

the KSA Observer

Volume 13, No. 3

Published by and for the personnel of Kurt Salmon Associates

Fall, 1982

Strategy Group Storms Italy Bearing Gifts

by Eric Cantor

In May, *Larry Lein*, and *Eric Cantor* left for a two-week trip to Rome, Venice, Milan, Florence and Perugia. Armed with a 350-slide presentation, they met with nearly 500 Italian manufacturers to discuss KSA's strategy report on the opportunities for Italian tableware and gift articles in the United States.

Wait a second — tableware and giftware?

Capitalizing on KSA's new strategy to diversify its consumer products industry focus, KSA responded to a request for a proposal from the Italian Trade Commission in Houston in November, 1981 to conduct a study of the tableware and giftware markets in the United States. The ITC wanted to know how Italian manufacturers could improve their penetration of the U.S. market so they contacted five marketing research and consulting firms to present proposals for assistance. *Dudley McIlhenny* immediately responded to the request by citing KSA's expertise in consumer, retailer and trade research, in addition to his own Italian heritage. Subsequently, the ITC requested that KSA travel to Houston to present the proposal in person, so equipped with proposals and Gucci loafers, *Dudley* and *Eric* journeyed to Texas. Once with the client, though, the twosome became aware that the products the study was to

cover included china and ceramic tableware, glass and crystal stemware and barware, china and ceramic decorative and functional gift objects, glass and crystal decorative and functional gift objects, and silverplated holloware and giftware. Clearly, KSA's existing body of knowledge was somewhat limited in these areas: however, the consultants were confident that KSA's body of knowledge of these industries could be built fairly quickly to respond to the client's needs quite well.

The project team of *Dudley*, *Eric*, *Larry* and *Scott Hodson* assembled to map out the strategy for conducting the project. The first order of business was to determine which one would order out for pizza. Subsequent to that, it was determined who would enjoy a ten-day trip to

Italy in mid-December to visit a selected number of manufacturers for a better idea of the products and capabilities of Italian manufacturers. The ITC was prepared to only send one person, and after drawing straws, it was decided that *Eric* would have to suffer through the trip.

Meanwhile, intensive research activities began in the U.S. *Scott* pored through government and trade data to determine size, growth and trends in the product markets; *Larry* lined up retailer and trade interviews. Upon *Eric's* return, the group met once again to determine how best to organize the report, conduct further analysis into the markets, and decide how to help *Eric* lose the ten pounds he gained in Italy.

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News Flash

News received at press time: Jamaican government authorized KSA to carry out a \$1.25 million consulting project over the next 18 months. Congratulations to *Dean Vought*, who spearheaded the effort, and to *Dudley McIlhenny* and *Peter Harding* for their support.



Anxious to launch his KSA career, *Joe Facenda* took off from training class like a rocket. When last seen he was sailing over North Atlanta, vectored toward the Aileen project in Winchester, Virginia.

From The President

by Jack Ullman

"Will the real KSA please stand up?" – so wrote a prominent labor attorney to one of KSA's major clients after reading a DNR headline – "KSA: Apparel Industry to Continue Flight."

Representing a number of KSA clients, he was generally familiar with the widely publicized Du Pont shirt study, as well as sourcing studies conducted for manufacturers among his clientele. Had he read the full text of *Stig Kry's* Montreal speech, *The Apparel Industry's Future in a Global Economy*, rather than the "sensationalized" reporting of it, he might not have been confused about KSA's "position on imports."

Some in KSA have asked about our position. I would like to address that question in this column.

Simply stated, KSA's position is to help our clients find the best sourcing strategy to meet their individual objectives and needs. For some clients that will be importing, for some it will be totally domestic manufacturing, while for others it will be a blend of both. The variations in approaches range from vertical integration to full contracting from domestic sources, 807, or importing. There is no one approach that can be appropriate for all situations and products.

Developing an appropriate sourcing strategy requires a thorough analytical study involving at least 15 – 20 variables. Assumptions must

be clearly stated, appropriately qualified and agreed upon by KSA and our client. Risk factors must be evaluated at least subjectively if they can't be quantified. The result is a "position on imports" that applies to that one client situation.

That is just what we do in sourcing analyses for individual manufacturers or suppliers. These studies do not all reach the same conclusions. They can't because the conditions and variables which have to be considered are not the same in each case. The Du Pont study findings were based on a very generalized model representative of large segments of the dress shirt industry. Individual client sourcing studies have been very specific based on the exact conditions, costs, commitments and objectives of the individual clients involved.

Some may ask "where does KSA stand on the global – socio/political /economic – issue of imports." Broadly stated, we as a firm support the international trade objectives of the developed countries and the broad efforts of the major trade associations to reach "fair trade" agreements with exporting countries. Essentially the thrust of these efforts is to maintain an *orderly* growth of imports into the developed countries avoiding some of the very disruptive practices that have decimated individual segments of consumer products industries in the past.

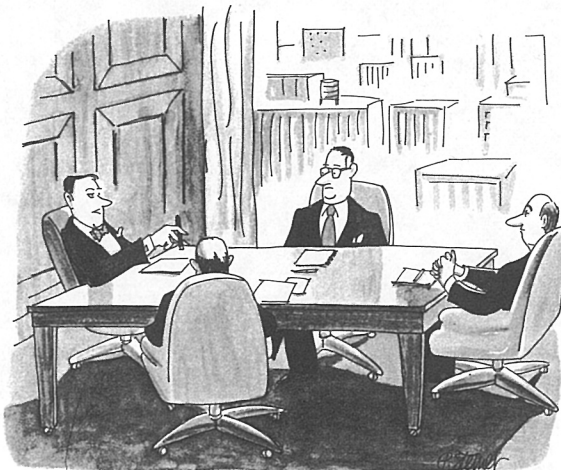
Individuals' attitudes within KSA are quite another thing. They range from pro-union to anti-union, from conservative to liberal, from free traders to sincere believers in protectionism. Each of us individually can and should develop our own philosophies and champion our own causes – as individuals. But KSA is not a political organization or lobby group. We take no extreme positions which could alienate us from large segments of our clientele.

