

the KSA Observer

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Spring, 1983

Two Success Stories: Alcon and KSA

by Joe Irastorza

Our work with the "biggest and the best" consumer products company in Brazil began many years ago, when we helped them set up their first jeans unit. The organization now has sales close to U.S. \$800 million and consists of 23 factory units with major divisions making jeans, standard shoes, sport shoes, shirts, bedspreads, waxed truck covers, and denim fabric.

This story is about our recent work for their shirt division, called Alpargatas Confeccoes Nordeste, or "Alcon" for short. This division had been started as a new product area around 1979. In 1976 a new general manager who had worked with KSA at Puritan was hired, and he called KSA shortly after being on the job.

Fashion Changes Operation

Alcon required a radically different way of doing business for Alpargatas. All of their other divisions at the time involved primarily staple products with only a gradual replacement/upgrade of the product line. Alcon moved Alpargatas right into the fashion arena, with four new collections or seasons per year and a very high number of styles and SKU's. Also, the large number of fabrics needed prevented Alpargatas from developing a vertical capability like the company had done with jeans and shoes.

At the time KSA first came to develop and install a planning system for Alcon, the division had a volume of under \$5 million U.S. currency per year. The assignment required organization structure decisions and then the development of merchandise control systems and procedures. A merchandise calendar and forecasting system was implemented in the marketing department. A new planning department was established in Sao Paulo reporting to the Division General Manager and providing guidance to the factory planning department which was located 2,000 miles

away. The system was mostly manual (sales statistics were obtained from the central computer) and required the use of teletype and overnight "air" carried reports.

Loooong . . . Distance Consulting

The implementation of a new system for a division which needs to do things differently from the rest of the corporation is never easy, but doing it from Atlanta with one- to two-week trips was certainly a challenge. It was only possible because of the support given by Howard Mallek, Alcon's general manager.

The trip from Atlanta to Sao Paulo takes about 16 hours. A few times I had to go to Natal without spending any time in Sao Paulo and this requires flying from Miami to Rio (overflying Natal) and then going back north a couple of thousand miles to Natal (over 20 hours from Atlanta).

It was not all work, however. Rio is probably the most exciting and beautiful city that I have seen, and I have

been to a few in North America, South America, and Europe. I still have fond memories of many times returning from Natal to Atlanta with a stopover in Rio and 6-8 hours to kill, leaving my baggage at the airport and taking a bus to San Conrado beach.

R & R at San Conrado

San Conrado is everything you always heard about Copacabana and Ipanema and more. Anyway, there is nothing like an afternoon at San Conrado—at an outdoors cafe right on the beach between the water and the high mountains—drinking beer, eating "churrasco" and watching the girls with their "tangas" walk by or play volleyball.

KSA continues to enjoy repeat business with Alpargatas. We did a major engineering project at Alcon in 1977 and 1978 and have maintained a retainer relationship with Alcon, reviewing their planning and marketing systems an average of once per year. Recent projects include:

cont'd on page 3



Photo by CRP

Ed and Sandi Rader and Butch Price are feted with a champagne toast to celebrate ten years with KSA. Story inside.

From the President

by Jack Ullman

1982 - In Retrospect

- A difficult year!
- Enormous sales effort on all fronts
- Tremendous number of quality proposals
- Deferred decisions - waiting for turn in economy
- Solid service development
- Delivery of top quality consulting in every business segment and all service groups

1983 - Game Plan

- Tighten belts
- Limit recruiting
- Get oversold - build backlogs
- Budget conservatively
- Beat the h--- out of budgets and stretch to deliver when the economy turns up

First Two Periods

- We budgeted a loss for P-1
- We beat budgeted volume by 11%
- We made a small profit after modest allocation to CPS and retirement

Sales for Period II exceeded accounting budget by 27%. But sales remain well below targets required to rebuild backlogs.

An Early Spring

One swallow does not make a summer. A one-period performance and two-period sales are not sufficient to declare a victory. But along with an early spring, there are a great many signs of improvement in the economy, in general, and for KSA, in particular.

Second period status for our consumer products division shows that we:

- Responded to 66 inquiries
- Initiated 98 contacts
- Conducted 111 preproposal meetings
- Delivered proposals totalling almost \$9,000,000.

Personal Contacts/Observations

I am convinced that we will see a dramatic improvement in KSA performance for all markets/service groups in the months ahead.

This statement is based on:

- 22 face-to-face meetings with clients/prospects during the past eight weeks.
- Listening to 40 TAC firms report an extraordinarily positive outlook for the apparel/textile/supplier sector.
- Personal contact with KSA consultants from all groups joining with

me in the "face-to-face" client/prospect visits.

My personal sample may be relatively small considering the breadth of KSA's activities from health care to luggage, lingerie to carpets, non-wovens to metal furniture, strategy to HRD, and Hong Kong to Jamaica.

I've observed KSA for 33 years. I saw the shift in morale and performance as we emerged from the '70/'71 and '74/'75 recessions. It's clear now that the three-year recession we're beginning to come out of was the deepest since the '30's. It's not clear that the U.S. and world-wide economies will sustain a recovery, but the signs are positive.

And at KSA the signs are A+.

Our external focus shows gathering momentum, exciting prospects, challenge, dynamism.

Our people show pride and sense of accomplishment, competence and professionalism, enthusiasm, and we're having fun again.

All of these have occurred as our new strategy takes hold in the beginning of recovery from a three-year depressing recession. It can be a record year in quality performance and rewards.

Let's go for it!

Three Months and A Cloud of Dust

by Gary Brown

It is well known that consultants, by their nature, do not remain stationary. There is no denying that traveling, to a consultant, is a fact of life. When *Ken Osborne* talked to me about how I was going to staff some shorter assignments than KSA had generally sold in the past, I didn't realize that soon I would be known not only as a "rumor in my own time," (*Jerry Armfield* had his rumors and legends confused) but also as "three months and a cloud of dust." In three and one-half years I have worked, full-time and part-time, on fifteen different jobs. This may not be a record for a staff consultant, however it is interesting to note that on each of my assignments I have either worked on a different product or provided a different service to the client. This has

resulted in varied opportunities that I never imagined.

