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Neiman-Marcus

## Setting standards for a standard-setting retailer

by Doug Ford

During the closing days of orientation in July, 1989, I found myself sitting with other new consultants from the Operations Group, anxiously awaiting the announcement of our first assignments. Finally, my name was called. "Houston, Texas — Neiman Marcus." Neiman Marcus? What could the Operations Group do for Neiman Marcus?

Many consider Neiman Marcus to be the most exclusive and unique specialty retailer in the world. Its Christmas catalogue is known for unique (i.e., expensive) gifts such as his and her submarines, camels, and airplanes. Women's suits, dresses, and evening gowns regularly sell for \$5,000 and up with some as high as \$20,000. \$200 ties and \$1,200 shoes are common men's fare. I soon found out from *Normand Gagnier*, who was already in Houston, and *Bernie Wolford*, the Project Manager, that KSA had started engineering the Neiman Marcus store at the Houston Galleria in January, 1989. It was rapidly becoming apparent that this was not going to be a "typical" KSA assignment.

This project was KSA's first attempt at a total engineering program for the sales-support areas of a major retail

*cont'd on page 6*

## The changing market in Europe



*A Perspective from Kathryn Larcombe  
and John Beddows*

By the end of 1992, there should be an integrated market in Europe composed of the 12 countries that constitute the European Community (EC). Perestroika in the USSR and sweeping changes in the past year in the political systems of the eight Eastern European countries are opening borders across which little trade with the West has taken place since the end of World War II. What opportunities do all these changes create for our clients, and for KSA?

### The EC in 1992

According to the EC Commission, the textile and clothing industries within the EC already operate in an integrated market. This conclusion is based on the premise that there are few technical standards that

inhibit trade in these products; everyday problems such as taxes, currency exchange fluctuations and the like are not necessarily seen as barriers to trade. Differences in retail buying structures, credit terms and labeling requirements do present barriers, but it is outside the power of the Commission to change them.

So, when December 31st, 1992, draws to its close, the popular concept of the EC market as a largely uniform entity, in most respects comparable with the 50 states of the US, will not be realized. Textile and clothing companies doing business in the EC will find the 1992 program per se has little direct impact on their activity.

However, it would be wrong to assume that nothing will change. There are major implications not specifically related to 1992 legislation. It seems likely that the MFA will be renewed in 1991, albeit in a format

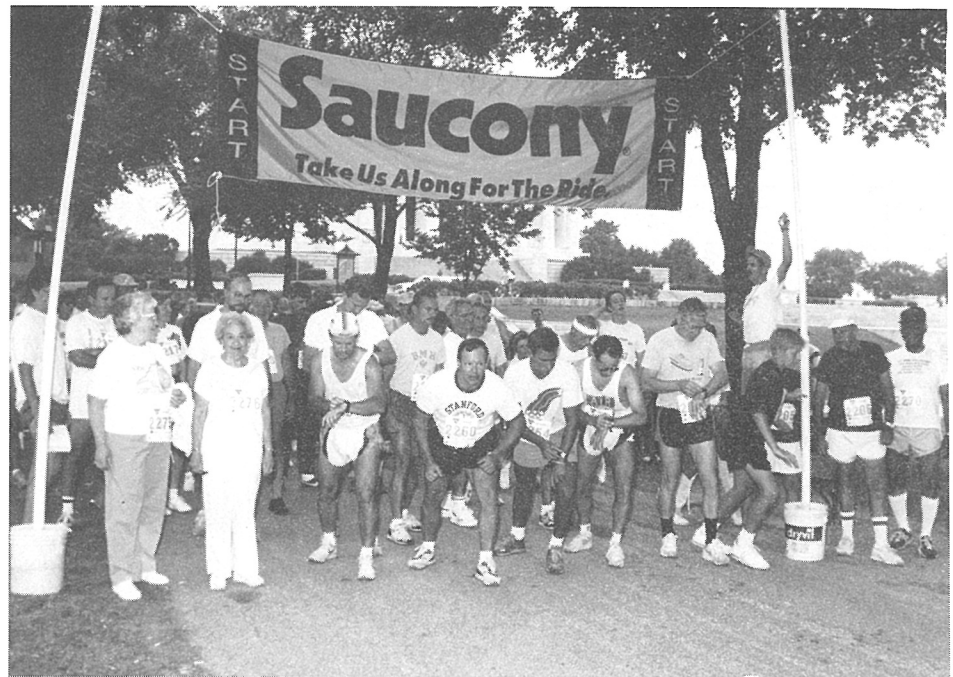
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The healthcare consulting market continues to be very good. Changes and uncertainties in the entire healthcare field continue and hospitals and large physician groups are concerned about their future. They realize they must position themselves to continue to be successful.

As you are aware, healthcare is under tremendous scrutiny because of cost and access concerns. This will be the case for a long time. These pressures will provide the opportunity for strong consulting firms to assist clients in achieving meaningful change. We have been, and intend to continue to be, at the leading edge of helping clients prosper.

Some examples:

- Kaiser, the largest Health Maintenance Organization in the world, has asked us to plan millions of dollars of equipment acquisitions. For such organizations, the purchase of large quantities of very expensive, sophisticated equipment is a major planning issue in each project. Consultants from San Francisco and Minneapolis have been assisting Kaiser through a series of very complex projects.
- The National Institutes of Health in Bethesda, Maryland, is the largest funding source for medical research in the world. We were asked by its architects to assist with a major project to renovate facilities used to support research conducted on the campus. One building, with over two million square feet of space, is the heart of the clinical research programs in the country. The renovation and construction associated with this project will involve hundreds of millions of dollars and require 15 years to complete. Consultants from Minneapolis, Washington, and Atlanta have been very active on this project. We have been privileged to spend time with scientists who are at the forefront of medical research. We're thrilled about the developments that lie ahead and the impact that they will have on all our lives.



Runners and walkers are ready for the start of the annual Hamilton/KSA-AHA Fun Run/Walk, held in conjunction with the AHA Convention.

- The faculty practices at large academic medical centers and the hospitals that support them are under tremendous strain as the health care delivery system continues to change. Currently we have major engagements underway at Northwestern University, the University of Maryland, Washington University and Johns Hopkins to help them plan their positions for the future. These are sophisticated clients who demand a great deal, and can afford the best thinking available. We are pleased that many of them choose us.
- The Washington Office has a unique opportunity to plan two new hospitals. Two small hospitals, Augusta County, Virginia, and Alamance County, North Carolina, will be closed and new facilities will be built in their places. We are able to help them plan these facilities to be

both functional and efficient. It is exciting to have the opportunity to create a new hospital as it should be from the ground up.

In addition to our exciting projects, we recently participated in the American Hospital Association's annual convention. That meeting is a real treat for us. We have been the sponsor of the "Fun Run" associated with the convention for the last few years. *Beth Souther* has developed this

event to such a fine science that it keeps our booth busy for the convention and gains us tremendous amounts of name recognition and goodwill.

From our long heritage, work in the industry, convention activity, speeches, and numerous articles, we have become one of the best known consulting firms in health care . . . and it drives the competition crazy. We all intend to continue working toward being the premier health care consulting firm.

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*"... we have become one of the best known consulting firms in health care . . . and it drives the competition crazy."*

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## JULY, 1990 ORIENTATION CLASS

*Cordes, Shawne A.* — MBA, The Wharton School; BA, Economics, Smith College. Age: 26. Single. Hometown: San Leandro, California. Previous experience includes business development and transaction execution for Morgan Stanley & Co. Assigned to Strategy.

*Ferraris, Gian Giacomo (Giacomo)* — Master Chemical Engineering. Age: 33. Married: Heidi. Hometown: Casa Lbeltrame (Novara), Italy. Previous experience with Olivetti SPA and Ermenegildo Zegna SPA, an apparel company where he was responsible for the CAD/CAM system. Assigned to Distribution.

*Glockner, Robert J. (Rob)* — BS-ICS, Georgia Tech. Age: 24. Single. Hometown: Atlanta, Georgia. Previous experience with IBM in software development lab. Assigned to Information Systems.

*Mas, Juan* — Industrial Engineer, Universitat Politecnica de Catalunya; MBA — IESE. Age: 33. Married: Nuria. Hometown: Barcelona, Spain. Experience includes four years with Coopers & Lybrand — financial services and information technology. Assigned to Information Systems.