Our public position on unions may offer a parallel of sorts. We maintain a strictly neutral position – a policy which has served us well with our many union and non-union clients and generally with the labor unions themselves.

The other side of sourcing is exporting. We have assisted our clients within the developed countries in developing export strategies. As our international work expands, we are increasingly called upon to help clients in developing countries become more competitive and more successful exporters as well as suppliers within their own domestic markets.

Analyses relating to worldwide sourcing (and export) strategies and implementation of change to effect those strategies is a growing and exciting segment of KSA's practice. We are developing a growing body of knowledge related to the decisions which must be made. We are learning as we develop this segment of our practice, but there should be no confusion as to where we stand. We stand for helping our clients develop what, for them, is an optimum sourcing (or export) strategy.

A good consultant is a realist...



"Miracles happen, gentlemen, but they don't come cheap."



The KSA Observer

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The KSA Observer is published quarterly by Kurt Salmon Associates, 400 Colony Square, Atlanta, Georgia 30361, (404) 892-0321, solely for the use of its employees. It is not intended for general distribution.

Italy *Continued from page 1*

KSA utilized a number of interesting and innovative approaches in conducting this project. At the consumer level, KSA authorized Brand, Gruber & Company to conduct eight consumer focus groups in four cities in the United States to determine consumer perceptions and behavioral characteristics regarding giftware in general and Italian merchandise in particular. At the retail level, KSA not only utilized its personal interviewing and phone interviewing techniques, but also distributed a 6,000-piece mail questionnaire to large and small giftware stores across the United States. Response to this questionnaire was average, as 6% of the questionnaires sent out were returned. At the trade level, Eric and Larry attended the New York tabletop and giftware show at 41 Madison Avenue and 225 Fifth Avenue, visited a number of manufacturer showrooms, and interviewed a number of key suppliers into the U.S. giftware market.

Because of the sheer volume of data which was being collected, the group felt it necessary to divide the survey into two parts: Part One covered the quantitative and statistical side of the markets. It assessed current and potential U.S. demographic and economic factors affecting the giftware market, plus current and projected size of the markets, identified major domestic and foreign suppliers, assessed the current and projected relative importance of the distribution channels, and identified current and potential government regulations and tariffs relating to the giftware market and how they might affect Italian exports to the United States.

The report was sent to our client in Houston who, upon receiving it, requested that KSA present its findings to a group of Italian manufacturers attending the Atlantic City gift show, January 8, 1982. Seizing the opportunity to meet with these manufacturers and discuss their current situations, Dudley, Eric and Larry hopped on a New York bus scheduled to arrive in Atlantic City in one hour and forty-five minutes. Two things were learned as a result of our trip to Atlantic City:

1. Never get on a bus headed for Atlantic City in a blizzard, and

2. If you have to, bring at least 52 business cards to make a full deck of playing cards.

In spite of a five-hour delay, KSA's presentation was well received and the group re-assembled in New York to begin preparations for Part Two.

Part Two covered an analysis of the opportunities which exist in the U.S. market for Italian products and suggested strategies for capitalizing on these opportunities. Briefly, the report cited a number of areas where Italians could capitalize on apparent opportunities in the market, while stating that in other product categories significant product style changes would be required.

The results were presented to the Italian Trade Commission in New York on February 8, 1982. The ITC, quite pleased with the results of the study, suggested that KSA develop a slide presentation summarizing the results of the study and present it to a number of manufacturers in a series of meetings throughout Italy. The only hitch was that the presentation had to be in Italian instead of English. Not hesitating for a second, KSA responded with an appropriate proposal and production was underway the following week. A great deal was learned regarding not only how a slide presentation is put together but the difficulties involved in translating English idioms into meaningful Italian expressions. Undaunted by 150 spelling mistakes on the 150 "word" slides (out of a total of 350), production was completed on schedule and Eric and Larry departed for Italy on May 25.

The Eric and Larry Show

Arriving in Rome on May 26th, Eric and Larry had half a day to rest and begin their national tour of Italian restaurants before heading to Venice for the first of the presentations. Upon arriving in Venice, Eric and Larry were met by Renato Tarditi, one of KSA's European consultants who, because of his Italian heritage, was quite familiar with the organization (or lack of it) and procedures (or lack of them) which KSA would meet upon arriving at the Chamber of Commerce in Venice where the first presentation was to take place. Renato's assistance was invaluable as Eric's and Larry's knowledge of the Italian

language was limited to ordering things in restaurants, clothing stores, and in the street. The presentation itself, which lasted approximately four hours, was well received, and Eric and Larry had the opportunity to meet with a number of companies that afternoon and the following day to discuss their individual situations and suggest strategies for improving their penetration of the U.S. market.

Following KSA's successful opening in Venice, the show proceeded to Milan, Florence, and Perugia. All the presentations went very well, and perhaps the highlight of the trip was the TV coverage of our presentations in Perugia which aired on the 7:30 news. No one was sure what the TV announcer was saying, but at least the camera caught Larry's best side.

An extremely important benefit of the presentations was the high degree of interest shown by a number of companies in KSA's report and their expressed interest in potential follow-up work with KSA to develop specific strategies for entering the U.S. market. Renato was left with a list of 10 to 15 companies to follow up with in Italy, and Eric and Larry are pushing forward discussions to conduct marketing studies with Richard-Genori (the largest Italian manufacturer of dinnerware), and Bormioli (an important manufacturer of moderately-priced glassware). Both these discussions should result in proposals and, if sold, should help develop further KSA's services to the tabletop industries.