Charting The Course

My trail of assignments, which if displayed on a CRT with a moving dot on a map of North America would resemble a Pac-Man game, began in Marrowbone, Kentucky. *Butch Price* jumped out of the car that I had followed for three hours and exclaimed "Gary, welcome to KSA!" as he pointed to the five or so buildings that were downtown Marrowbone. Butch turned out to be a great guy despite his initial sarcasm. Besides his constant reinforcement that "the air was fresh," his advice to drive south and look for an out-of-season cottage on the

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The KSA Observer

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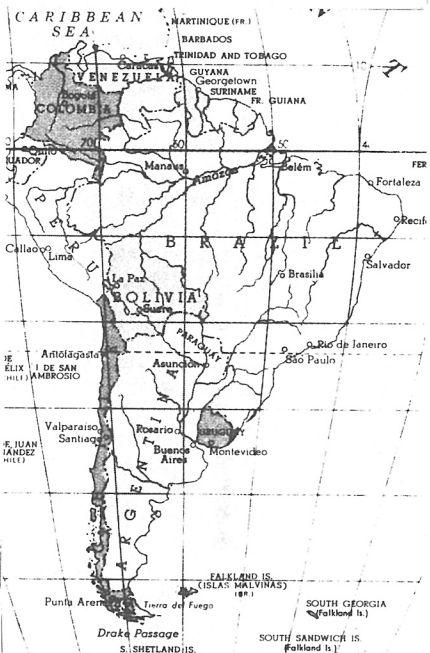
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Alcon cont'd from page 1

- economic evaluation studies of their jeans operations
- preparation of a plan to move the company's data processing operations from a centralized to a distributed environment
- installation of computers and a software package at Alcon
- establishing inventory goals and developing factory systems for Almacon (knit shirts)
- developing the initial plans of a computer system for the Sport Shoes Division.



The system now being automated at Alcon is the one installed in 1977. Alcon also maintains the same merchandise/planning structure, while the business has grown to \$60 million U.S. sales. As indicated in the following letter from Howard Mallek, this division was recently selected by a leading financial publication in Brazil as the textile company showing the best performance in 1981, calculated from a composite index of five indicators. Their growth in 1981 was 12% (without inflation) and their return on equity was an amazing 41%, with the return on total investment at 23%.

Any volunteers to go to Brazil should stand in line. *Don Burkhalter*, *Turby Turbyfill*, and *Steve Bannister* have recently worked at Alpargatas and all are ready to go back anytime. Do you Samba, mulatas, gaipirinha, feijoada, etc. may have anything to do with it? **Not a chance!**



ALPARGATAS CONFECÇÕES NORDESTE S.A.
Av. Senador Saigado Filho, 4501 (BR 101 Km 4) C.P. 344 Fone 222-3481 CEP 50000 Natal - Rio Grande do Norte
End. Teleg. "Alcon" Telex N° 084-2128

October 1, 1982

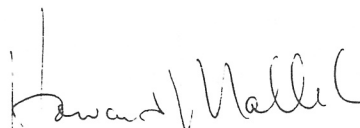
Mr. Joseph C. Irastorza, Ph.D.
Principal
Kurt Salmon Associates
Managements Consultants
400 Colony, Atlanta, Georgia 30361

Dear Joe,

I am writing this letter to inform you that Alpargatas Confeccões Nordeste has won the "Maiores e Melhores" (Biggest and Best) in the apparel industry for the year 1981, as judged by a renowned business magazine (Exame) in Brazil. This award was based on 5-criteria, including growth, return on net assets, return on total assets, liquidity and net assets over total assets.

I am sure you will feel almost as proud as I do at this accomplishment, since you and KSA played such an important role in helping us win this prestigious award. Your installation of our Management Information System at the plant and corporate head quarters and the present work you are doing to convert our manual systems to mini-computers have been invaluable in accompanying the growth of our company which went from US\$ 1 million in 1977 to the US\$ 60 million which we billed in 1981.

Again my thanks to everybody at KSA who was directly or indirectly involved in our project.


Howard Mallek
Director

Three Months cont'd from page 2

lake proved to be worthwhile. There I enjoyed a beautiful scenic view, took a few boat trips on Dale Hollow Lake, and learned of the pure smokeless pleasure (?) of a pinch between the cheek and gum.

Oshkosh B'Gosh was pleased with the plant start-up and before long I was headed to more populated areas.

I moved to Wisconsin where I studied bridge cranes and then to New Jersey where I was exposed to shirts, eyeglasses, trousers, and seaside sunshine. Soon Ken called, said, "I've got a tiger by the tail in Bastrop, Louisiana," and I found myself headed south again. The Master Slack, Ltd. project proved to be a most rewarding experience in SRE; and Bastrop, with two paper mills downtown, was also a new experience for this greenhorn from central Florida.

With new directions and wealth of knowledge gained from Dallas mentor *Don Johnson*, I left my empty

containers of Renuzit solid and the best catfish restaurant in the South behind. From there it was on to North Carolina and two weeks of T-shirts followed by Colorado and three months of down-filled skiwear. From the latter assignment I increased my vocabulary by including WIP, BOWGY and SQC. I also enjoyed off-road motorcycling and trout fishing in the Rockies.

From Colorado to Calgary (I must pause here to pay tribute to the inventors of the U-Haul trailer and the Mini-Warehouse), I arrived with only a carload of essentials. Some successful standard data development and engineer training for Sprung-Clindinin, Ltd. resulted from that assignment along with the Gold Medal in the USA/Canada table shuffleboard competition (*Bob Malburg* was a ringer), a visit to spectacular Banff, a camping trip in the wilderness of British Columbia, and

cont'd on page 10

Chairman's Corner

by Stig Kry

In the last issue of the *Observer* I commented on our results in 1982. In a weak economy, KSA suffered with everybody else. Rewards to employees and stockholders alike were not satisfactory. Yet we came through the year intact and with expectations that 1983 would be a bit better, but difficult all the same.

It appears that, thanks to strenuous efforts on the part of everyone to keep expenses under control while maximizing our billing opportunities, we will be reporting marginally better results than projected in December.

More importantly, at the time of writing (February 15) we perceive a strengthening of our business across the board. That appears to be true in terms of industries and functions alike in the U.S. and the reports from Europe indicate a satisfactory start of the year as well. This is measured by new contacts, proposals, and authorization of projects.

Pickup in fee income will naturally lag even if every effort is made to staff projects as soon as they are authorized.

Overall, the outlook has improved, but it is too early to say that the strength we see is more than the seasonal pickup we usually experience after the holidays, or if it is indeed the beginning of an improvement trend. The strengthening of the U.S. economy will be a great help if the early indications of sharp recovery are sustained.

Having come through the worst of the recession, we cannot let up in our intensive effort to make the best of a sluggish business. But we can afford the pleasure of a reflection or two on our long-term future. Under the pressure of poor business we all have a tendency to be more aggressive in the pursuit of new business. It is part of the human condition, (fortunately,) that we react in that way to pressure. Hence it is also understandable if, at times, ethical and commercial standards are relaxed a bit, and a few corners are cut here and there. It is easy to be high-minded, generous and ethical when business is good, but it takes a special dedication to remain true to our professional ideals when business is bad. I am sure many of us can

recognize these phenomena as we take a close look at the companies we know well. At times, one can get the impression that everybody is looking for an advantage at someone else's expense.