*Oglesby, Robert C., III (Rob)* — BS-ICS, Georgia Tech. Age: 24. Single. Hometown: Atlanta, Georgia. Previous experience with IBM in software development lab. Assigned to Information Systems.

*Ricaldone, Piero* — Bachelor of Computer Sciences, Instituto Tecnico Industriale in Informatica. Age: 28. Single. Hometown: Torino, Italy. Previous experience was with Byte Software House SPA where he was team leader and branch general manager. Assigned to Information Systems.

*Riera, Jaume* — Engineering Degree from Universitat Politecnica Catalunya; MBA, ESADE. Age: 26. Married: Pilar. Hometown: Barcelona, Spain. Previous experience was with Nicolas Bosch MIR SA, a fabric manufacturer, where he worked with production planning. Has been with KSA/Spain since September. Assigned to Strategy.

*Robinson, Timothy J. (Tim)* — BSc B.Eng — Engineering, Manufacture & Management, University of Manchester



**Left to right: first row: Taylor, Cordes, Vester, Self, Shafer, Ferraris; second row: Slegers, Oglesby, Swint, Zozom, Ricaldone, Stiely, Swanson; third row: Mas, Riera, Witte, Glockner, Robinson.**

Institute of Science and Technology. Hometown: Stocksfield, Northumberland, England. Age: 26. Married: Sue. Previous experience includes Compuslide Systems (UK) Ltd. where he worked in management, scheduling and design and Arthur Andersen & Company where he was involved with analysis, programming and teaching. Assigned to Information Systems.

*Self, Cynthia A. (Cindy)* — BSMSCI, Georgia Tech. Age: 21. Single. Hometown: Jacksonville, Florida. Previous experience includes Hayes Microcomputer products, TeleCable of Greenville and AT&T. Assigned to Information Systems.

*Shafer, Kathleen A. (Kathy)* — BSIE, Virginia Polytechnic Institute & State University. Age: 22. Single. Hometown: Fairfax, Virginia. Previous experience includes industrial engineering in manufacturing and distribution divisions of Baxter Healthcare Corporation, a hospital supply company. Assigned to Distribution.

*Slegers, Stefan* — Dipl. Kfm, Munster. Age: 31. Married: Barbel. Hometown: Monchengladbach, Germany. Previous experience includes Untemehmens5 beratung Lickes as a management consultant and van Laack, a shirt manufacturer, where he was a sales manager. Assigned to Strategy.

*Stiely, Jeffrey B. (Jeff)* — BS Mgmt Sci, Virginia Tech. Age: 24. Single. Hometown:

Sterling, Virginia. Previous experience includes: Defense Logistics Agency, Department of Defense, where he worked in management analysis. Assigned to Information Systems.

*Taylor, Nichola S.D. (Nicky)* — BA, Clothing Studies, Hollings College, Manchester Polytechnic. Age 28. Single. Hometown: Bury, Lancashire. Previous experience includes Compton Sons & Webb (Wantona Viyella) and Haythornthwaite & Sons, a raincoat manufacturer. Assigned to Operations.

*Vester, Thomas* — Diplom Kaufmann, University of Munster. Age: 33. Single. Hometown: Dusseldorf. Previous experience includes: C&A—Germany and Hachmeister & Partner where he was a retail consultant. Has been with KSA/Germany for one year. Works primarily in retailing.

*Witte, Stefan* — Master of Science and CIM Certificate, Georgia Tech; Diplom Ingenieur, Universitate Dortmund. Age: 29. Single. Hometown: Dortmund, Germany. Previous experience was with Robert Bosch Corporation. Assigned to Distribution.

*Zozom, Andrew, Jr. (Andy)* — BSIEOR, Virginia Tech. Age: 22. Single. Hometown: West Milford, New Jersey. Previous experience included Philip Morris, USA. Assigned to Operations.

leading to absorption within GATT in the next 10-15 years. After 1992, the removal of border controls will result in EC import quotas, rather than individual country quotas as at present under MFA. Whether this is a benefit or a disadvantage depends on whether a client sees imports as a threat to his domestic production or as one arm of his sourcing strategy. It will certainly increase the uncertainty of the trading environment.

Many 1992 observers think the psychological impact of the campaign outweighs the significance of the legislative program. Much has been made of US and Japanese fears that the EC will become a Fortress Europe. Without waiting to see if that view has any validity, companies are looking to establish a European presence. The idea of a market of nearly 300 million people with 80% of the purchasing power of the US has caught a lot of attention, and stimulated much interest in international marketing.



***“The euphoria that greeted the liberalization of the political regimes of Eastern Europe . . . has been tempered by the realities of their economic backwardness.”***

***—Larcombe***

Some general advice to our clients includes the following:

- Changes in the trading environment will come from changes in the behavior of some of those companies operating in it, and not from the

minutiae of EC legislation.

- Don't wait until all the rules are in place. There will be no “big bang.”
- 1992 is not all about new opportunities — it is also about new threats.
- Look at ways of achieving a real sales presence, through acquisition, joint venture or other means if your existing company structure is inadequate.

With the exception of West Germany, Italy and Portugal, the EC clothing industries have a poor export record. France and the UK export little more than 10% of their output to other EC countries. US exports to the EC are minimal. If there is no additional effort to change this situation, these industries will lose share in the EC market.

**“1992” opportunities for KSA**

International marketing and distribution studies are proving to be the key areas of interest to clients, such as *Fruit of the Loom*, *Crystal Brands*, *Reebok* and *Time-Life*. These studies require us to put together teams of staff from several offices, including New York, Altrincham, Dusseldorf and Barcelona. That we can do this effectively is a measure of KSA's increasing global capability.

We are currently undertaking a major study for the EC Commission, *“Encouraging the Competitiveness of the Soft Goods Industries Through Cooperation in the Post-1992 European Community.”* This is an unwieldy but self-explanatory title for a project that could lead to much implementation work.

**The Eastern Bloc**

The euphoria that greeted the liberalizing of the political regimes of Eastern Europe, following on from Perestroika, has been tempered by the realities of their economic backwardness. Are they another potential 130 million consumers for Western products or another major source of low-wage cost labor to add to the 270 million or so in the USSR?

For many years, there has been a trickle of Eastern European textile products into Western markets, through enterprising importers, broad-shouldered (or thick-skinned) enough to withstand the calls of “dumping” or “unfair trade” from their competitors, doing business with

countries desperate for hard currency. In the past, a second export route from East Germany to West Germany was more legitimate, and liberal attitudes towards source labeling enabled West German companies to move the products on within the EC.

Now, the political barriers are down and the opportunities for business and trade are



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***—Beddows***

more generally accessible. Imports from Eastern Bloc countries will still be subject to tariffs and quotas (though probably more liberal than previously). The main problem remaining is the total lack of certainty about business ownership and costs.

**Doing business in the East**

As in the USSR, there are still some very fundamental and formidable hurdles to be cleared. Doing business with the state apparatus, as with any bureaucracy, is time-consuming. Committees abound, decisions are difficult to come by, and are often not made by the client, and the acceptance of responsibility is often a novel concept.

The process of democratization will proceed at varying rates, with Eastern Germany a special case. In the short term, the better opportunities will be with

countries like Hungary and Czechoslovakia, and the Republic of Estonia, which seem to have the cultures and attitudes to business that empathize more readily with the West.

For these countries, clothing exports are a potential source of hard currency, and, thus, there are product sourcing opportunities. Until effective currency exchange facilities are in place, cost competitiveness will depend on the need for hard currency and will probably erode in a very few years, so any investment by a client in a supplier will need to be seen on the basis of a quick return.

Other opportunities for selling products or consulting work will be constrained by the lack of hard currency or other tradeable goods to be taken in part exchange. In the near future, the main opportunities for KSA are likely to be working on behalf of a Western investor, or, as a result of aid schemes, channelling funds from the West to upgrade Eastern facilities.

Some pilot research into eastern German consumer attitudes, conducted by our Dusseldorf office, has indicated limited awareness of the variety of choice of clothing potentially available. One of the more bizarre aspects of the study findings was that men over the age of 60 were not able to give coherent and consistent answers on the subject.

Doubtless, enterprise and ingenuity will together find a way of making things happen. For example, KSA is currently looking at a cutting room project for one of our USSR clients. We will be paid by a Swedish bank, which is backing a Swedish agent who will be supplying the equipment. The bank will eventually be paid when the contracts for product supply that the agent has negotiated with our client are fulfilled with a Swedish clothing distributor.

