York, we are in a way a family of four nationalities. At least in some ways I have the credentials of a true internationalist, don't you agree.

The Paris office was in bad shape. We had five consultants on the payroll but not a single project on the books—not even a prospect in the pipeline. What to do? It was vacation time in France and almost impossible to get an appointment with a prospective client. An Italian company owed our Paris office some \$40,000, so what better and quicker contribution could I make than to go to Rome and collect all that money?

The client, a small retailer, had wanted to go into manufacturing of children's wear and called KSA. The project was most welcome as it came at a time when no other work was available. My predecessor, who had little or no background in consulting, packed his entire staff in his car and drove off to Italy. One consultant was presented as a cutting expert, another specialized in sewing, a third in systems and a fourth in design and patternmaking. For a week or two utilization shot up. Unfortunately, the client could not absorb all of this expertise and was left with layouts and manuals that were pretty useless in the hands of the small management group.

Here I learned that short-term utilization is not everything and that there are limitations to the best collection efforts if the right job was not done in the first place.

From a Paris base we gradually developed business not only in France but also in Spain, Portugal and Italy.

At the time I moved to Paris, Kurt hired a senior man to head our office in Germany. He was a very large man of 300 pounds and impressive credentials, but also a man of an older school who thought there may be (rarely) merits to things foreign, but when it came to important matters everything German was clearly the best. He provided my first

and only experience of trying to sell USA expertise to the client whose skepticism was reinforced by my own colleague.

"At a well-selected moment, with knife in hand, the doctor suggested that Mr. Collier receive Stuart and me for an introductory appointment.

While training in the U.S., this man visited a factory where a superbly skilled and fast operator was was folding pajamas. He had not seen anything quite so good in Germany, but he dealt with that dilemma by stating that "nobody could perform like that" and went on to more ordinary things that could be criticized. He did not last very long with KSA.

While people are our biggest asset, I learned from him that it cannot be measured by body weight.

After five years for KSA in Europe, it was time for me to return. Kurt had told me that the U.S. practice might benefit from an examination, and as everybody else was busy he wanted me to coordinate it. In 1965 it became our first limited strategy audit, although we did not use that term at the time.

The audit suggested, among other things, that our systems group needed a push, and it was agreed that I should become part of it. The apparel industry was still in transition from manual systems to computers. While learning the problems of conversion, we also gained greater insight in the real management problems that could be dealt with by better-information systems, however they were processed.

In this period I learned something about merchandise and inventory control and concluded early that the only real solutions to inventory problems is to have such an attractive product line that the customer wants more at any time of the season, early or late. I wonder why more of our clients don't act on that brilliant discovery.

I have been a lucky fellow and I know it. Where else could I have had such a stimulating professional life, such a "rich" personal experience and a finer group of colleagues to work with. My thanks to all.

IKSA Europe

KSA in Europe has completed an internal strategy review. The work in Europe followed, to a great extent, the American approach. The geographical limitations led to two planned regions: The United Kingdom Region and the German Region

In the German Region, which includes Germany, Switzerland, Austria, Netherlands, Denmark, Italy, Eastern Europe, France, and others, we worked as a team guided by Cesare Aspes. Excellent support was received from both Stig Kry and Dave Cole.

The Apparel and Textile Industries are shrinking significantly in the region.

These markets do not all have equal priority for KSA. While Germany should develop again as our main market, we will not neglect the potential in Italy, Eastern Europe and France. (Our future recruiting will have to consider language capabilities as well as all other relevant factors.)

The broadening of our services into other consumer products industries must be made on a planned basis rather than opportunistically! We want to enter those industries where the transition of our services is relatively easy, where we can deliver quality and strengthen our position for the future. The services are split in the same four areas as in the U.S.: Strategy, Control, Operations, and Distribution.

Both product/market strategies and investment strategies are covered, which include about 10 services. The control area includes Merchandise Control and Inventory Management as well as Information Systems for a total of eight services. The operations area has two main topics with sourcing and total productivity and about ten services. The five distribution services are partly strategy and partly productivity oriented with the highest potential for growth.