We are not totally free from these tendencies ourselves, and that is the point of my bringing the matter to everybody's attention.

KSA enjoys an enviable reputation for integrity and competence. Our good professional reputation is an immense asset to us in attracting and keeping clients, in recruiting and retaining personnel, and it gives us a respected place in the consulting profession. KSA's good reputation was earned over a long time and built slowly but surely by the entire staff under Kurt Salmon's and Karl Striegel's leadership. Reputation and leadership were major influences for many of us when we joined the company.

A good reputation takes a long time to develop--it has to be earned over and over again--it is much easier to lose.

Therefore, I would like for all of us to remember that the philosophy on what kind of company we want to be was articulated by Kurt Salmon and supported by specific policy memoranda which mean exactly what they say. They are not just window dressing to make trainees feel good about the company when they read this material. We should be guided by them in our work as well.

Specifically, we must always act in the interest of our clients--not promise more than we can deliver, and always seek to deliver more than we promise.

We have a contract for every project that says that we will not entice client employees to leave for work with KSA or another company.

We should not say anything detrimental about competitors to outsiders and we should be guided by the ACME code in dealing with competitive situations or applications from employees of our competition. Generally speaking, we should deal with them as we would like them to deal with us.

We believe in our philosophy as articulated, and in the specific policies that provide guidelines for how to deal with real, everyday situations. We must live by them in the interest of our self-respect, our external reputation and in the interest of the long-term strength of our firm and our practice.

If there is doubt in anyone's mind as to what our philosophy is or what is contained in the policy memoranda, it may be well to refresh our memories from time to time by going back to the training manual. In practical situations, when confronted with potential ethical or contractual conflicts, please ask for guidance.

I believe that we are at the beginning of an upturn in business. This is a good time for confirmation of our commitments to the high standards and the ethics that have served KSA so well since 1935.

Coming Events

April 5. KSA's Sourcing Breakfast. New York Hilton, NYC \$100.

April 14-16. WAM Show, Los Angeles. KSA will exhibit and present a program on sourcing for West Coast manufacturers.

April 18-20. Southeast Hospital Conference. New Orleans. KSA will exhibit.

April 30. NAHM Meeting. Steve

Schleuser and Dudley McIlhenny will make a presentation.

May 12. AAMA Annual Meeting. Ron Brockett will make a presentation.

May 21. CMA Seminar on Precision Tailored Suits. FIT. Glenn Larsen, et al.

May 26. KSA's Financial Breakfast. Grand Hyatt, NYC.

Sourcing Strategy Aids Lee

by John Wilcox

The validity of KSA's new service emphasis on sourcing and strategy can be found in the recently completed assignment for Lee Company (division of VF Corporation).

Lee is currently one of the most successful companies in the U.S. apparel industry. The demand for its products has been expanding at over 20% annually and they are gaining market share in the maturing domestic jeans market. Current annual volume for the division is \$475 million. Lee has the reputation of being an extremely focused and well-managed company. They've invested heavily in the state-of-the-art domestic jeans manufacturing facilities including extensive use of numerical control cutting. In addition, they are reported to have some of the strongest merchandise control systems in the industry.

Lee is also addressing long-term growth objectives. Specifically, they are interested in exploring the development of their tops business. They have offered western shirts and other categories to men for years. More recently they have extended these products to women's wear and children. Still, tops represent a small part of their business in proportion to jeans.

Assignment

While preparing their marketing plan for 1983, Lee management became concerned about their objectives for volume and profit as well as their long-term future in this category. They were particularly concerned as to whether they would be able to make a competitive product using their single domestic shirt plant for wovens and domestic contractors for knitwear. So KSA was called in to:

- Analyze current tops cost structures and compare these to achievable costs and prices using the most competitive mix of domestic and offshore sourcing options.

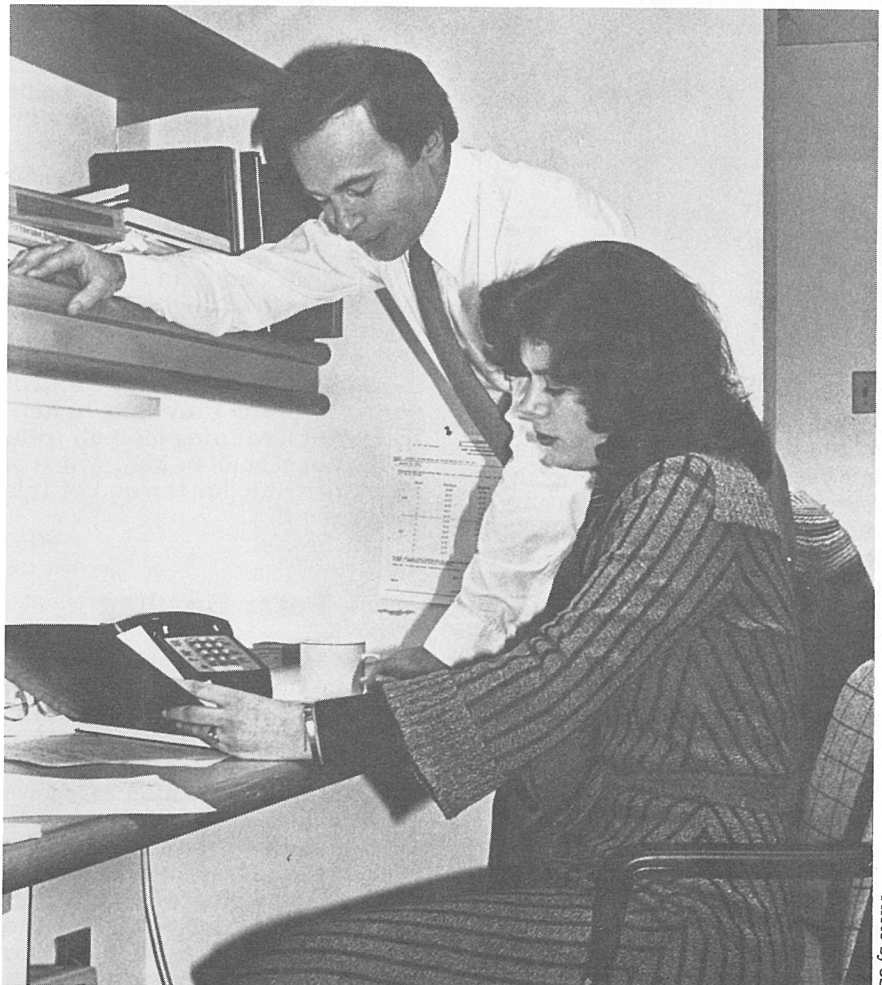
- At the same time, we were to provide information on the overall tops market in terms of size, import penetration, and competition so that their short-term sourcing decisions would build upon the long-term market position they should be striving to achieve.