### The challenge

There is no doubt that the EC market and Eastern Europe represent opportunities, in many ways, for all sorts of companies — including KSA. Our domestic markets have long been under threat from external competition, and will be increasingly so. For our clients, and ourselves, we have to be prepared to make greater efforts and assume the greater risks of operating in the larger, more dynamic global environment.

## Direct marketer discovers benefits of QR

by Phil Kowalczyk

*Spiegel* is a direct marketing retailer with sales of \$1.7 billion. In March of 1989, Spiegel executives asked KSA to help them determine if there was any value in QR for the company. As a direct marketer, Spiegel already captured point of sale data at the SKU level, analyzed pre-season and in-season forecast data relative to actual sales, and was willing to share information with suppliers. The company was uncertain of the additional opportunities and value QR offered it.

KSA was challenged to assess Spiegel's current mode of operation, design a QR strategy indicating specific changes needed, and estimate the operating and financial impact of operating in a QR mode.

The program that KSA developed revolved around five start-up projects that Spiegel initiated with key suppliers. The pilots involved a wide range of product categories and vendors of varying levels of QR implementation experience.

Interviews were conducted with the merchandising staffs of the various departments involved in the start-up projects. In addition, joint planning and working meetings were held with suppliers to gain their support and develop a strategy that benefitted both groups as they worked to reduce lead times.

Operating practices and measures of performance were investigated and analyzed in many functional areas of both Spiegel's and the manufacturer's operations. These included: merchandising, receiving, warehousing, traffic and distribution, customer service, phone center and MIS.

Recommendations for implementing QR throughout the organization encompassed all of these functional areas and included appropriate measures of performance and goals for implementation.

The current lead times and financial performance of each start-up project were documented and analyzed. The investments and benefits

to be achieved through the implementation of the five start-up programs were quantified and presented to Spiegel's top management.

### Results

The key finding was that operating in a QR mode with suppliers could dramatically improve Spiegel's profitability.

The added value from QR operations will come from improved operating profit and reduced investment in inventory.

For the categories included in the project, the projected improvement in pre-tax operating profit ranged from 4% to 12% of net sales. Potential for released capital under QR ranged from 3% to 7%. Therefore, in a product category worth \$1 million, a QR partnership could result in improved operating profit of \$40,000 to \$120,000 and released working capital of \$30,000 to \$70,000. Keep in mind that these are improvement projections for a company with very high service levels (low stock-outs); the potential for other companies may be even greater.

From Spiegel's perspective, several important results were achieved.

- Its key question was answered . . . yes, there is value to implementing QR for Spiegel.
- Spiegel has implemented a company-wide strategy for QR to ensure that each function within the company is progressing and supporting the implementation plan.
- Because of the high degree of involvement from client personnel throughout this project, Spiegel has developed an internal resource group well informed about QR within the company and in the industry.
- Due to the significant impact that QR can have on the company, Spiegel is moving forward from the planning stages to implementation with the start-up vendors and looking to expand the program in 1990 and beyond.



Kowalczyk

store. Additionally, it is believed that no program like this had ever been attempted.

The project was the culmination of ground work spanning almost a decade by *Jim Giddings*, AE for Neiman Marcus, and *Bernie*. Back in 1981, KSA had first proposed engineering the Alterations Departments. During the next six years, similar proposals were made and rejected. In 1987, *Bernie* and *Cesar Mantilla* analyzed the Alterations Department at the Houston Galleria. From this analysis, they recommended equipment and layout changes and proposed an incentive system. The equipment and layout changes were implemented; however, once again the concept of incentives for the associates was rejected. In 1988, with the support of *Hal Wilson*, Vice President of Operations for Neiman Marcus (and formerly a principal in KSA's Distribution practice), KSA was authorized to engineer not only the Alterations Department, but also all sales-support areas.

The five primary sales-support departments are Alterations, Fur Services (Alterations & Storage), Gift Wrap/Wrap & Pack, Maintenance of Stock, and Receiving. The goal in these departments was to establish standards and place the associates on Base Plus®.

The secondary sales-support departments are Cash & Credit, Loss Prevention, Maintenance of Property, PBX-Telephone, and Visual. The goal in these departments was to develop staffing models that could be used to determine staffing levels for existing and future stores. The Houston Galleria store was chosen as the pilot store since a relationship with the management team existed from the work done previously in the Alterations Department, and Neiman Marcus management wanted to shift certain non-selling space into selling space.

The work environment at Neiman Marcus was as unique as the project itself. On a regular basis the store would have breakfast, lunch, or cake and coffee to celebrate a retirement or to pay recognition to a department or group of people.

Somehow, we always managed to be invited to such events. During the week before Christmas we were invited (actually

compelled) to attend an array of lunches in the various departments in which we were working, sometimes several in one day. Normand commented after his first day on site, during which he was invited for cheesecake and coffee, that he was "never leaving retailing." Of course, we knew that even if we stayed in retailing, it could only go downhill after Neiman Marcus.

First to be tackled was the Alterations Department, which represented approximately 1/3 of the sales support census and offered opportunity for substantial improvements to productivity and customer service.

During the initial study it became apparent that the approach to standards development was going to be somewhat different than the approach that might be used in a distribution center or manufacturing facility. While the men's side of the room had fairly repetitive operations, women's alterations featured unlimited variances. The shortening of a sleeve on a woman's jacket could take 20 minutes or three hours, depending on the designer and the garment specifications.

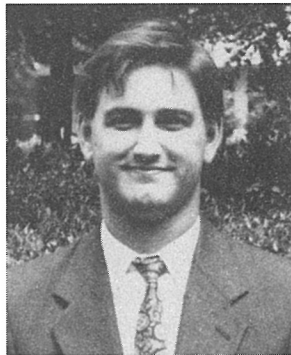
To address this problem (or, as I learned

from Normand, "opportunity") the Systems group developed the KSA Standards Derivation System. *Randy Sadler* and *Terrell Mills* developed a PC based system that creates "standards" for virtually any garment. Associates select, from a menu, the standard elements developed by the engineering team on-site that apply to the garment in question. The elements can be a fixed or variable time (e.g., fixed time to shorten a coat sleeve and a variable time per button). Additionally, the user inputs the garment description, due date, and customer name, and then prints the standard on adhesive coupons that are subsequently attached to the garment. If a piece is so unique that its standard cannot be calculated using the computer data base, the department manager or assistant may estimate the amount of time it will take to complete the garment and issue a coupon using the computer system. This is called a Manager Generated Ticket. As the garment is processed through the workroom the associate who performs the alteration removes the appropriate coupon and attaches it to his/her production log.

The Standards Derivation System is also capable of generating reports for forecasting staffing needs, analyzing work history, and tracking the performance of the room in meeting promise dates. Furthermore, the system provides the immediate status and location of all garments processed through the workroom — an important customer service edge.

When I arrived in Houston, the engineering team had already completed the men's alterations area and had begun looking at the women's side of the room. My first time studies were on jobs with cycle times typically between one and four hours. Rome was never like this. I continued work in Alterations and coordinated with *Randy* and *Terrell* to eliminate the bugs in the Standards Derivation System and update the files.

Next, the Standards Derivation System was installed in the Fur Services workroom. The actual work on the fur pelts was left off of the Standards Derivation System, but all of the work on the linings and accessories was included. Cycle times for some jobs in this workroom exceeded ten hours.



***"... women's alterations featured unlimited variances. The shortening of a sleeve on a woman's jacket could take 20 minutes or three hours, depending on the designer and the garment specifications."***

***—Ford***



*Normand* started work in the Gift Wrap/Wrap & Pack Department. *Jim* suggested breaking down the job of wrapping a package into two distinct jobs. The first job was the assembly of the "kit" which contained the item to be wrapped and all the necessary materials to do the job. The second job was the actual assembly of the "kit" into the final wrapped package. The change to this "kitting" system, as it became known, required the building of new work stations and the redesign of the layout of the Gift Wrap/Wrap & Pack Department. The installation of this new system occurred just as the Christmas rush began.

The true test of the kitting concept occurred on December 6 when Neiman Marcus had its annual "In-Circle Night." To be an In-Circle member you must charge a minimum of \$3,000 per year on your Neiman Marcus Charge Card.