The client, the Italian Trade Commission, was extremely pleased with the results of our study and presentations and, as a result, has asked KSA to bid on a study to conduct a marketing analysis and opportunity assessment for Italian marble, granite and travertine. The proposal is still under consideration, we are all crossing our fingers and hope that our vocal support of the Italian National Soccer Team in the recent World Cup matches pays off.

Perhaps the only shortcoming on the whole project was that Dudley McIlhenny did not get the chance to visit Italy. In order to make this experience less painful, Larry and Eric took one of Dudley's ties to Italy and spilled spaghetti sauce on it so that Dudley could at least pretend that he had been there.

Peachtree Road Race

by Jean Snow



Photo by Cecil Phillips

If your nose runs and your feet smell, you're built upside down. But at 7:30 a.m. on July 4th, 25,000 folks had their shoes on the right end – the 13th annual Peachtree Road Race was off and running!

KSA runners joined in for the annual team competition and gala celebrations. *Ron Brockett* and *Cecil Phillips* officiated this year. The injury list claimed running advocate *Dave Cole* and last year's Hippomenes Cup winner *Jean Snow*. *Jean* found herself in the race anyway, just trying to cross Peachtree Street to get to *Mary White's* annual July 4th party. *Mary* set an appetizing spread and KSA'ers partied unabashedly before noon!

The celebration continued as race results were tabulated at the annual gathering of runners at *Dave Cole's*. Overall times were:

- | | |
|---------------------|-------|
| 1. Doug Rogers | 40:15 |
| 2. Hal Wilson | 48:03 |
| 3. Hank Wachholz | 48:05 |
| 4. Mike Love | 49:48 |
| 5. Tom Pee | 50:30 |
| 6. Charles Topping | 50:13 |
| 7. Joe Neal | 51:40 |
| 8. Robyn Pee | 51:57 |
| 9. Jim Trautman | 52:25 |
| 10. Tony Brooks | 53:19 |
| 11. Mark Schneider | 53:20 |
| 12. Mark Richardson | 53:20 |
| 13. Carol Neal | 54:10 |
| 14. Beth Souther | 61:00 |

Doug Rogers had the fastest running time for the second year in a

row. The Skid Rollers (PD) won the overall KSA team competition, barely edging the Quacker Planners (Health Care/Strategy) and the Fast Tracks (Controls/Operations).

The Hippomenes Cup is awarded annually to the most improved runner. The philosophy behind the Cup is dedication to the prevention of sloth and inertia. This year's co-winners were *Beth Souther* and *Mike Love*. *Beth* ran her first Peachtree this year and *Mike* shaved five minutes off last year's time.



Fastest runner, Doug Rogers, and Most Improved, Mike Love, celebrate their honors by doing a steeplechase trick into Dave Cole's pool.

Photo by Cecil Phillips



Hippomenes cup sharee, Beth Souther, accepts her award from 1981 winner, Jean Snow, and Race Emcee, Jack Johnson.

Photo by Cecil Phillips

Greensboro Has Runners, Too



Photo by Mary Jane Armfield

On July 3rd, *Jerry Armfield*, *Bob Pate*, *Charlie Pope* (*Jerry's* brother-in-law) and *John Wilcox* participated in the Olde Greensborough 10k Road Race.

It was a beautiful summer morning in North Carolina and about 400 people turned out for this annual event. The foursome all finished in under 50 minutes. The winner's time was 33+ minutes!

Jerry, of course, is an inspiration to most of his associates with his competitive running, scratch golf, and youthful appearance. Apparently, he has also challenged his in-laws to better physical fitness.

More and more KSAers are turning to running for its physical and psychological benefits. KSA runners feel that this sport can add a great deal to one's professional stamina and performance.

Quality Circles Hit KSA

by Bob King

In the "practice what we preach" department, KSA has formed its first Quality Circle. A QC is a form of participatory management that has its roots in Douglas MacArthur's postwar Japan. Although they formally date back to 1962, QCs have become a concept of the 80's, popularized by Japanese manufacturing successes. QCs often receive much of the credit for that success, while in fact they are only one slice of the pie.

What QCs really do (and do very well) is build morale by forming an official channel "in house" for the solution of problems. When a problem develops, as they always do, the conscientious worker tries to solve it and, failing that, carries it to the boss. Some "in house" problems simply are not dealt with by the boss for a variety of reasons, ranging from time constraints to problem complexity. If the boss does not deal with it, the worker either copes or experiences extreme frustration. QCs form an approved means to change all that.

KSA's QC is for the Administrative Assistants (AA's) in the Atlanta office. In an early session they brainstormed a list of problems that affect their work responsibilities. The only forbidden areas were pay, perquisites, personalities, and things that belong in someone else's area of responsibility. The list was subdivided into "A" problems, those that can be solved in a few minutes, and "B" problems, the big, all-out group efforts. In the weekly meetings the QC warms up by solving an "A" problem. Two "A" problems recently dealt with by the circle were mail distribution and unsatisfactory cleaning service.

The second meeting step is to move on to a "B" problem. The group selects one of those and works on it in sequential meetings until the problem is solved. Typically, that may take three or four months. Our first "B" problem was to improve the capacity and quality of copies available on our small copy machine.

The group did their homework well. They began by evaluating KSA's copy needs, covering features, number of copies per month, quality of copies and individual department needs. Then they contacted sup-



Combining assertiveness training with Quality Circle leadership, Cathy Deadwyler makes her point about office copying costs to pleasantly intimidated Cecil Phillips and Paul Connell.