In less than three weeks from the original inquiry, KSA scoped, delivered, and had approved (by VF) a 67-page document profiling the entire two billion unit tops market, competitors by segment, and the achievable costs and prices for major sourcing options including: Lee current, domestic contractor, Far East package, and 807.

We're convinced that no consulting company could have addressed these issues with such relevance and certainly not within the limited time frame which was available. As we accumulate additional experience about the various apparel product segments and continue to conduct sourcing studies, we will be in a position to do this kind of analysis throughout the apparel industry. Nothing could be more valuable for

major companies in examining their long-term growth and profit opportunities.

The study was led by *Jerry Armfield, Butch Price, and Peter Harding* with a lot of assistance from *Elizabeth Sweetman, Scott Hodson*, and input from a number of colleagues on specific technical points. The president of Lee has been lavish in his praise of the study team efforts and we are assisting them with implementation in several areas. The chairman of VF Corporation was also given a presentation of our findings and recently called *Stig Kry* to express his pleasure with the sound and speedy advice which KSA provided. As a result, we now have new opportunities to effectively serve the VF Companies in the future.



Elizabeth Sweetman and Peter Harding review analyses.

Photo by JS

New Principals

Tom Barts

Tom Barts was named Principal March 27, 1983. After completing his Bachelors and MBA at Illinois Institute of Technology, Tom joined KSA in July of 1976. He got some hint of his future travel when he was assigned to Portland, Oregon for training, however Tom is one of the few people to have an assignment in his home town of Chicago.

Variety is the best word to describe Tom's experiences over the past 6 ½ years — warehousing projects in California and Virginia; SRE from Rockmart, Georgia to Manila — systems work in the Philippines!

Tom's clients include Aris, Fechtelmer, Goodyear, Greif, Ocean Pacific, Pendleton, and Ruben Graiss.



He and Judy, a KSA alumna, live in Atlanta where Tom is just completing the highly successful Goodyear Aerospace assignment. Contrary to rumor, Tom's familiarity with ballutes in the Philippines had no bearing on his success with ballutes (air inflatable bomb retarders) at Goodyear.

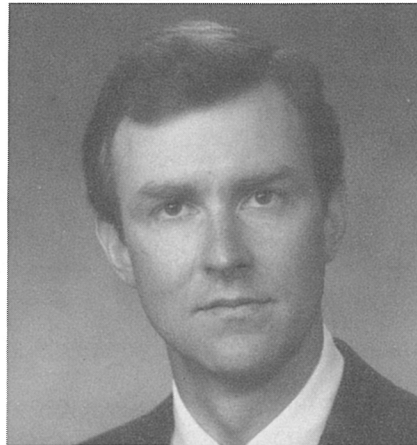
Lastly, one must spend a few hours listening to Tom's renditions on the piano to truly appreciate the range of his talents.

-KRO

Chuck Gilreath

Chuck Gilreath, was named Principal effective March 27, 1983. Georgia Tech provided another outstanding engineer when Chuck joined KSA in 1976.

Chuck immediately became the knitting expert, with an assignment at L'Eggs, followed by a number of jobs in the sweater industry. This continued into a series of jobs and surveys in gloves, jeans, ties, underwear, distribution centers, etc.



Geographic variety ranged from six months in Egypt to a year in Manila. To keep his perspective, side trips were arranged to Dandridge, Tennessee and Mineral, Virginia. Major clients include Aris, Blue Grass Industries, Champion Sportswear, Hanes Hosiery, Misr Spinning, and Na-Lor.

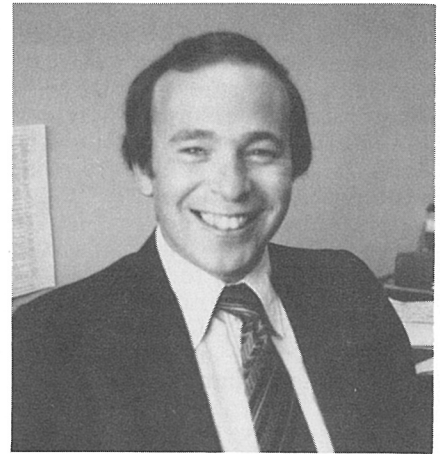
Currently, Chuck and wife, Mitzi, are residing in Lexington, Kentucky, where he is supervising and installing SRE programs in three Blue Grass Industries plants. Mitzi will be graduating from the University of Kentucky (not a winning football team in the household) in May, which is timed perfectly for the end of this assignment!

-KRO

Peter Harding

Peter Harding was promoted to Principal January 30, 1983. Peter received his university education at Bristol and Bradford Universities in the U.K.; including a B.S. and an MBA. He joined KSA after extensive experience in sales and marketing management with Courtalds, Ltd.; both in the U.K. and the U.S.A.

Peter is a member of the Strategy Services Group and is assigned to the Northeast Strategy Team in New York. As a member of the Strategy Group, he has conducted, supervised



and sold numerous strategy assignments. His projects have included a wide variety of products, markets and clients.

In addition to his consulting activities, Peter manages the Strategy Services Group's Information Analysis function.

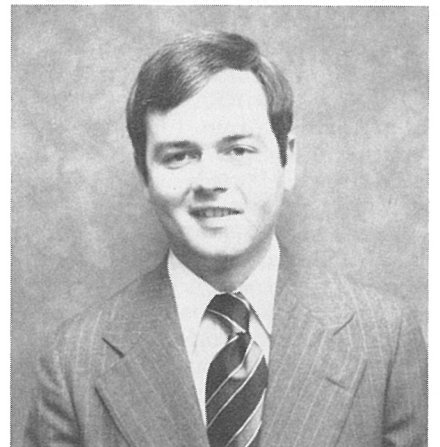
Among Peter's clients have been DuPont, Avondale, WestPoint Pepperell, Ciba Geigy, Collins and Aikman, Cluett Peabody, Allied Corporation, and the Singer Company.

Peter lives in Connecticut with his wife Jane, son, Simon, and daughter, Jennifer.

-FHW

Jim Kirby

Jim Kirby was promoted to Principal March 27, 1983. Jim holds a degree in business administration from the University of North Carolina, Chapel Hill. He served 5 years as a Naval officer before attending Emory University where he received his MBA. Jim joined KSA from the Emory campus in June, 1977.