For these four service areas we have a nearly unlimited potential in the consumer products industries. We will restrict our efforts to those

segments and potential clients where there is an opportunity for KSA to build up reference clients.

Knowing the markets and the industries we want to pursue, we will work on a detailed marketing plan: define and monitor market needs and recommend services to be developed, coordinate marketing, develop PR (advertisements, speeches, seminars, sales promotion, train sales management, ACEX appointments/training(including sales training), define target clients, recommend marketing expenditures, develop relationship with associations, institutions and press.

These activities will be the basis for strengthening our business development capacity which is priority number one.

The next priorities are to:

- focus investment in a way which maximizes our chance to ensure profitability and build up our base
- simplify our internal set-up, including all the administrative procedures and reporting. This will result in reduced overhead and have a positive impact on our profitability
- integrate our services to build up a base and to grow
- build up the strengths in our services and personnel to better serve our markets more flexibly
- enter new, related markets to allow growth and career opportunities

These activities will be necessary to reach our objectives of:

- profitability
- base build-up
- growth

The priorities set and the related activities require a great deal of work. To complete our strategy we must define tasks and assign responsibilties. Those concerned will develop a detailed plan of tasks. They are:

- define packages
- make body of knowledge accessible

- develop training program
- develop new services

In addition, we must develop final conclusions to best organize our region.

The market is not the limiting factor for KSA's success in Europe and the German Region. It is our capacity, which we will strengthen, so that business development becomes an asset to KSA and our services meet the market's needs! Packen wir's an! (let us do it!)

– Peter Amrein

German Region

While writing this we are on IMB, the very important exhibition for the apparel industry where new machines, equipment and technologies are shown. This exhibition takes place every third year and is quite an event for KSA Europe as it is a unique opportunity to meet clients, see good friends and make new contacts.

KSA consultants from all parts of Europe are manning the booth in order to meet and talk to people who come from all different countries. The scenario: the booth is often very crowded, people speaking English, French, Italian, Spanish, German, Dutch, Danish, Finnish, and even Bulgarian, Hungarian, and Greek. It's a very good atmosphere and illustrates that KSA is a real part of the industry.

This year we demonstrated a microcomputer installation, which drew great interest. As in the year before, we prepared a brochure, to guide people through the show and inform them about new developments.

However, looking at the business state, the economy in these countries is still sluggish. There are no reliable signs of improvements in a forseeable time frame.

Personal earnings are no longer increasing; energy has become very expensive. The remainder of income is put into cars, vacations and savings accounts, so clothing expenditures

are modest and retailers as well as manufacturers are suffering.

High interest rates are taking cash away from industry, which has an effect on investments. In addition, manufacturers are holding back on investments for consulting although the need is realized.

Year-to-date results measured against budgets are still satisfactory, but backlogs are not as they should be. Therefore, we are dependent on every sale to keep utilization up. This is more true for Strategy and Control Services as well as Operations and Distribution Services, where backlogs are much better.

However, we still feel we can achieve the necessary sales and keep efforts up. We think that the many PR and sales promotion events will help.

In May we finished the strategy audit and recommendations will be presented to the Board. Some of the results will be discussed in a contribution to the *Observer*.

So in general, the situation is requiring all our attention and concentration. Taking into account what has to be done to implement the strategy, and to achieve short-term results, we face a big task, and an ongoing challenge.

- Hans-Horst Hensche



New Staff



Aristide Jund. age 27, single, French. Joined the PMS Division March 1, 1982. Studied at Technical College, Monchengladbach, qualified in garment production — Engineering degree. Experienced in men's, ladies and soliders' clothing Interests: magic and false parapsychology.



Another view of the KSA booth at IMB

UK News

The UK economy is emerging very slowly from two years of depression. Inflation is now below ten percent for the first time in three years and we expect a continued improvement in business conditions. Our good start to 1982 continues with increased pre-tax profits ahead of our budget for the first four periods. Sales hit a soft patch in spring but are picking up again as summer approaches.