Photo by Bob King

pliers of all known copy machines in the capacity range, including: Xerox, IBM, Savin, Pitney-Bowes, Canon, 3M and others. They examined copy quality, ease of service, frequency of problems, and machine capacity. From this study some actual contenders developed. The contenders were further examined by a group-appointed study team who did an even more "in-depth" analysis and made cost comparisons. The cost comparisons were challenging, since each vendor buries his bottom line price under a maze of add-ons, per copy costs and monthly costs.

The study took some interesting turns. For example, we learned that the small machine we now use makes about 30,000 copies per month, while the large one can make up to a half million per month. We also learned that the monthly costs, the per-copy charges and supply costs total about \$200,000 for two years — pretty substantial costs for eliminating carbon paper! Finally, when the group began the study, their initial premise was — "Let's get rid of that piece of junk (Xerox 3450). It makes bad copies and always breaks." During the study they learned that it really has the best com-

bination of features for its size and cost... if it worked properly. So they contacted Xerox and presented the problem in detail. Xerox was also advised in a tactful way that other copiers were being examined, too. That's when our small copier was completely overhauled by Xerox. (You may have noticed the clean top.)

The group also decided — "If the Xerox 3450 is the best machine, then let's figure out how to get more out of ours." So they identified all the things that can be done to improve quality and reduce maintenance problems.

A final step was to present all this to management. The July 21 deadline of contract expiration approaching
Continued on page 12

Thanks to you ...
it works ...
for ALL OF US



A Classic Freebie

On a recent Friday afternoon, *Bob King* received a telephone request for consulting assistance. The call seemed like a classic, so we thought you might enjoy it. Every word is true.

"Hello."

"Hi, this is _____ with _____ Company. Do you remember that proposal you sent to start up a training program for me?"

"Yes."

"Well, I've been talking with DeKalb County, and we both agreed KSA is the best, but we both agreed that you are really expensive. I mean, that's a lot of money."

"More than you expected?"

"Yes, but it turns out that DeKalb County has a program that will do the same thing for a lot less money, so that's what I'm going to do. The only problem is, they have about a ten-page application and it's really technical. They're looking for a lot of 'training language' like you used in your letter. I thought your letter was really good...you used all the right words so it sounds like you know what you're talking about. (Pause) I thought maybe you could write the application for me. I wouldn't be able to pay you for it, but maybe after DeKalb County approves the request I could send you a little."

"So you would like me to write your application to DeKalb County for training help?"

"Well, yes...but there's one other thing. They have a 30-day deadline, but it sort of slipped up on me and I have to have it in on Monday. I thought maybe you could work on it for a few hours on Sunday afternoon."

SPEECHES OF NOTE

Bill Reed spoke at the seminar sponsored by Clemson University and The American Apparel Manufacturers Association — "Uniforms and Career Apparel," September 1 – 3. His presentation was "Increased Fabric Production Through Quality Control."

He also spoke at another Clemson Seminar held September 28 – 29, on "Quality Control in Today's High-Technology Textile Mills." His presentation was "Process Control."

Personal Consumer Products, Yes... But Is It



Graphics by Drew Sisselman

Starline Optical provides an excellent example of how well KSA's capabilities meet the needs of the consumer products firm outside our more traditional sphere.

Starline, headquartered in northern New Jersey, began as an importer and distributor of high quality European eyeglass frames. Its product line covers men's, women's, and children's frames, distributed throughout the United States to over 30,000 opticians and other eye care specialists.

KSA's work with Starline began in 1977 and, like so many of our projects, came about as a form of "repeat" business. Starline's Chief Financial Officer had worked with KSA in his previous job with an apparel firm and was quick to call on us again when Starline needed help in the controls area.

"The Control services work led to strategy projects covering overall organization and sales force structure and an operations project for the manufacturing division incorporating wage incentives, LET, and training of a resident engineer."

Our initial Starline project was an inventory management study followed by several systems development projects — including a sophisticated forecasting system initially installed on TI programmable calculators. The control services work led to strategy projects covering overall organization and sales force structure and an operations project for the manufacturing division incorporating wage incentives, LET, and the training of a resident engineer.

KSA continues to enjoy repeat business from Starline because Starline continues to benefit from KSA's work. Two examples:

- Sales volume has doubled since 1977 with virtually no increase in inventory. Service levels remain well above 90%.
- Results of the operations project conducted by *Mike Brent, Doug Sherwood, and Bernie Wolford*:
 - Turnover reduced from 86% to 37%
 - Production up 28%
 - Productivity up 32%
 - Annual savings of \$125,000
 - 11% operator earnings increase

KSA's current project with Starline involves system support for the growing domestic manufacturing division. This division began as a joint manufacturing venture with an important Italian eyeglass frame manufacturer, Safilo. A young Italian

couple, the Valottos, was sent over to manage the plant. He was to run the manufacturing side, she the scheduling side. They succeeded handsomely, and the plant operated well.

The manufacturing division has now grown to the point where raw material and labor scheduling have become overwhelming manual tasks. Scheduling the manufacturing orders resulting each month from 450 order lines from the parent corporation and then calculating the resulting material requirements can no longer be done by one person.

Many of the solutions to the scheduling problems Starline faces are

included in the production planning framework that has come to be known as MRP (Material Requirements Planning). The two major outputs of MRP systems are a time phased statement of what materials to order to support the production plan (Material Requirements Report) and a time-phased statement of manpower levels required to support the same production plan (Capacity Requirements Report). MRP systems provide benefits in two areas:

1. Higher inventory turns and improved customer service by having what is needed when it is needed.
2. Greater control of the manufacturing process by having the information required for educated decision making.

required to customize the package to fit a particular company may negate the time and cost advantages of purchasing a package in the first place. This was the case at Starline. After evaluating the applicable packages, KSA and Starline management determined that the most cost effective approach was to develop a custom system.