Celebrating 10 Years

Jim began his career in Operations and conducted several cutting room engineering projects before transferring to the Strategy Group in mid-1979. Since that time, he has produced a solid record of high value consulting in a diverse array of market studies and strategy projects and has been instrumental in the rapid development of KSA's services in the field of sales management.

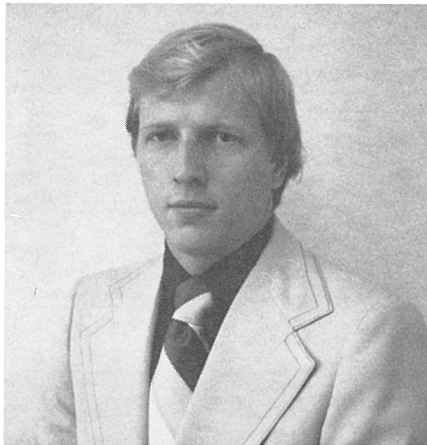
His clients include Parkdale Mills, Hartmann Luggage, Aileen, Dan River, and H. H. Cutler.

Jim is a member of the Southeast Strategy Group, based in Atlanta. He, his wife *Jayne*, and son, *Jim Jr.*, live in Marietta, Georgia.

-FHW

Lynn Spuhler

Lynn Spuhler was promoted to Principal, effective March 27, 1983. He joined KSA in July 1976, after graduating in ME from the University of Cincinnati and receiving his MS from Purdue. He holds the distinction of being one of the world's most experienced co-op students — six years at Timken Bearing.



He and *Joyce* have lived from coast to coast and are currently located in Greensboro, N.C. Throughout the moving, *Joyce* has continued to pursue her nursing career, usually finding a position by the time Lynn gets the assignment started.

Lynn's functional and product experience has covered all aspects of manufacturing, and ranges from backpacks at Jansport to shoes at Picken, with recent concentrations in cutting and sewing for the ladies sportswear industry.

His client roster includes Aileen, Greif, Jansport, Klee-Knit, McGregor, Master Trousers, Pickens Footwear, and Ratner.

-KRO

Butch Price

When people say "Bud" we think of the King of Beers. However, when they say "Butch," we think of KSA's shirt guru. In his ten years with KSA, *Butch Price* has almost single handedly become shirt consultant to the **world**. His major shirt client list reads as follows:

Arrow Shirt
Manhattan Shirt
Brooks Brothers
BVD of Canada
Alpargatas of Brazil
Smart Shirts of Hong Kong

Needless to say with this depth in shirts, you would think Butch might have limitations in other products and industries. Not so! Aside from diversification into jeans, activewear, outerwear, and children's wear, he has become the INDUSTRIAL LAUNDRY industry specialist. His clients in this area include Boca Raton Hotel and Walt Disney World.

Butch, with the ability to speak French, Portuguese, and Spanish, has been called upon to serve clients outside the U.S. Currently, the family (wife *Linda* and daughter *Lindsey*) has taken leave of their home in Nashville to staff KSA's first material utilization project in Hong Kong. No doubt, the Chinese will also learn to associate the name "Butch" to the "King of Shirts."

Butch was promoted to principal in April of 1979. When in Nashville, Butch and *Linda* enjoy hobbies of golf and antique hunting.

Congratulations to the Prices for a most successful ten years with KSA!

-JWA

Ed Rader

January 8th marked *Ed Rader's* tenth anniversary with KSA. If you're searching for an excellent example of a career filled with diversity, you need look no further! Eddie's job history reads like a catalog of our Operations services, touching on textiles, furniture and apparel, across a broad array of products.

Eddie can make the statement, perhaps uniquely so, that he can engineer our immediate surroundings from "cradle to grave"! Consider the following:

The Beginning — Woven and non-woven hospital apparel

The Early Years — Playwear, jeans, athletic lookalikes

The Great Expanse — Suits and high quality sportswear, activewear, work clothing, home furnishings, business furniture, carpet yarns, premium leather luggage

The Final Roundup — Casket interlinings.

In sum, a career to date of unique diversity!

The image of Eddie as a skilled, highly flexible engineer is now being rivaled by his project management and business development achievements, which, not surprisingly, reflect the same broad range of products and functions established earlier in his career. He can best be described as a "tiger" in proposal scoping, and presentation and closing situations; an approach he backs up with the delivery of quality assignments.

Eddie was promoted to principal in June of 1979, and settled in Atlanta with his wife, *Sandi*, and their two sons, *David* and *Andrew*.

-FBA

Who Wants to Live 500 Years? Men Do

In a *Psychology Today* survey, readers were asked, "If someone offered you a pill that would make it possible for you to live 500 years, would you take it?" Some 1,300 men and women, ranging in age from 13 to 95, sent in replies. The verdict: Significantly more men than women (79 percent to 50 percent) said that they would take the pill.

Many of the male pill-poppers reported that they'd like to be demimillennarians to achieve more, to do more, or to enjoy life more.

Women who longed for longevity wanted to see the future. A 71-year-old woman explained, "I read and write science fiction and I want to see who, if anyone, guessed right." Others said that life is exhilarating; there's too much to do and not enough time to do it.

KSA Europe

German Region

The first two months of this year started as expected. Some sales came in as a result of efforts during the last periods of the past year. The economic situation has become more difficult as there is growing uncertainty about the philosophy and direction of the new government which will be elected on March 6, 1983. While these times are characterized by change, no one knows if the change will be for better or worse.

By the time you read this, we will know the outcome, but for now it is very difficult to foresee what will happen.

There are two possibilities: if the conservatives win, industry will gain confidence again, which is expected to enforce investments. This would be good for KSA. If the socialists win, it means moving to the left wing. Obviously, the world will not end at that day, but with the policy of spending money, increasing debts will go on and observers expect this to be the ruin of our economy.

The past three months had a negative effect on our business. Clients delayed investment decisions, or were not willing to even discuss it. On the basis of low backlogs, this affects utilization in the early periods of the year.

Since we wrote the last report in December, 1982, little has changed. We have moved the Darmstadt office to larger quarters. The new office address is . . . **Huegel Strasse 37 . . . Darmstadt.** Telephone and telex numbers are the same. We hope we will experience success in this new environment.

In order to improve our services to the clients and increase the effectiveness of the office, we are going to install a computer which will take over word processing, accounting and reporting as well as aid consultants in client-related assignments.

Recently we were invited to the EEC Commission Department for textiles and clothing. The Commission will study competitiveness of the textile and apparel industries of the EEC-Member states. This very prestigious piece of work would give

us great PR. *John Beddows* and I had a first meeting with the coordinators. We will be making a proposal and there is a good chance for KSA to get the assignment. KSA has a good reputation resulting from the former study on technology development and from the overall study on competitiveness of the Dutch apparel and knitwear industries we performed for the Dutch Ministry of Economy.