On In-Circle Night, the store was closed to the public at 6:00 p.m. and re-opened for the invited guests at 6:30 p.m. Bands and string quartets provided atmosphere, and free champagne and wine added to the spending. One customer told a sales associate, "My husband says I must spend \$40,000 this evening. Please help me."

The result of In-Circle night was \$1.4 million in sales in three hours . . . and 1800 packages to be wrapped and picked up or sent out. To make matters worse, Neiman Marcus guarantees a package will be ready for pick-up between 15 and 30 minutes after it is purchased. It proved to be no problem. The new kitting method and the installation of Base Plus® resulted in an 85% increase in wrapping productivity during this evening, compared to previous years.

The Receiving Department received layout changes and was placed on Base Plus® in January, 1990. Another success. The last department remaining to be put on Base Plus® was Maintenance of Stock. In the other departments the time frame for installing Base Plus ranged from four to nine months. We had five weeks to complete Maintenance of Stock. *Doug Krebbiel* joined the team (thankfully) during mid-February. The other departments in which Base Plus® had been installed were largely insulated from the selling floors; however, the

Maintenance of Stock Associates were the link between the other sales support departments and the selling floor. Therefore, we had to become more involved with the various department managers and sales associates. Time study for this department included some interesting elements, such as elevator delays and interruptions by customers and sales associates. At all times, the needs of the customer had to be considered, but on March 26, the Maintenance of Stock associates were up and running on Base Plus.®

Final documentation consisted of over 2000 pages in eight volumes (36,000 sheets of paper total). Sales-support staffing in the store has been reduced by 36%, while simultaneously improving levels of customer service, as measured by promise dates, returns for alterations, waiting times for gift wrapping, availability of merchandise, etc.

Strict Quality Assurance programs were implemented along with the installation of Base Plus®. Quality and customer satisfaction have remained consistently high. Neiman Marcus has found that because of Base Plus®'s earning potential and the objectivity of its review process due to Base Plus® performance measures, it can attract and keep skilled associates in an ever tightening labor market (particularly important for the increasingly scarce skills in alterations departments).

The installation at the Houston location occurred during a period of great change for both Neiman Marcus and the retail industry in general. During the course of the project there were two different store managers and three different Chairmen. After the successes at the Houston Galleria, all parties involved agreed that the project was an unqualified success. The two Neiman Marcus engineers trained during the Houston project are currently installing the program at the Neiman Marcus location in the North Park Mall in Dallas, Texas. KSA continues to be involved and further implementation work may follow.

*Jim, Bernie, Normand,* and others are excited about KSA's future in engineering store locations for various retail clients. With results like these, it's obvious that the Operations Group can do quite a bit for stores like Neiman Marcus!

## The Tiring Inferno

by *Susanne Akins*

On the evening of July 16, *Jim Neal*, *Jonathan Medverd* and I were working on a report in the New York Office for the Spinnerin Yarn Company. The report was due by 8:30 a.m. the next day. We were set for a night of fun-filled writing, proofing, and typing into the wee hours. But it was not to be.

At 6:15 p.m., the Federal Express carrier called to say he couldn't make a pick-up because of the fire in the building. Fire? WHAT FIRE? We didn't hear any alarm, but when we looked out the window, we were frightened to see *dozens* of fire trucks and ambulances on the street below. We knew we should get out right away. (We learned later that some people were actually advised to stay *in* the building, and were eventually trapped there.)

On the way to the lobby, we tried to make light of the situation. "What are we going to do about dinner? All the Chinese food we ordered won't get here!" But fate has its ways. We met up with the delivery man in the lobby.

We took our take-out to McDonald's, where more danger awaited. The perturbed restaurant manager tried to kick us out, but Jonathan flashed his best "buy-my-proposal" smile and used all his charm to save the evening. "Please, sir," he pleaded, "We'll be very good. We'll even clean up after ourselves!"

It worked. We spent about an hour at McDonald's, then stood outside waiting for the building to reopen. We were interviewed for a television reporter's coverage of the fire, and were later featured on the evening news.

Fire and water damage was contained to the 46th through 55th floors (KSA is on the 18th floor), but smoke filtered through the entire building. No tenants were hurt or killed; about 50 firemen were treated for smoke inhalation.

The building was not re-opened that night, so we returned at 5:00 the next morning to complete the dirty deed of report preparation amongst the smoke and mist.

# Senatobia engineering program for Carter's

by Becca McClendon

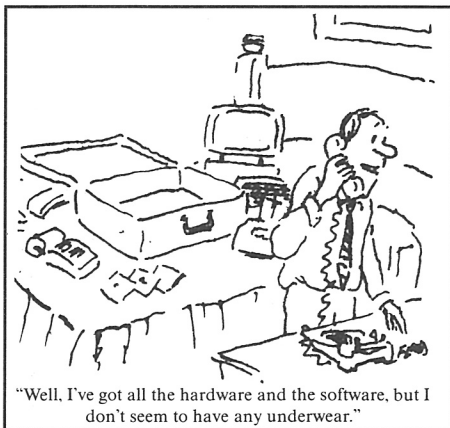
Last year was an exciting one for the Operations practice as we began implementing Modular Manufacturing in conventional sewing facilities beyond the "pilot" efforts.

The Senatobia, Mississippi apparel manufacturing facility was selected as one of the five facilities within The William Carter organization to be engineered during 1989. Senatobia manufactures women's and children's basic undergarments such as briefs, panties, T-shirts and camisoles. The average tenure of direct labor personnel was between 11 and 15 years and the average age was between 36 and 45. All in all, the plant had not experienced major change for quite some time.

The plant profile identified significant cost reductions through engineering; however, little opportunity existed in equipment improvements and method changes to support a conventional program. Thus, it was decided to engineer the facility by re-organizing the sewing and finishing departments into small work teams or modules, converting the plant into one of Carter's two modular manufacturing facilities.

KSA's overall project objectives were to:

- Improve the working environment for the 300+ direct labor employees as conditions were observed to be cramped and hazardous.
- Correct labor standard inequities resulting in a leveling of piecework earnings.
- Reduce indirect staff levels.
- Improve manufacturing lead times



and work-in-process levels.

The project began in December, 1988, with full-time consulting assistance concluding in late October, 1989. Local staffs have continued to implement modules with the remaining sewing machine operators.

To support the overall goals of the project, KSA provided extensive educational training for local management prior to any active manufacturing changes. A three-day workshop was conducted to introduce local management to the fundamental manufacturing changes that would take place, two three-day LET courses were held to provide extensive communication skills training, and assistance was provided for AAMT and supervisor/facilitator training.

## Results

**Throughput Time**—Sew, Finish, and Ship total throughput time has been reduced by 39% to 7.2 days. Three to four of these days are Cut Goods. With stronger scheduling controls, Senatobia could maintain 2-3 days of cut goods WIP, which would mean a 72% reduction in throughput.

**Direct Labor Cost**—An 18% reduction in SAH through engineering has been realized, versus an estimate of 10%.

In an environment where accurate standards are in place, it is unlikely to expect an SAH reduction through the recovery of bundle handling elements. Generally, we are finding the module delay to range between 5-10%, influenced by the ratio of operations to operators and the layout.

During the survey base period, plant excesses were averaging 7.2%. We projected that the plant would be able to operate with 6% excesses in a stable environment. In January, 1990, the plant averaged 6.8%, excluding the retraining costs associated with the most recent module conversions.

As the plan matures and improvements are made in other areas, excesses may average less than 5%. We have seen groups consistently run below 3%.

**Operator Performance**—During January and February, the average module on-standard performance was 90%. This performance level is good despite the

weak sponsorship we experienced throughout the project.

During this same time frame, 13 of the 37 modules were performing above 100%. Average earnings have increased 3.8% over the previous year exclusive of earnings protection packages.

We did not consider operators' past performance as a primary criterion when organizing the modules. In retrospect, we feel performance should be considered.

**Overhead Recovery**—Overall square feet per operator has increased from 54.2 to 63.1, a 16.4% increase versus an 11.3% planned increase. This is *atypical* of module installation; generally a reduction in square feet per operator is achieved.

In 1989, a 3.3% increase in annual dozens was realized. This translates into a 20.7% increase in annual equivalent dozens per operator vs. a goal of 19.9%.

Overall, these improvements produced a 2.5 year payback; however, one-third of the implementation costs were earnings protection measures. Without these, the payback would be two years.