We continue to get novel business in consumer products and service industries. New clients include Mitchelstown Creameries, an Irish dairy co-operative where Mervyn Kerrsold a strategy diagnostic and Jeeves (a la Wodehouse) a high-class dry cleaning operation which Alan Braithwaite is persuading to modernize its methods and equipment.

Peter Alderslade has just departed for Lagos, Nigeria, to plan a new factory which will make jeans and other leisurewear products for the Wrangler licensee there. This is our first manufacturing assignment for Blue Bell. We look forward to having Peter's post scripts to Harry Lack's earlier Observer article on life in Lagos when he returns. Our strategy audit was completed in May and the findings will be communicated after submission to the Board in June. A leak from an unattributable source says we shall continue to parallel our business efforts with our USA parent and to work toward a closer liaison—or as another source puts it - UK isn't that much farther from Atlanta than L.A.

- John Beddows

What Atlanta KSA'er recently won a trip to Nassau as first prize for his terpsichorean skill at a dance contest sponsored by Colony Square?

KSA Increases Visibility In Furniture Industry

Jim Wermert, Manager, Home Furnishings, recently addressed 250 members of the National Home Furnishings Association (NHFA) at their annual breakfast meeting.

Speaking to furniture retailers at the Southern Furniture Market at High Point, N.C., Jim discussed trends for the 1980's and relationships between retailers and manufacturers.

Also attending a portion of the market was *Ed Rader* who, with *Greg Murphy*, will be conducting a two-hour, multi-media training seminar for 200 furniture industry executives at a joint NAFM/SFMA Production Planning meeting. The seminar will be held prior to the opening of the International Woodworking Fair on September 10.

New Atlanta Office Staff



Blankenship, Karg and Hollender

We are very pleased to welcome Martha Karg to the AO staff of KSA. Martha will be Administrative Assistant to Bill Reed, Nort Eberly, Steve Avary, and Gerald Turbyfill. Martha is fluent in Spanish, and can "get along" in French and Italian. She lived in Caracus, Venezuela, for approximately 25 years and has recently returned to the States. Welcome, Martha.

Eva McClain, formerly with our PD group here in Atlanta, has transferred to the task of Administrative Assistant to the Health Services Division.

We welcome *Nelda Hollender* to the administrative staff of the Atlanta Office. She will be assisting Eva McClain with the Health Services Division as secretary/typist. Nelda has several years of varied experience as a secretary and in directing a day care center. She, her husband (who is in private practice as a psychologist) and their two sons (one of whom attends Georgia Tech) have lived in Atlanta for a number of years. We are glad to have Nelda with us.

Angie Blankenship joins the Word Processing Department after winning our hearts as a temporary typist. Her flying fingers (approximately 100 words per minute) are only outshined by her cheerful and enthusiastic attitude. Angie attended Atlanta Tech where she took Business Psychology courses. Perhaps she can understand some of our unique demands.

– Cathy Deadwyler



Ruth Williams calls the troops to dinner at the Princeton Office Pig Roast, held June 19 at the Williams' farm.

KOFOTI Sponsors Basic Engineering Course

Last winter, Bill Cameron had the opportunity to teach basic engineering techniques to a group of six Koreans. Representing six different organizations the two-week program, conducted in Atlanta, was sponsored by the Korea Federation of the Textile Industry (KOFOTI).

Language difficulties caused some interesting conversations, Bill reports, "as their English was a little rusty and my Korean was not any better. Next time we will use an interpreter."

In addition to class instruction, the students were introduced to American idiosyncrasies and customs when Dean Vought and Jim Trautman hosted a dinner for the group, and several of us learned about an excellent Korean restaurant in Atlanta.

The six students seemed to enjoy the program and KOFOTI was obviously pleased as they have asked for a repeat in November.



(Left to Right) Front Row: J.H. Kim, Cheil Woll Textile Col, Ltd.; C.S. Han, Soosung Trading Co., Ltd.; Back Row: K.D. Park, Kolon International Corp.; H.M. Shin, Korea Textile Inspection & Testing Institute, Bill Cameron; B.S. Park, Korea Apparel Testing & Inspection Institute, S.H. Cho, Korea Federation of Textile Industry.