—*Hans-Horst Hensche*

UK News

The end of 1982 was marked by an upturn in sales which has continued into the new year. Year end results have just been audited and are showing a profit of 14% pretax. This is an excellent result considering the continuing deep recession in the U.K. Our staff deserves special mention for the hard work put into achieving this result.

The outlook in Britain continues to be fairly gloomy but we seem to be able to continue to "spot enough winners" who can use our services. The recent merger of two major textile and clothing companies, Vantona and Carrington Viyella should

be to our advantage as we expect *Stuart Hollander*, KSA alumnus and a member of the Board of Vantona, to have an important role in the merged group.

Stuart is continuing to maintain high profile in the UK clothing industry. He recently gave an outstanding keynote presentation entitled "Creativity and Innovation: Accident or Design?" at the Annual Conference of the Clothing and Footwear Institute where the audience included several eminent ex-KSAers

—*John Beddows*

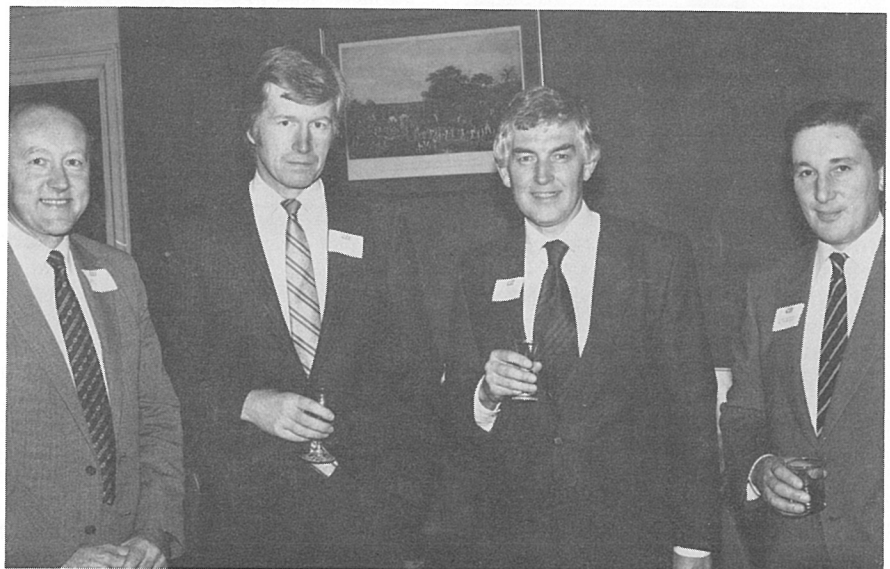
New Staff

Steven Humphreys, Wife: *Ruth*, from British Timkin, he received most of his early education in the U.S. where his parents still live. Steve's interests include squash, tennis, skiing, music and reading.

Congratulations

To *Steve* and *Lynn Norris* on the birth of their baby daughter, *Laura Ellen* on December 18.

Departures *Geoff Ayling* and *Richard Evans*



Left to right: *John Beddows*, *Harry Lack*, *Louis Mitchell*, *Stuart Hollander*.

(Mary) Hartmann, (Mary) Hartmann The Hartmann Saga

by Mike Waldrop

The Lebanon KSA office (Tennessee, not the middle east) opened in September, 1981, directly behind Wendy's, in one of the less exclusive parts of town. No one could have foreseen that a place with such humble beginnings would spawn an office to rival the central region headquarters in Nashville. Although certainly unofficial, this office was manned at various times by more KSA personnel than our regional counterpart.

The Guiding Light

But let's start at the beginning. KSA's presence in middle Tennessee was at the request of one of the country's leading manufacturers of high quality luggage — Hartmann Luggage. It was no mere coincidence that Hartmann called on KSA. It was on a walk-through of the Lebanon plant that *Jack Ullman*, with his usual incisive diagnostic ability, casually mentioned to Ira Katz, President of Hartmann Luggage, that we (KSA) could reduce manufacturing costs by 30% in his plant. It was not too long before Houston Turner, V.P. of Operations, and Don McDougale, V.P. of Manufacturing at Hartmann, were winging their way to Atlanta. They met with *Ken Osborne* in April of 1981 to discuss productivity improvements. Hartmann could not meet their ever-increasing production demands. In addition to their already highly successful luggage line, they had just introduced a line of Gloria Vanderbilt luggage and sales forecasts exceeded the capacity of the Lebanon facility.

The First Episode

KSA's initial effort was a sewing room survey conducted by *Jerry Armfield*, *Dave Perdue*, and *Mike Love* to identify potential improvements. Simultaneously, *Ed Rader* assessed the additional facility requirements to produce the designer line along with a new Hartmann line, the "Hobo".

It was determined that the first priority was to secure a new facility in which to manufacture the new product lines. In May 1981 a plant was leased in Smithville, TN, about 50 miles east of Lebanon. Phase I of the "Hartmann Connection" required

Mike Love and Ed Rader to sew in this facility of approximately 70 operators. By the end of May, Mike and Ed had begun sewing in the GV line. Their efforts were short-lived, however. By the second week in June it was obvious that the introduction of a designer line of luggage had been mistimed. To quote Don McDougale, "we got back more GV as returns than we produced."

On Location

Undaunted, and with a new facility already begun, Hartmann moved the Hobo line to Smithville and introduced a new hang-up (H-I) bag into the Lebanon plant.

At this point *Mike Baird* was drafted to help with sewing in the new line. The pilot run of 20 bags per style hit the Smithville plant at the end of June '81. Exhibiting true KSA ingenuity (and in snappy fashion) Mike and Mike sewed in the Smithville plant based on this pilot run. The plant was completely operational by the end of July. Having done an outstanding job and establishing no small amount of renown, the dynamic duo was sundered as Mike Baird left for a new project in Virginia. (If the truth be known, the break-up came as a result of efforts by Ken Osborne to appease the demands of local Smithville residents, Nashville airport officials, unfortunate inhabitants of the Bridge-way Motel and totally chagrined McDonald's employees in the area.)

As The World Turns

Phase II of the Hartmann connection began with a return to the Lebanon headquarters. A major layout change had just been completed by Hartmann personnel. This phase of the project addressed improvements in productivity at the Lebanon plant. Jerry Armfield and Ed Rader developed a payroll incentive plan which included a regular operations bonus below 100% and transfer incentive pay plans. The new payroll plan was implemented the first week in October. By the first of February 1982, excesses, which had been topping 40%, were down to 20%. Operator productivity increased 30% and earnings rose.

Simultaneously with the development of the payroll incentive plan, Mike Love initiated supervisory training and training for four Hartmann engineers. In addition, a bundling system for the production lines was initiated.