## Future goals and considerations

MOC principles allowed us to achieve the improvements by keeping a focus on sponsorship and resistance. If you are evaluating a similar plant for RM, the following should be considered:

1. How adaptable is the workforce to change?
2. Are there ways to initiate cross-training prior to process change to disassociate the relationship?
3. What has been local management's history in dealing with borderline employees (barely out of make-up or marginal quality)?
4. Do the sales forecasts support the additional capacity resulting from engineering improvements; and if not, should new products be introduced while converting the process?

A new plant manager joined the staff recently and has made significant headway in building synergistic workteams. His current objectives are to pursue the capacity recovery efforts, reduce indirect labor, and help line managers develop their leadership skills in facilitating the modules.

## NEW PRINCIPALS

### Becca McClendon

Becca has been one of the key managers developing the Responsive Manufacturing concepts in our Operations practice. She has participated in a wide range of cost improvement projects for clients such as Coach, Hartmann Luggage, LL Bean, and Arrow. Recently, she has taken a lead role in our Operations marketing efforts with four major speeches in 1989.

Becca has a BS degree from Meredith College and an MS from the University of Tennessee. Becca, *Frank*, and their infant daughter, *Elizabeth*, live in Nashville.

### Randy Moore

Randy joined KSA with prior experience in planning and logistics. He was a member of the first Base Plus® team at Liz Claiborne in Secaucus, New Jersey. The results of this project led to six more distribution center Base Plus installations within a five-mile radius. He continues to work with Liz Claiborne and such other key clients as Women's Specialty Retailing, Escada, and Macy's. He is active in projects in Distribution Strategy, Design, and Systems.

Randy has a BS and an MBA from the University of Tennessee. Randy, wife, *Melody*, and daughter, *Kristen*, live in Bucks County, Pennsylvania.

### Madison Riley

Madison joined KSA from the Darden Business School (University of Virginia), where he completed his MBA after a summer internship with KSA. Madison holds a BA in Economics from Trinity College. Since joining KSA, Madison has served several clients in all four industry sectors in CPD. Key clients include JP Stevens, Woolrich, Angelica, Dillard's, Lanier Clothes, and HH Cutler.

Madison and his wife, *Laura Hewitt* and their one-year-old son, *Madison IV*, live in Atlanta.



Riley

### Mike Swift

Mike has carried out and managed major distribution projects for LL Bean, Bloomingdale's, Charming Shoppes, QVC, and Cabela's. He has developed an in-depth knowledge of mail order and has addressed the Direct Marketing Association conference on the subject of Base Plus®.

Mike is a graduate of Wabash College, with an MBA from Indiana University. He and his wife, *Terry*, live in Bucks County, Pennsylvania with their children, *Emma*, *Thomas*, and *Joe*.

### Chuck Troyer

Chuck joined us directly out of Indiana University where he received a BS and MBA. He has played a major role on important projects for Converse, Sears Roebuck, Hanes Hosiery and a variety of others. Chuck has shown a particular propensity for technical innovation in the areas of forecasting and seasonal line planning, and for many clients has proven the value of the personal computer in decision support system application.

Recently, Chuck has taken on marketing responsibilities in retail direct marketing as well as the task of staying abreast of the systems implications resulting from J-I-T and Responsive Manufacturing developments.

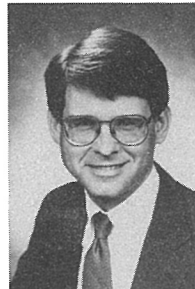
Chuck and his wife, *Claudia Counts*, live in Princeton.



McClendon



Moore



Swift



Troyer

## West Coast endeavors

by Brady Knight

KSA has targeted the West Coast as one of the major market areas for further business development and is currently growing the Los Angeles office to build the practice. The KSA office has recently moved two doors down from its old location and effectively doubled its space. This expansion created some breathing room for the four Distribution and three Systems consultants currently working out of the office.

The divisional principals (*Lynn Spubler* and *Ken Wilkes*) are still actively looking for staff/manager consultants to work projects from the region as the practice continues to expand. The Distribution and Systems personnel are currently working closely together to leverage both the knowledge and abilities of the two groups. This approach has worked particularly well with clients, *Asics Tiger* and *Cherokee*, as both groups have contributed to successful sales and delivery of work. This synergy has created high value service for our clients and helped us be more profitable.

Current projects are being delivered or have just been completed at:

*Esprit* — Systems strategy project

*American Marketing Works* — Package implementation assistance

*Excelsior* — Operating procedure installation

*Pay n Pak* — Package implementation assistance

*Asics Tiger* — Distribution strategy layout project

*Cherokee* — Distribution center reconfiguration strategy

*Norm Thompson* — DC reconfiguration

*San Francisco Music Box* — DC reconfiguration

*Quiksilver* — Warehousing survey

Thanks to everyone for your kind words, thoughts, and prayers when my husband, Stan, passed away. It meant so much to have the KSA family remember me during a difficult time.

Mary Baach



## NEW VICE PRESIDENTS

### Todd Barr

For the last four years, Todd has led the Distribution Group's development of our practice in the direct marketing segment of retail, building volume from a few hundred thousand dollars to \$3 million in 1989. He has been instrumental in expanding our direct marketing client base to include such clients as Citicorp, American Express and Time, Inc. in addition to traditional catalogers such as LL Bean and Lillian Vernon.

Todd's ongoing work with the Direct Marketing Association and numerous Catalog Age articles, planned by Todd and authored by various KSAers, keep KSA positioned as an authority on the key issues facing direct marketers. Along with his marketing efforts, Todd remains deeply involved in Distribution project work. He was one of the leaders in the development of Control Plus, which is now a mainstay of our Distribution practice. Todd is a Georgia Tech graduate.

Todd and *Diane* and their two children, *Lindsay* and *Taylor*, live in Atlanta.

### Peter Brown

Peter learned his navigation skills well at the U.S. Naval Academy as he has steered a steady course through successful projects in Operations, Information Systems, Distribution and Strategy, serving clients throughout the market sectors in the Consumer Products Division. He is presently Northeastern Regional Service Director for the Strategy group.

Peter is very adept at effectively integrating KSA's services into high value projects producing significant lasting results for major clients. His development of merchandising services has led to the penetration of the women's fashion industry through engagements for such prestigious firms as Ralph Lauren, Leslie Faye, and Albert Nipon.

Peter is an exemplary account executive. He is using his broad range of consulting skills and client orientation in the

development of a strong Strategy practice unit in the Northeast.

Peter and *Marilyn*, and their son, *Mason*, live in Connecticut.

### John Champion

John has played a key role in the growth and development of KSA's Distribution practice. He was instrumental in moving KSA into Computer Aided Design and in the development of our Distribution Strategy practice, including the computer models used to support this service. He is now the Regional Service Director for Distribution in the Southeast.

Recently he has chaired the committee charged with defining the professional development needs of the Distribution Group.

John's work with the Amcena Group clearly demonstrates how important and productive a strong account executive relationship can be when it is based on consistently high quality work. It has led to major projects with the Amcena divisions, including Hub Distributors, Maurice's, Upton's, Eastern Mountain Sports, Women's World, and The Lodge.

John is a graduate of North Carolina State, and he and his wife, *Penelope*, live in Atlanta.

### Bucky Knowles

Bucky is currently the National Service Director of the Facilities Group of the Health Services Division. He was responsible for developing the Washington office and has contributed significantly to our very strong market position on the East Coast. Recently, he has been involved in selling and delivering some of our largest engagements to such prestigious clients as Northwestern

Memorial Hospital, George Washington University and the University of Maryland. He and our other colleagues in the Facilities Group have significantly reinforced our reputation as the premier facility consulting firm in the country.

Bucky holds two Master's degrees, one each from the University of Minnesota in Health Care Administration and the University of Florida in Architecture.

Bucky and his wife, *Kathy*, live with their two sons, *Patrick* and *Bryan*, in Oakton, Virginia.

### Bruce Miller

Bruce is the National Service Director of the Strategy Group of the Health Services Division. He has contributed to the success of the Strategy Group nationally as well as significantly enhancing the practice in the Midwest. Bruce is very effective in developing long standing relationships with clients for whom he consults on a regular basis. He has taken the lead in expanding the services that we provide to physician groups to such an extent that this area is becoming a major portion of our practice. Assisted by many others in the Minneapolis office, he is the main liaison with the Program in Hospital Administration at the University of Minneapolis as a faculty member in the University's Division of Hospital and Health Care Administration. He also lectures on strategic planning principles and serves as a Clerkship advisory. This program and its graduates are a very important source of contact with the health care leadership across the country.