The general design work has now been completed. KSA is developing programming specifications and guiding the users through implementation, while Starline's data processing staff is writing the computer programs. Key outputs of the system will include:

1. Material Requirements Report
2. Capacity Requirements Report

"Today when a manufacturer looks to upgrade his production planning system, the question is not whether the system should be MRP based, but rather whether he should purchase an MRP package or design an MRP system from scratch."

Today when a manufacturer looks to upgrade his production planning system, the question is not whether the system should be MRP based, but rather whether he should purchase an MRP package or design an MRP system from scratch.

If a package can be found which fits a company's requirements, it is certainly the way to go. While these packages cost from \$40,000 to \$200,000 and up, they can save much more than that in custom development costs. They can also shorten implementation lead time by several years.

The drawback to packages is that they are generalized and therefore will not fit any given firm perfectly. In some cases the amount of work

3. Dispatch List – for each operation, which manufacturing orders should be worked upon based on their degree of lateness.
4. Customer Order Status – status of each manufacturing order in the manufacturing process and its anticipated completion date.
5. Product Cost Sheet – the cost of materials, labor, and overhead required for the product.

Implementation has been broken into five phases (see exhibit):

1. File Creation – creation of all data files necessary to support the system.
2. Inventory Maintenance – creation of transactions necessary to maintain on-order and on-hand data.

3. MRP – creation of the Material and Capacity Requirements Reports.
4. Payroll and Work-In-Process – creation of payroll transactions, payroll and work-in-process reporting.
5. Inventory Accounting – creation of all inventory accounting reports.

When you read this, the programmers will be well into the inventory maintenance phase. By the second quarter of 1983, Starline will begin to enjoy the major benefits of the system.

Famous Last Words

England, December, 1981 – One definite advantage of living abroad in America, I thought, is that there will be no language difficulties, but soon after we arrived in Princeton for our first project (March, 1982), I began to think that we should have enrolled in a KSA 'total immersion course' in 'American' English! Case in Point:

- On my first day in a new job teaching dyslexic children, at a special educational therapy clinic in Princeton, I simply couldn't understand why the class collapsed in fits of giggles when I told them to take out their pencils and rubbers – that is until my rather embarrassed colleague told me that in America there is an 'eraser' at the end of a pencil!
- and Karen (age 6) obviously shows great potential as a world traveler. During a geography lesson, including a discussion about countries, she approached me with a most puzzled look and asked, 'Mrs. Evans, if you come from England, how do you get here so early in the morning?' !! *Heather Evans*

EXHIBIT I

DESIGN		1982				1983				1984			
File Creation	Specification	■											
	Programming		■										
	Implementation			■									
Inventory Maintenance	Specification												
	Programming												
	Implementation												
MRP	Specification												
	Programming												
	Implementation												
Payroll, Work-In-Process	Specification												
	Programming												
	Implementation												
Inventory Accounting	Specification												
	Programming												
	Implementation												



Chairman's Corner

by Stig Kry

1982 has been a difficult year so far. Now, since the vacation period is over and the home stretch of five more periods in 1982 can be visualized, is a good time to put matters in perspective for KSA as a whole.

After eight periods, KSA performance in the US is about 85 - 86% of budgeted fee income. Sales are much closer to budget but we have been unable to translate this to equivalent fee income because we started the year with weak backlogs. We have reduced expenses whenever practical but with the relative fixed nature of so many items and the leadtimes in effecting reductions, we have not been able to protect budgeted gross profits. Hence we have experienced an erosion particularly in profits and cash profit sharing and, of course, taxes, relative to budget.

Europe has fared somewhat better with particularly good performance by the UK group. We bettered the budgeted profit margin.

We continue to do well in Spain and should have a reasonable contribution to profits at the end of the year.

Germany started out well but the trend in recent periods has been down and continued weakness must be expected for some time as sales are severely skewed in favor of Operations while other functions show open capacity.

Outside the U.S. and Western Europe, our international work is in a period of significant development. Under KSA's new strategy and organization this area is being given additional emphasis. We have started our first major implementation project in Hong Kong following a diagnostic conducted by *Jerry Armfield* and *Jim Trautman*. *Jim Trautman* and *Don Johnson* and *Dean Vought* are pursuing substantial specific prospects in Egypt, Jamaica, the Far East and Australia. A breakthrough on the part of a few of these could impact our operation very favorably. And while I am at it, I should mention that *Hardy Artelt* is in negotiation

for our first project in Russia and that *Mervyn Kerr* will soon assess our opportunities in South Africa.

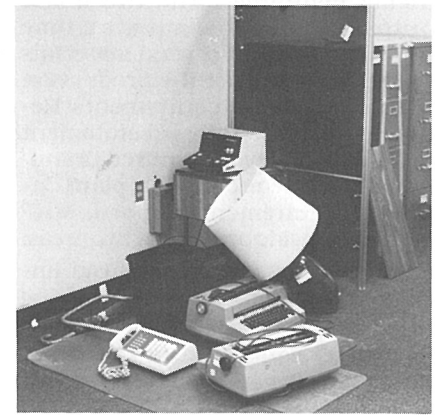
In North America the implementation of our new strategy continues with determination, enthusiasm and already some measure of success. *Dave Cole* tells me that in the recent 90-day period we generated more new business than we did for the same period last year. This was achieved in a more depressed economy and is a measure of the success of our new and intensified approach to business development. While we have several bright spots, I must particularly single out our Health Care Group for their impressive success in generating business well above budget and surpassing old records.