The Lebanon plant was composed of a hard case line, two hang-up bag lines, a soft side carry-on bag line, a linings department and a components department; as well as, fabric cutting and leather cutting departments. Due to the complexity and number of production lines, bundling was instituted by department. Because cutting at Hartmann is primarily die cutting, bundling is done from mobile racks as a separate operation. Bundling throughout Hartmann was completed in March 1982.

Initiation of the bundling system enabled our controls arm in the person of *Steve Bannister* to implement work-in-process controls. Planning for the WIP system began in the fall of 1981. What started as an installation of a manual WIP system soon developed into a microcomputer application, providing not only WIP with individual bundle tracking, but also integrated sales forecasting, production and materials capacity planning tools. Production planning reports, smoothed for operator capacities, produce a master schedule which, when fed into the main Hartmann computer, establishes material requirements and other planning reports for management.

General Hospital

Meanwhile Dave Perdue was examining leather cutting and established some material utilization (MU) guidelines and waste reports for management dissemination.

At the same time Mike Love was implementing payroll and Steve Bannister was initiating WIP, *Ron Brockett* and *Bob King* introduced Hartmann management to the principles of Leader Effectiveness Training (L.E.T). Three groups of instruction were conducted. Two of the groups were first line supervisors and one was an executive group of Hartmann's top level managers. The program reached the entire management staff.

cont'd on page 12

Three Months *cont'd from page 3*

partying while watching cowboys with a lot of guts ride bulls during Stampede Week.

Road Map Leads South

With the anticipation of once again crossing the Mason-Dixon Line, it was on to Alabama. Two back-to-back assignments on notorious Sand Mountain (ask *Jean Snow*) gave me an opportunity to stay in Scottsboro for six months. My re-introduction to bass fishing proved to be embarrassing at times (don't ask *Frank Armistead*), but there was always water skiing. The clients on the mountain at last report were pleased, thanks to the fine advice of Butch Price and *Don Burkhalter* and, of course, my efforts between weekend escapades on the lake.

Lebanon, Tennessee was my next stop—just long enough to set a few rates at Hartmann and try out some

light tackle on the Caney Fork River trout. The odometer on my 1980 Mercury, by now approaching 50,000 miles, took me to Rochester, New York where cutting room knowledge was eagerly absorbed. Niagara Falls and the wine tasting tours of the Lake Region were great pastimes during this stop. Finally, I moved to Lebanon, Virginia, where I learned about coal and living in a trailer. I also managed to install incentives in a cutting room under the watchful eyes of *Lynn Spuhler* and *Mike Brent*, both sharper than a couple of Eastman knives.

Now I'm in the Atlanta Office eagerly waiting to see if Ken or Jerry has another tiger by the tail. Traveling has its ups and downs, of course, but with the experience, job satisfaction, and fun that I have had in the last few years, "short timing" has definitely been worth it!

Communications: Thriving On Diversity

The Communications Department reports a tiny addition to its staff, *Kristin Diane Ryer*, born to *Janice* and *Mike* on March 3. Details are included elsewhere in the *Observer*. While *Janice* is on maternity leave, *Jennifer Kent* of Word Processing, is on loan to typeset the *Observer* and pinch hit for miscellaneous needs. *Janice* will return in June.

Last fall's traveling road show, known internally as the Communications Department, spent the past two months in residence working on a diverse group of projects and preparing for the impending financial Profiles.

Highlighting the winter was the addition of *Lynne Dumas* in the New York Communications Department. (Read her bio in New Staff department).

KSA received excellent print coverage as *Bob Frazier* and *Freddie Wood* co-authored the lead article about the textile industry for the latest edition of DuPont's lavish external house organ, "Context". This prestigious publication is distributed to 130,000 business, government, and community leaders.

The speaking circuit was represented by KSA'ers as well. *Bob Nahas* spoke to the American Textile Machinery Association in Boston about strategy and *Stig Kry's* subject was "Partners for Progress" in Toronto.

The highly successful Merchandise Control Seminar was repeated in New York, and KSA co-sponsored the first footwear marketing seminar on March 15.

A new HRD newsletter, to be distributed to top management and personnel directors, was created by *Ron Brockett*, *Bob King*, *Libby Morgan*, and *Greg Murphy*. The first issue featured training.

Only one trade show, NRMA in New York, was a welcome relief after the exhausting schedule in the fall, and before the on-slaughter in late spring.

Armed with new visuals for a razzle dazzle footwear sales presentation, *Dave Perdue* spread the KSA word to Canadian manufacturers, and *Ed Rader* and *Cesar Mantilla* presented full-color transparencies to G. F. Corporation which (the Communications Department would like to think) resulted in an \$85,000 contract.

—Beth Souther

KSA Spawns Heirs

Despite rumor that KSA personnel have no free time, upcoming "blessed events" were celebrated with two baby showers. Atlanta KSAer *Janice Ryer* of the Communications Department and *Observer* staff, and *Jane Gibson* (husband, *Tom*, relocating staff, Operations) were honored on separate occasions.

Janice was surprised at a covered dish luncheon at the Atlanta office hosted by the Communications Department, and *Jane* was honored at the home of *Peter* and *Heidi Voget*. Hostesses were *Heidi* and *Annick (John) Stevenson*.

Janice's baby, *Kristin Diane*, (see Communication Department report), arrived March 3. *Jane's* baby is due in May.



L to R: *Heidi Voget*, *Miriam Cruz*, *Pat(ricia) Anderson*, *Cheryl Smith*, *Jane Gibson*, *Annick Stevenson*, *Celia Gibson*, Baby: *Wendy Voget*.

Photo by *Jean Norton*

Milestones

Senior Consultants

Hugh Batten, Bill Chamberlain, Larry Lein, and Dave Reilly all advanced to the level of Senior Consultant in recent months.

New Staff

Lynne Dumas . . . age 32, married, husband: *Domick Scott*. Joined the Communications Department, New York, on January 3. Earned Bachelors Degree at Barnard College, and Masters at Columbia University. For the last two years, editor of *Non-Foods Merchandising Magazine*. Prior to that, she was an editor/writer at *Chain Store Age/Supermarkets* for a year and held a similar position at *Supermarketing Magazine*. Enjoys guitar and song writing, cross-country skiing and tennis.



Dumas

Congratulations

To *Mike Baird* and *Carol Black* who married on February 5.

To *Pat* and *Rick Parsons* on the birth of a daughter, *Robyn Ashley-Lyn*, November 25.

To *Janice* and *Mike Ryer* on the birth of a daughter, *Kristin Diane*, March 3.