Bruce holds Bachelor's and Master's degrees from the University of Minnesota, where he majored in Health Care Administration.



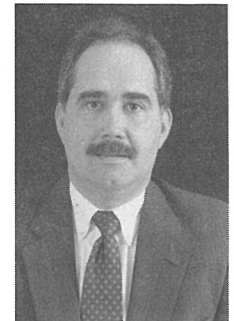
Barr



Brown



Champion



Knowles



Bruce and his wife, *Joleen*, live with their two daughters, *Tara* and *Wendy*, in Minneapolis.

### Butch Price

Butch has recently completed his tour of duty as director of KSA's practice in the Far East. As the practice leader in this developing region, Butch has been deeply involved in adapting traditional KSA services to the needs of our Asian clients. In this role he has led our Far East business development efforts, served as account executive for our largest Asian accounts, and managed a number of significant projects. Equally important, he has handled the recruitment and development of the consultants who will provide the foundation for KSA's future growth in the region.

Butch is a member of the Operations Group and was one of a team responsible for developing and refining KSA's service in sourcing. This provided good background for his two tours of duty in the Far East.

Butch is a graduate of Georgia Tech, and he and *Linda* have a daughter, *Lindsey*.

### Steve Riepenhoff

Steve began his career in KSA with several years in Operations before transferring to Distribution. Starting from a small base, he has built the Northeast Distribution practice into a very important practice segment. In the course of doing so, he has been instrumental in developing a strong group of Distribution consultants and analysts based in the Princeton office.

This group, supported on an ongoing basis by various relocating consultants, has had a real impact on distribution design and productivity in the highly concentrated northern distribution industry. KSA has worked in seven distribution centers

within a three-mile radius of each other in Secaucus, New Jersey alone. The word on high quality work really does get around!

Steve is our account executive for key accounts such as Liz Claiborne, Bloomingdale's by Mail, and Joseph A. Bank. In addition to his work with apparel, footwear and retail clients, Steve has been a leader in bringing KSA's services to the publishing industry with such clients as Waldenbooks and Viking Penguin.

Steve is a graduate of Notre Dame, and he and wife, *Kathy*, and their two children, *Courtney* and *Matthew*, live in Bell Mead, New Jersey.

### Fernando Silva

After three years in Operations, Fernando moved into the Strategy practice where he played a strong role in structuring KSA's approach to business strategy projects. From this base he has assumed leadership for KSA's mergers and acquisitions practice. Fernando has been very effective in integrating KSA's multi-service capabilities to provide truly unique value to our M&A clients. He has a broad perspective, having served clients in every segment of the soft goods chain as well as serving clients in many foreign countries. He couples this breadth with an unparalleled degree of analytical depth. Fernando brings his consulting skills and sharp intellect to bear in the development of his strong and growing practice unit as the Southeastern Regional Service Director for Strategy.

His clients include HH Cutler, Santista, Coca-Cola, the Blackstone Group, and Morgan Stanley.

Fernando is a graduate of Georgia Tech. He has two sons, *Alexander* and *Eduardo*, and lives in Atlanta.

### Just add water . . .

. . . and Presto! a KSA office. Well, that shouldn't be difficult where our newest KSA office is located — lush, tropical and steamy Singapore!

With a growing Asian practice, an office centrally located in Southeast Asia made sense. Singapore, being the crossroads of Southeast Asia, and having the most modern business facilities (much of which would make Atlantans and New Yorkers envious) was selected.

Singapore has a rich and notorious past. It was established in 1819 by Sir Stamford Raffles, one of those globe-trotting British Colonialists, for the purpose of trade and "piracy." Traditionally, there was little else that occurred in Singapore. Immigrants from throughout Asia — Chinese, Indian, Malay, Indonesian, and Middle Easterners — flocked to Singapore to make their fortunes. More often than not, many ended their lives in poverty working as coolies. But those who made it turned Singapore into one of the major centers of trade in Asia.

With independence from Britain in 1957 and later independence from Malaysia in 1965, Singapore began a program of progress unparalleled in the twentieth century. In 25 short years, Singapore has transformed itself from a small trading kanpong (small village) to an international metropolis with the world's most efficient airport and a standard of living higher than many European countries.

The development of Singapore played a significant role in its selection as a KSA office site. Although we have not done a significant amount of work in Singapore itself, its large number of flights to most Asia locations means we are a few hours from any of our projects.

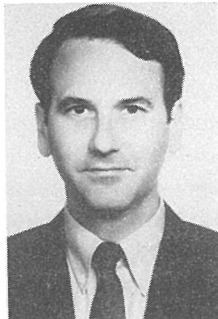
Our office is located just outside the city centre in an area called Newton Circus. We are in a high rise building on the nineteenth floor, with a spectacular view — city on the left, country on the right.

In the future, the Singapore office will be the Far East's center for recruiting and training. In fact, we are in the middle of our 1990 recruiting drive, which is being coordinated from the Singapore office and conducted in the Philippines, Thailand, Malaysia, and Singapore.

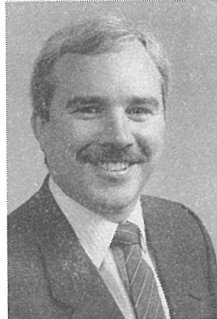
—Cheryl Hawkins



Miller



Price



Riepenhoff



Silva

## RETIREMENTS

### Bill Cameron

Bill retired to join Southern Tech in Atlanta in April. In his new role, Bill assists Southern Tech in managing a joint contract with Georgia Tech and the Defense Logistics Agency as he phases into teaching in both the undergraduate and continuing education programs.

Bill will continue to teach the KSA Plant Manager and Apparel Engineer courses, which will now be offered under the joint sponsorship of KSA and Southern Tech.

Bill began his KSA career fresh out of engineering school at Auburn in 1957, and conducted and managed many successful



Cameron



Vought

implementation projects. For much of the past ten years, he served as our training director and personnel director. He also handled many special assignments such as the '85 and '88 consultants' conferences and the '89 AO move. Bill's immense contributions to KSA will therefore continue for at least another 30 years — as the classes of the '80s move through their careers and apply his words of wisdom.

Bill and his wife, *Carolyn* will remain in Atlanta. Their two sons are students at Auburn University — one majoring in industrial engineering, the other in finance.

### Dean Vought

Dean retired in May to become President and Chief Operating Officer of the Textile/Clothing Technology Corp. (TC)<sup>2</sup>. (TC)<sup>2</sup> is dedicated to research and development and is a consortium of organizations and companies in the textile and apparel industry. Supported by government and corporate funds, (TC)<sup>2</sup> serves as a catalyst in the development of new technology — both hard and soft. Its facility in Raleigh, NC includes operators producing actual garments in modules, unit production systems, and progressive bundle units, as well as demonstrations of

new equipment.

Dean will have an office in New York and will continue to live in Garden City, NY with his wife, *Susan*, who is a pediatric nurse practitioner. They have five grown daughters.

Dean was KSA's first summer intern in '48 and '49, and then joined the firm in 1950, fresh out of Pennsylvania State University with an IE degree. Two years later, Dean took on the responsibility of managing the McRae plant of KSA's Roydon Wear Subsidiary. He went on to lay the groundwork for our UK practice when he helped set up our affiliation with PE Associates there in 1960. At around the same time, Dean did our first warehouse (the forerunner of Distribution) project. But his forte was always apparel manufacturing, particularly men's tailored clothing.

He became a vice president in 1960, and executive vice president and member of the Executive Committee in 1962. He was a Board member for 25 years.

Dean helped KSA develop its body of knowledge in many areas of apparel manufacturing, and taught many of us how to use it as professionals. We will always value him for that.

## Atlanta Office gets on recycling bandwagon

by Ed Rader

Numerous environmental problems plaguing our planet have become a major concern of the American public, and citizens of the world, during the last decade. KSA shares this concern, and, in the first step towards becoming more environmentally responsible, held a meeting in July to discuss a new recycling initiative. A large contingent of KSA staffers attended the meeting. We talked about steps toward making recycling a permanent part of daily routine here in the Atlanta office.

Three collection boxes have been placed in each breakroom for computer paper, white paper, and aluminum cans. By popular demand, KSA will no longer purchase styrofoam cups, a known hazard to the earth's ozone layer. Employees are now using washable

plastic cups provided by KSA, or are drinking coffee or tea out of mugs brought from home.