In Canada we are benefiting from a large government support program that is gathering momentum. *Denys Williamson* is coordinating our efforts and manages our relationship with the government agency. *Denys* expects that KSA will see a record volume in Canada for the next few years as a result of this program.

On the positive side we can also expect that the business psychology in the US will now improve as a result of falling interest rates, the rising stock market (as of this writing) and the passage of the tax bill.

But I must not be carried away with the positives: The fundamental fact is that business overall remains weak and retailers are expected to be buying cautiously for spring. We must rely on our own efforts in the first place if we are to significantly recover the lost ground. All of us who can contribute to business development must continue to make it our first priority and then also do our best in maximizing our income for the rest of the year. We all have a direct stake in how well we do for the remaining periods. With a few breaks and our best effort in every part of the company we can bring the results for the year closer to budget than we are now. That is a real possibility and we must not let it slip away.

Princeton Office Moves



Presenting the latest in portable offices.

KSA's Princeton office recently moved... not out of Princeton, but just to the other side of the Princeton Station Office Park. KSA now occupies the entire second floor of Building 5.

Milestones

Congratulations

To *Chuck Gilreath* and *Mitzi Harless* who married on July 3.

To *Steve Watts* and *Nancy Hickey* who married on July 3.

To *Ivy* and *Dan Camp* on the birth of a daughter, *Holly Danielle*, on August 13.

To *Peter* and *Heidi Voget* on the birth of a daughter, *Wendy*, on Sept. 7.

To *Bob* and *Sharon King* on the birth of a son, *Terry Richard*, Sept. 5.

New Seniors

Advancing to the level of Senior Consultant during the summer were: *Hugh Batten*, *Eric Cantor*, *Jill Greenwood* and *Mark Richardson*.

Departures

Since the last issue of the *Observer*, the following have separated from KSA: *Cesar Garza*, *Gil Sydell*, *Marc Wall*, *Jud Cairns*, and *Judy Barts*. We wish them much success.

Although officially retired as a full-time consultant, *Bob Saunders* is continuing his work with KSA as an associate.

New Principals

Bill Beckemeyer

Bill joined KSA in December 1979 as KSA's Controller. Before joining KSA, Bill's credentials include over three years as the controller for an Atlanta-based corporation, and another three years as an auditor and manager in a CPA firm. His professional and academic credentials include certification as a CPA, an MBA in Accounting from Georgia State University, and a BSBA from West Georgia College.

Bill has put his strong accounting background to good use at KSA, and the result has been more accurate and timely financial reporting, and less expense to KSA for outside professional accounting assistance.



This is reflected in our year-end audits, which for the past two years have uncovered no material adjustments to our financial results. At the same time, audit expense has been substantially reduced.

Bill and his wife, *Sherry*, reside in Roswell, Georgia, and like to escape to Lake Lanier for weekends of leisurely sailing.

Geoff Gibson

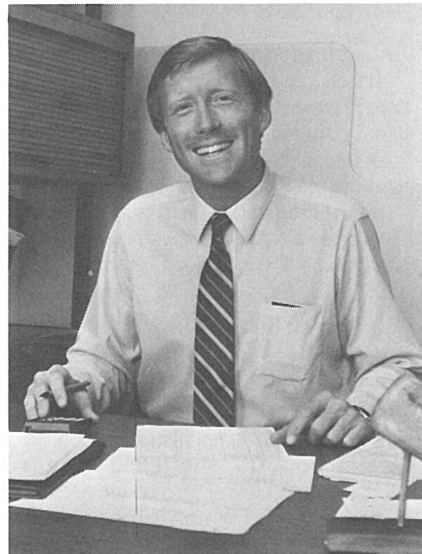
Geoff joined KSA in June 1974 after receiving his Bachelor of Arts from Vanderbilt University where he played varsity football.

Since beginning his career in MMD he has developed a broad range of technical skills, having been involved in practically every service offered in this division. Because of his fluency in Spanish, several of Geoff's assignments have been in South America, Mexico, and Puerto Rico.

After establishing a solid track record he was chosen to staff one of KSA's first major engineering projects in the footwear industry. Since that time, Geoff has been closely involved in establishing KSA's credentials in that industry. He was instrumental in obtaining KSA's largest assignment ever in footwear and is presently supervising that project at Hyer Boot Company. Geoff's other major clients include Burlington, Hart Schaffner & Marx, Manhattan, Item House, Hers, Norwich, Wellco, Lark, Levi Accessories, Danskin, and Piedmont, plus others in South America.

When Geoff is not carrying the torch for KSA he can be found somewhere on the water—either on his Hobie Cat or Windsurfer. He is also a tennis and photography buff and is an accomplished potter.

Geoff is assigned to the Operations Group and works out of the Atlanta office. He and his wife, *Celia*, and their son, *Jonathan*, live in Atlanta.



10 Year Anniversary

Hal Wilson



How does KSA's leading transportation consultant transport himself? He runs. In fact, *Hal Wilson* runs a lot. He is training for a marathon this fall.

But the reason for this article is to recognize a different milestone in Hal's life—his tenth anniversary with KSA. Hal passed that mark on July 19.

Hal came to KSA well prepared for his chosen field, having obtained a BS degree in marketing from Ohio State University and an MBA specializing in transportation and distribution from Syracuse University. In his early consulting years he installed several incentive systems in warehouses.

He has also done a number of facilities planning projects and has become KSA's resident expert on transportation problems.

He has developed a computer transportation analysis model and has assisted our European personnel in several distribution projects.

In 1978 Hal became a principal. Since then he has become the distribution advisor to several major clients including Jaymar-Ruby, Monet, M. Wile, Washington Manufacturing Company, and Florsheim Shoe. He has also been an effective recruiter for KSA and now manages the graphics unit in Atlanta.