Departures

The following have recently separated from KSA: *Ed Merigan*, *Paul Connell*, *Chick Schwartz*, *John Fuscoe*, *Judy Barts*, *Carol Bakely*, *Linda Kates*, *Mike Love*, *Fred Evans*. We wish them success in their future careers.

Training Class

Bill Cameron's January training class had a distinctly international flavor — the seven-person group consisted of five Jamaicans, one Englishman, and one American. (See accompanying photograph.)

The Jamaicans were the first contingent of personnel to be trained for consulting work under the agreement KSA has with the Jamaican Government. They were recruited by *Pat Pittard* and brought to Atlanta for KSA's regular five-week training course. In addition, they spent three weeks in further training at an apparel plant in Georgia.

Upon returning to Jamaica, they will be trained further by KSA to become operations consultants to the new apparel firms being established there.

The Englishman, *Steve Humphreys*, had just joined KSA and came to the course for his initial training. He then returned to the U.K. where *John Beddows* had his first assignment waiting for him.

The only American in this class was *Roland Anderson*, a recent grad-

uate of the Institute of Textile Technology in Charlottesville, Virginia. Roland had several years' experience in the health care field, but decided to switch to textiles. He obtained a full scholarship to IIT for the Master's degree program. Roland is 31, his wife's name is *Pat*, and they have a one-year-old son.

In Sympathy

Maryanna Nord died December 24, 1982, as a result of a fall at home in Princeton.

After their relocating years, *Maryanna* and *Randy Nord* first settled in Atlanta and lived there about six years before moving to Princeton in 1972. They brought up two fine children, *Christopher*, 19, and *Lisa*, 23.

Maryanna was an accomplished vocalist, pianist, a gourmet cook, and an avid weekend sailor. She was a graduate of Vassar and an active volunteer in several community arts groups, including the Academy Theater and the Atlanta Symphony Choral Guild.

Maryanna is deeply missed by all who knew her.



January training class poses for their graduation picture. Left to right: *Austin McCook*, *Madge Sewell*, *Patrick McGeary*, *Rothwell Ferraro*, *Roland Anderson*, *Steve Humphreys*, and *Ryan Peralto*. All are Jamaicans except *Anderson (KSA/USA)* and *Humphreys (KSA/UK)*.

Photo by CRP

Hartmann *cont'd from page 9*

Who Directs the Director?

It was a unique program for Bob. During a simple workbook exercise dealing with the Method I approach, a most perplexing problem arose. Each person in the group was supposed to write down how they felt the last time their supervisor or boss used power on them. There were no difficulties in the groups of first line supervisors. However, in the executive group, Mr. Katz, the president and then majority stockholder of Hartmann, seemed to have difficulty with this question. After several moments he approached Bob and said, "What am I supposed to do? I've never had a boss!" Well, Bob??

It was also a unique program in that the Hartmann staff was so impressed with L.E.T. that they decided to form an L.E.T. committee to promote it plant-wide.

Tom Gibson made a two-week guest appearance at this point (January 82) to conduct operator follow-up and engineering training at the Smithville plant which had settled into the productivity doldrums and needed a morale boost.

A Spinoff Series

In mid-February 1982 Phase III of the Hartmann connection began with sewing room engineering in the Lebanon plant. Two additional staff people were added to the project—*Lesley McClure* and *Mike Waldrop*. While Mike Love was wrapping up the installation of the bundling system and on-floor coordination of WIP, Lesley and the other Mike plunged into the H-I hang-up bag line. Although delays were encountered in getting equipment suppliers to respond to our invitations for bids, an equipment supplier was finally chosen in mid-March. The first rates were installed by the first week in April.

Change Scenes

Believing in the phrase, "Divide and Conquer," attack teams of two engineers each were formed to start the other production lines. These plans were short-lived as H-I sales faltered. It was moved to Smithville and a new line of soft sided cases was introduced into the partially-engineered H-I line. Everyone's efforts were diverted into sewing in the new product line.

Our plans finally came to fruition in July 1982. Two Hartmann engi-

neers tackled the hard case line, while a mixture of KSA and Hartmann engineers attacked the inside (soft-sided) lines.

The Ratings Prove Success

The hard case line engineering was completed in December 1982. And as of this writing, February 1983, engineering is 70% complete in the inside lines. Proposed SAH reductions have already been achieved and savings have exceeded one million dollars. Operator productivity has increased an additional 30%.

All My Children

Showing an obvious desire to meet as many KSA personnel as possible, Hartmann brought in *Jim Kirby* and *Larry Lein* from our strategy prac-

tice to implement a sales force management compensation and review program.

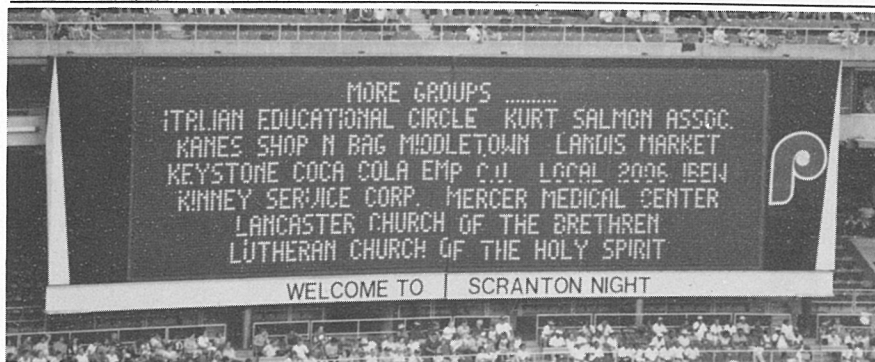
Cameo appearances at Hartmann were also made by *Gary Brown* and *Roberto Bequillard* to assist in the engineering phase. Mike Love moved on at last, leaving Mike Waldrop and Lesley to wrap up the project.

Hartmann Luggage was recently purchased by Lenox China for \$30 million—a statement of Hartmann's appeal. A more truthful test of Hartmann's appeal, however, is that most KSA personnel, especially the several who worked here, sport one or more pieces of their fine luggage.

Future plans include engineering the cutting departments as well as possible work in the warehouse and shipping areas. The Hartmann saga continues....Search for Tommorrow.



Leading characters Mike Waldrop, Lesley McClure, Mike Love.



Leave it to KSA Princeton to get our name in lights! A group of about 25 KSAer's, including family and friends, terrorized Veteran's Stadium, home of the Philadelphia Phillies, for a showdown with the LA Dodgers. Despite the grand welcome by the Phillies, a small part of the boisterous KSA crowd (don't worry SLS, no names will be mentioned) had the poor taste to cheer for the Dodgers. Fortunately the Phillies didn't disappoint the rest of us and went on to victory!—Ann LoPrinzi

Photo by Steve Reppenhoff