A volunteer "Recycling Task Force" was formed. This group will be responsible for keeping everyone motivated and planning special recycling events.

Improving our planet and environment is more important than ever, and we challenge all KSA offices to join us in this recycling effort to help make KSA an environmentally responsible company.

*Editor's note: This issue of the Observer was printed on recycled paper.*

### **The following list identifies some of the commonly recycled office grades and some contaminants:**

#### **Recycle These:**

White typing paper  
White writing paper  
White copy paper  
White scratch paper  
Laser print paper  
Index cards  
Computer printout paper

#### **Not These:**

Colored paper  
Envelopes, file folders  
Carbon paper, other sensitized paper  
Blueprint paper or fax paper  
Glue, film, photographs or scotch tape  
Metal objects, spiral binders, fasteners (staples are ok)  
Newspapers, cardboard, magazines, or books  
Junk/trash (cups, lunch bags, wax paper, smoking material)

# Princeton Office softball

by Randy Moore and Jeff Boudreau

KSA Princeton joined the highly non-competitive Carnegie Center Co-ed Softball League this season for the first time. Assembling a diverse group of exuberant rookies and crusty veterans, TEAM KSA competed in a league full of corporate juggernauts such as Prudential Bache, Bell Atlantic, Ernst and Young, Wang Labs, and Sibson and Company.

After getting off to a slow start, TEAM KSA rallied in mid-season to raise its record to 4 wins and 4 losses, and positioned itself to make a stretch run for a post-season playoff berth. Fans of all ages have eagerly flocked to each game, recognizing the team's entertainment value far exceeds the price of admission. In fact, the unbelievable play of TEAM KSA has frequently left players, coaches, and fans alike shaking their heads in amazement.

Jim Severyn displayed typical TEAM KSA spirit by breaking his right arm when he

dramatically slid safely into home plate and scored the all-important final run in a 16 to 7 loss to Sibson and Company.

In the season's most exciting victory, Rob "Sledge" Reilly, pinch hitting with two outs



in the bottom of the last inning, stroked a two run game tying triple. Bruce Kroeschell followed with a run scoring single to cap a heroic victory over PSE&G.

Other stalwarts on TEAM KSA include the

double play combination of Steve Riepenhoff and Marian "The Natural" Read, as well as Mike Skinner, Paul Winer, Genia Corder, Gabrielle Pyle, Andy Palmer, Mark Frantz, and Bryan Timm.

Several roster additions have been made to bolster the team. Doug Ford was acquired in mid-season in a trade with Atlanta for a consultant to be named later. Doug has contributed a strong bat, a steady glove, and a heavy dose of honesty for calling foul balls. In preparation for the pennant stretch drive, Rob Glockner, Kathy Shafer, and Cindy Self were signed from the college ranks and promoted to Princeton after playing in summer training in Atlanta.

TEAM KSA looks to close the season with a flourish and gain momentum for the play-offs. Regardless of its final won/loss record, however, TEAM KSA has clinched the league championship for team spirit and good times.

## Ode to a Distribution Consultant

Note: Paul Dixon worked at Time Life Customer Service in Tampa, Florida, for 2-1/2 years on a Base Plus® installation. The service center handles all magazine subscriptions, questions, complaints and billing for *Time*, *Life*, *Sports Illustrated*, and *People Magazine*. At the close of the project, Sherry Walker, customer service manager with whom Paul worked, threw a party (Paul says it was a good riddance party) at which she read this poem.



Dixon

He flew in from Atlanta  
Paul Dixon was his name,  
A Texas drawl, a love for steaks  
And Base Plus® was his game.

He looked over his assignment,  
It was no piece of cake;  
To clean up mass confusion,  
Three years it would take!

His boyish grin and freckled nose  
All false security;  
Before your fateful "kick off,"

He'll bring you to your knees.

He measured everything in sight,  
Much to our dismay;  
But when we tried to measure him,  
He always ran away.

Minimums, hurdles, rules and regs  
brainwashed us in our sleep;  
Though "sawbucks" we were promised,  
Sawdust we would keep.

Stress increased, morale declined

## New Managers Congratulations to the following people, who were recently named manager.

Lisandro Sagastume  
Marcia Decker  
Phil Kowalczyk  
Chad Mellen  
Chuck Easley  
Sean Henschel

We had known much better days;  
But come "hell or high water,"  
We'd learn the Base Plus® ways.

We cried and begged for mercy,  
Our staff was in such pain;  
He shows no sensitivity,  
Base Plus® runs through his veins.

So beware to you job hunters,  
Who do not want to cuss;  
Check doors for security stickers,  
"This employer protected by Base Plus®!"

## VF MRS project

by Lanell Stanley

VF MRS? Is this the title of a Vanity Fair Corporate Wife? A married female employee?

No, not exactly. MRS stands for Market Responsiveness System, a corporate-wide strategy that VF is implementing to become more adaptable and responsive to consumer needs. Internally, it challenges all areas of the company to reach “40-30-20” — a 40% reduction in development cycle or schedule-to-shipment cycle time, a 30% reduction in inventory levels, and a 20% reduction in cost.

Externally, when fully implemented in each of the several VF divisions, it will represent a significant, meaningful competitive advantage. It will provide greater focus on the customer’s needs, quick and responsive product development and manufacturing based on a pull rather than push strategy, and field service based on innovative interpretations of the retail partnership concept.

KSA was fortunate to be involved in planning phases for MRS both at corporate and at several of the divisions. *John Wilcox* helped design the process itself, which included the use of KSA participants as “change agents” in pushing forward the concepts and execution of MRS. The KSA “Change Agents” included *Randy Nord* and *Frank McMillan* at Modern Globe and Bassett Walker, *Dudley McIlbenny* at Girbaud, and me at Vanity Fair Mills and Jantzen.

The VF approach to MRS is novel and progressive. To avoid a “top down” mandate and to encourage wider ownership of concepts and innovation, each VF division selected task forces made of promising middle managers from a broad range of functional areas. KSA change agents were members of these task forces. Our charge was to translate the corporate MRS philosophy and concept into specific projects that would address the MRS/40-30-20 challenge in their own businesses.

The problems that each division had to address when facing the MRS challenge were all different. At Vanity Fair Mills, for example, the product already was well accepted by the consumer. They had already progressed into pilot sewing modules using J-I-T and modular manufacturing principles. Their main challenge, therefore, was to improve the responsiveness of their product development process through implementation of consumer and in-store product testing and real-time merchandising.

KSA was very involved in helping Vanity Fair Mills address MRS in its product development areas. With input from real-time

merchandising guru *Peter Brown*, we examined its current product development process and calendar and conceptualized a real-time merchandising process that would reduce cycle time from 45 to 26 weeks, a 41% reduction. This involves introducing smaller, more focused lines of merchandise twice as often, with introductions of line extensions as ready. We organized modular product development teams, prepared position descriptions, examined cross training needs, selected the pilot SBU, and prepared an implementation plan. The first real-time merchandising module started up in mid-August, and the entire organization will be completed within the next year.

At Jantzen, the challenge was even greater because the current product lines do not have strong acceptance at retail. Because of this comparatively weaker position, the MRS team spent a great deal of time addressing problems such as lack of strategic vision, fuzzy product-market scope, proliferation of product lines, etc. We made specific recommendations about how to “get Jantzen’s act together,” so that we could have the strategic and merchandising focus necessary to implement real-time merchandising.

KSA’s involvement in MRS was broadening both to our clients and to ourselves. The role of “change agent” was a new one for us. As members of the team, we were pure facilitators, not producers of a specific product or result. Our challenge was to manage this role so that both we and the client were comfortable with our level and methods of contribution.

We learned a lot about interacting with multi-functional task forces — how to plant ideas and nurture team-oriented solutions, give guidance, resources, and occasional strong nudges without forcing or mandating a result.

The outcome of our efforts is evident, in the short term, in the tough decisions and solutions that the divisions made in setting up MRS implementation. In the long run, the market will judge our collective success. Watch for the VF Corp. and its divisions to herald new standards for market responsiveness throughout the industry!