Hal and *Alison* Wilson have three little girls and reside in Marietta, Georgia.

KSA Europe

UK News – John Beddows

We have reached the end of P6 with good results. Fee income is on budget, expenses and costs lower than expected and pre-tax profits significantly higher than budget. Our enthusiasm for predicting a continuation of the good news to the year-end is tempered by sluggish sales which reflect little if any improvement in the UK economy. Despite continued optimism being expressed by the government, our industrial leaders and the available statistical information still say we are bumping along at the bottom of a recessionary trough. Following the

summer sales, the retail trade is reporting little consumer interest in the autumn and merchandisers and manufacturers are already mentally preparing for a poor season.

Midst the continuing gloom and doom, we continue to have a good level of inquiries and can identify several significant projects which, if they go ahead as forecast, will enable us to at least achieve income and profit budgets for the year. The bright cloud on the horizon is the long-awaited reduction in USA interest rates presently having a knock-on effect in the UK. This may help companies to press ahead with investment programs.

We are pleased to announce that *Douglas Hardie* and *Malcolm Newberry* have been appointed Principals as of July 1st. (See story below.) We have, with regret, said au revoir to *Jeff Wood*, who returned to the retail industry, but we are currently seeking Jeff's replacement and additional staff for our mainstream practice.

We are all looking forward to our staff meeting, planned for September 10th and 11th at Stratford on Avon; this will be a joint conference with our associates from Spain and our first full meeting in three years. We hope to report on the event in the next edition of the *Observer*.

Malcolm Newberry

Malcolm joined KSA in 1979. His previous industrial experience was predominately in production, corporate and business planning, including a spell with a London-based consultancy. *Malcolm* holds a BA in Philosophy Politics and Economics from Oxford, where his most famous contemporaries were:

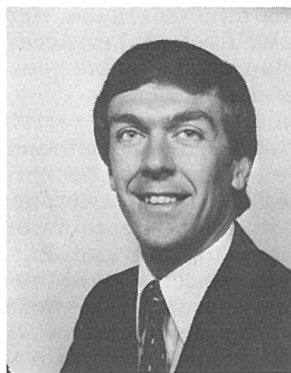
- the revolutionary, *Taraq Ali*
- the ex M.P., bankrupt and now successful author, *Jeffrey Archer*
- the rugby commentator *Nigel Starmer-Smith*
- *Michael Palin* of *Monty Python*

He enjoys participating in tennis and squash with his wife and two children.



Newberry

New Principals



Hardie

Douglas B. Hardie

A native of Edinburgh, Scotland, *Douglas* studied for a Textile degree at the University of Strathclyde, Glasgow. He worked in the UK knitting and carpet industries mainly in London, then returned to Strathclyde Business School for a one year MBA course.

Douglas joined KSA in 1978, and has carried out a number of successful apparel projects in the operations area. For the past three years he has worked in the Control division, promoting the increased application of microcomputers, among a wealth of other projects, ranging from thermal underwear control systems to Irish dairy co-operatives (including the AI unit!)

In 1981 *Douglas* visited the USA twice, working with *Jack Ullman*, *Zeb Roberts* and *Frank Armistead* in the build-up to the Haywood Genesco microcomputer project at Nashville. A trip to Princeton for the Systems meeting earlier in 1981 was re-scheduled by the arrival of son *Blair William*, who seems to have inherited his father's enthusiasm for microcomputers. *Douglas* and his wife *Val* live in a small village near Derby. On rare occasions when pried away from clients and keyboards, *Douglas* plays golf, dabbles in electronics and photography and enthuses about MG cars.

IRISH JOKE NO. 27,932,679

Believe it or not...

Truth really is stranger (and funnier) than fiction – in Southern Ireland anyway!

Several copies of a bulky report had to be sent to Mitchelstown Creameries, in County Cork, and this meant posting three separate parcels, each marked "Package 1 of 3, 2 of 3, and 3 of 3." Simple, we thought...

Read on...

Some days later, we had a call from a mystified telephonist at Mitchelstown, saying they had received a parcel from us labelled "Package 1 of 3". How many more were there, she asked, and what numbers would they be?

KSA Spain

Since 1981, we have had an office in Barcelona, located in an office building with a direct railway link to the airport. It is a small office for what is proving to be a big market for KSA. Our practice in Spain so far is mainly concentrated in operations work for the apparel industry, with a very high percentage in men's wear, but lately we are seeing an increasing interest in our strategy services. Projects completed recently include: Feasibility study and marketing strategy for a fiber manufacturer, sales force organization and control for a children's wear company, management incentives for a textile company, and company strategy for a textile firm.

Sales this year are ahead of budget and should continue ahead until year end. The number of proposals being made now should ensure a continuation of this trend for 1983.

— *Alberto Figa-Beleta*

New Staff



Montse Molins joined the Barcelona office as secretary in September 1981. She is a Certified Professional Secretary and worked previously in the Import/Export department for the Spanish firm Audio. She also worked as a court-guide in Barcelona for six years and as a group guide for Travel Agency Aerojet for two years, using her technical degree in Tourism Enterprises Management. Her hobbies are tennis and jazz.

Training & Professional Development

The summer class graduated in August and all are on training assignments. The class consisted of *Steve Cain, Joe Facenda, John Fuscoe, Kim Kyle, Bob Mann, Randy McAdams, and Steve Smith*, whose photographs appear elsewhere in this issue. *Aristide Jund* was our French visitor from KSA Germany.

We have been advised by previous graduates to shorten the course, so this time the course was completed in five weeks with essentially the same content. All survived — we consider it a success, and we plan to continue with five-week courses. The next one will be in January, 1983.