Stanley

### *That or which?*

Writers should follow a certain distinction between “that” and “which” and assign each word a special job to do. Use *which* to introduce a clause that is “nonrestrictive” (that is, a clause that does not restrict the meaning and which could be lifted out of the sentence — therefore it is set off with commas). Use *that* to introduce a “restrictive” clause (that is, a clause that restricts the meaning and which could not be removed without

impairing the sentence — therefore no commas are around it).

*The protests, which always follow, are again with us. (removable)*

*Should we forgo all that is valuable in our lot? (irremovable)*

Note: The “which” nonrestrictive (parenthetical) clause may be removed; but the “that” restrictive clause must stay if its sentence is to have its real meaning. (“That” is never used in a nonrestrictive clause —

with commas around it.)

“Which” is often used to avoid a repetition of “that.” (See paragraph two, above.)

Why worry about it? Because ignorance of the rule can lead to sloppy and sometimes imprecise writing. KSA must project quality and precision in everything it does — particularly writing. It is also classier to use correct English, just like wearing the “right” clothes together.



## No fish story!



Above, *Barry Moore* never misses a chance to promote KSA — even while on a fishing trip with *Bruce Miller* in the Canadian wilderness. (We're told the pike refused to sign the authorization, so Barry cooked him for dinner. Fair warning — this man means business. Below, on a separate trip with Bruce, *Ken Osborne* proudly displays the first waleye he ever caught. (He then proceeded to catch eight more of comparable size.)



## DEPARTURES

Jeanne Barakat, Steven Humphreys, Tony Thwaites, Richard Symes, Andrea Isaacs, Cesar Mantilla, Rob Brown, Edith Mendelsohn, Gordy Anderson, Brooks Robey Phillips, Karen Turcotte, Ken Shao, Denys Williamson, Laysie Teo, Mike Meeks, Doug Krehbiel, Mark Ciechon, Anne Wyand, Mary Wong, Bob King, Jim Trautman, Steve Watts, Dave Griffin, Doug Dupler, Alan Dabbieri, Jon Strombom, Bob Mann, Dianne Gunn, Elaine Thurmond, Cathy Hardemann, Kathleen Mercer, Joyce Brunet, Mary Ann Haggerty, David Linch, Kevin Carter.

## MILESTONES

### CONGRATULATIONS TO

*Jane and Karl Striegel*, who celebrated their 50th wedding anniversary at the beginning of October. For the uninitiated, KKS was Chairman of KSA for four years, until his retirement in 1976. Prior to that, he served as KSA's President for 16 years. He and Jane divide their time between Greensboro, North Carolina, and Daytona Beach, Florida.

*Irene Wright*, Atlanta's photocopy specialist, named Xerox Employee of the Month. *Geraldine Carter*, who raised \$2,000 for the March of Dimes during KSA's campaign. *Stacy Gagnier*, wife of *Norman Gagnier*, who recently completed her MBA at the University of Pittsburgh.

*Richard Traish and Teresa Slater*, married February 9.

*Cindy and John Sweeney*, married February 10.

*Melissa (Cline) and John VanArsdel*, married April 7.

*Anna and Bruce Seeber*, married May 12.

*Donna and Mac Feliciano*, married May 26.

*Jana (Miles) and Flavio Barbosa*, married June 16.

*Bettina Neumaier*, who won the KSA Hippomenes Cup after this year's Peachtree Road Race on July 4 in Atlanta.

*Sherry and Bill Beckemeyer* on the birth of a daughter, *Catherine Lloyd*, July 6.

*Susan and Jeff Boudreau*, married July 14.

*John and Susanne Amsler* on the birth of a son, *Morgan Frederick*, July 16.

*Kathy and Clay Parnell*, married July 28.

*Randy and Melody Moore* on the birth of a daughter, *Melissa*, on August 28.

*David and Cyndie Ping* on the birth of a son, *Bryant Alexander*, September 9.

*Kate and Doug Means*, married September 15.

*Stacie and Winston Stellner*, married September 15.

*John and Rebecca Karonis* on the birth of a daughter, *Anne Theresa*, September 18.

*Felicia and Rob Oglesby*, married September 22.

*Frank and Becca McClendon* on the birth of a daughter, *Elizabeth*, September 24.

*Benji and Terrell Mills*, married October 13.

*Mike and Terry Swift* on the birth of a son, *Joe*, October 25.

*Tom and Sue Dennis* on the birth of a son, *Thomas Browning*, November 2.



*Dosvedanya (farewell) to Alan Braithwaite*, right. Alan's departure from UK to Hong Kong to become Director responsible for KSA's Far East operations was celebrated in the only way possible — a sumptuous banquet at the local Chinese restaurant. John Beddows presented him with a pen so he can keep in touch.

## SIX THINGS TO BE HAPPY ABOUT

Driving under an overpass during a storm  
Jeep trips  
The cool underside of a pillow  
Sleeping kittens  
Automobile brochures  
Perfect balance on the subway without using the straps

From the book, *14,000 things to be happy about*, by Barbara Ann Kipfer.

## New Senior Consultants

Congratulations to the following people, who were recently named senior consultant.  
**Joy Montgomery**  
**Seamus Kelly**

## New Staff

*Sharon Anderson* has been named Office Coordinator for the Atlanta Office. She replaces *Tami Opland*, who transferred to Distribution.

*Tammy Dunn* — Dept T. Tammy was previously a secretary with an asbestos lab. Her duties at KSA include processing time and expense reports and word processing. She enjoys spending her free time with her family, and also likes to draw and ride horses.

*Jule Kennedy* — Dept T, Payroll. Jule graduated from the University of Arizona with a degree in personnel management and worked at the University of Arizona from 1979 through 1986. Jule's hobbies include aerobics, hiking and reading.

*Tina Knight* — AA, Strategy, AO. Tina's background includes working with McDonnell Douglas Aircraft in Long Beach, CA and more recently with IBM in Atlanta.

*Agnes Lim* — AA, Singapore. Agnes comes to us from a 20-year career with an American oil company in Singapore; she was the supervisor of personnel and payroll. Agnes, whose Chinese name, Gek Choo, means "jade pearl," is a native Singaporean. (Photo not available.)

*Leanne NeSmith* — AA, Strategy, AO. Leanne recently graduated from Mercer University with a BA in English and Spanish. She spent the past school term working a job-share for Charter Medical Corporation preparing their presentations/graphics in the Employee Relations/Training Department.

*Pam Przybyszewski* — Dept. T, Accounts Payable Coordinator. Pam and her husband moved to Atlanta in May from Ocala, Florida. She has held various positions in accounting departments and is currently working toward her BA degree in Accounting. Pam's hobbies include cycling, aerobics and jogging.

*Jordan Rappaport* — Analyst, NYO. Jordan is fresh from Brown University where he majored in International Relations and Economics. Jordan has prior knowledge of the apparel industry as his family owned Damon Creations until three years ago. Jordan enjoys foreign films, and water and downhill skiing.

*Caroline Ryan* — Receptionist, AO.



**Anderson**



**Dunn**



**Kennedy**



**Knight**



**NeSmith**

Caroline was most recently with the Atlanta Hilton and Towers where she worked as a concierge. She has a degree in English from Winthrop College in Rock Hill, SC.

*Scott Sherwin* — AA, Technical Services, AO. Scott comes to us from Rowland Mountain Associates, where he was the Operations Director. Scott spends his free time with his wife and 3-year old son.

*Judy Shuler* — AA, AO. Judy recently relocated to Atlanta from Texas, where she worked as Office Manager for Trinity Life Church. She has a BFA in Theatre Arts, and has begun work on her Masters in Theatre Management. She spends her free time with her 13 year old son and acting in and directing various church productions.

*Carol Snider* — AA, NYO. Carol joined KSA in October, after temping for one month. She worked at Citibank before that for four years. Carol currently resides in Brooklyn but on weekends she can be found in New Jersey where she stables her horse, D'Artagnan.

*Kathy Smith* — AA, Dave Cole. Kathy was formerly an Executive Secretary for Physician Resources of America. Kathy spends her free time with her husband and two children.

*Winston Stellner* — Analyst, Minneapolis. Winston graduated from St. Olaf College with a BA in economics and course work emphasis on health care studies. He is recently married. (No photo.)

*Kathy Wong* — AA, Hong Kong. Kathy's previous work experience included Coats Patons in Hong Kong. She joined KSA last fall and enjoys bicycling, swimming, and traveling.



**Przybyszewski**



**Rappaport**



**Ryan**



**Sherwin**



**Shuler**



**Snider**



**Smith**



**Wong**

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