Client training this year has consisted of an Apparel Engineering Basics course in March and another scheduled for October.

German Region

The economic situation has not changed, on the contrary, the number of unemployed is expected to increase.

Again, the first half of 1982 has brought a record number of bankruptcies, and even big companies like AEG are having difficulties. This is affecting the consulting business, too. Companies are becoming more selective in buying consulting services. A recent analysis made by a trade magazine pointed out that high caliber and high quality consulting work is still sellable. Looking at our business, we can see that sales in the operations area, with emphasis on total productivity are going quite well. All other areas are slow. In strategy, market and sales-oriented services are in demand. Control and Distribution Services are difficult to sell as results are not immediately visible.

The second half of the year brings us "budget hill" to climb, which means that we have to achieve the bigger part of the budgets in sales as well as in fee income. As far as we can see the operations service division will have no problems in

meeting or even beating the budget, whereas the other service groups foresee some difficulties. We are still confident the negative tendency of the last 2 – 3 months in those service areas will turn around.

— *Hans-Horst Hensche*

German Region Project Update

Despite the bad situation, we have made two important and interesting contracts in Germany with two men's outerwear manufacturers with a total fee volume of over DM 800.000. Both are engineering contracts, one with Saarbrückener Bekleidungswerke in Saarbrücken and the other with Konen in Munich. Both belong to the largest men's suits manufacturers in Germany and are known for their quality products. The work with Saarbrückener Bekleidungswerke will be incorporated into a government-sponsored program of developing new work concepts and work habits to make working conditions in the garment industry more humane. The control functions are carried out by the government along with two social partners—the employer association and the union. We are looking forward to analyzing the outcome.

In order to extend our business more with the Eastern Block, *Werner Iten* and the writer went to Moscow on request to visit some garment plants and to talk to several officials on their plans for modernizing the garment industry. (We hope Reagan will not regard the garment industry as strategically important and put it on his embargo list.) The visit resulted in three proposals made to the Russians for reorganizing garment factories with a total of over 2000 employees. Since the work also involves the delivery of design, model and product know-how we had to make sure that cooperation would be forthcoming from some of our clients, in case the proposals come through. We hope that the participation of KSA/USA and Germany at the planned symposium in Moscow in October will help to sell our case.

Another interesting proposal we have made lately is to build up a uniform production operation in Riyadh, Saudi Arabia. Since the Saudis don't work anymore themselves, we might need a multi-lingual KSA staff to communicate with all the Pakistanies, Indians, Koreans, Palestinians and Egyptians down there.

— *Hardy Artelt*

New Staff



Joseph V. Facenda, Jr. (Joe) Age 29. Wife, Marcia, two children. B.S. Economics – U.S. Air Force Academy, MBA – Golden State University. U.S.A.F seven years. Interests: Golf, racquetball, woodworking.

Kimberly D. Kyle (Kim) Age 21. Single. B.S. – operations research and I.E. – Cornell. Interests: Racquetball, piano, sewing.

Robert E. Mann (Bob) Age 25. Single. Bachelor's – chemical engineering – Georgia Tech, MBA – University of North Carolina. Interests: Skeet shooting, auto racing, trapshooting.

Aristide Jund was profiled in last *Observer*.



John M. Fuscoe Age 24. Single. B.S. – nuclear engineering – University of Virginia, M.S. – industrial administration – Carnegie-Mellon. Interests: Tennis, scuba diving, racquetball, skiing.

Randolph T. McAdams (Randy) Age 26. Single. B.A. – management science – Duke University, MBA – University of North Carolina. Interests: Basketball, golf, tennis, skiing.

Stephen G. Smith (Steve) Age 25. Single. B.A. – chemistry – University of North Carolina, MBA – Emory. Interests: Golf, skiing, tennis, bridge.

Stephen M. Cain (Steve) Age 23. Single. B.S.I.E. – Virginia Polytechnic Institute and State University. Interests: Coin collecting, plant propagation, refinishing furniture.

New Atlanta Office Staff



Holloway and Kent

Cyndi Holloway is the new Administrative Assistant for Ken Osborne, Don Burkhalter, John Caldwell, Mike Love, Ed Rader, and Tom Barts. Cyndi has two years toward her accounting degree from the University of Virginia and she plans to continue to work toward her degree in addition to her more than full-time job with KSA. Cyndi has experience in retail sales and telephone interviewing, so don't think you can put anything over on her when she calls to ask about sales or status input!

Jennifer Kent joined the KSA Word Processing Center after two years with Life of Georgia as a word processing operator and more recently as an executive secretary. She is enthusiastic and hard working and we are glad to have her as part of the KSA team.

Quality Circles

Continued from page 4

rapidly, causing the QC to hold extra meetings on their own time to finish. They prepared a first-quality flip pad presentation which described their research in detail, including an excellent analysis of costs. The Xerox 3450 was recommended for renewal, and that's what KSA did. It is also no longer considered "a worthless piece of junk."

The participants in the Atlanta QC have included: *Jeanne Barakat, Linda Broadrick, Cathy Deadwyler* (leader), *Miriam Evans, Dianne Gunn, Cyndi Holloway, Martha Karg, Linda Keel, Karen Ktnard, Janis Marlow, Eva McClain, Libby Morgan, Barbara Perry, Gail Stahl, Denise Trostle, Kathy Woodham, and Denise Younker.*

So that's KSA's Quality Circle. Although it has only been with us for a short time, it has had a positive impact on us already. Incidentally, a client sat in on the QC's presentation and was so favorably influenced by it that he arranged for his plant manager to visit another plant where he could see a QC in action. All indications are that they will form a circle of their own.