

OBSERVER

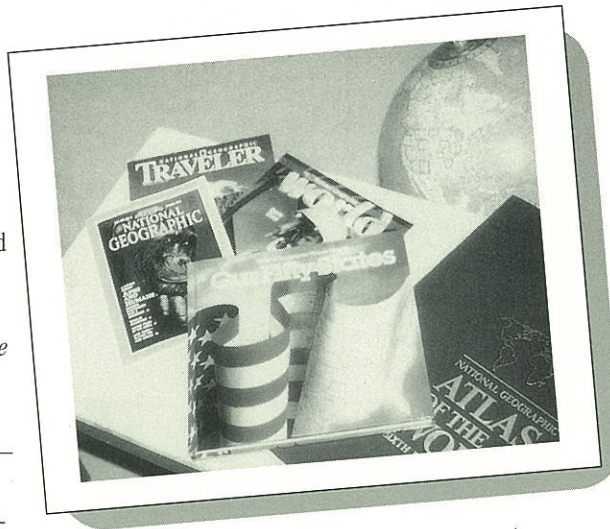
PUBLISHED BY AND FOR THE EMPLOYEES OF KURT SALMON ASSOCIATES

Mission (Targeting) Impossible

By Neil Buck and Chris Merritt

The National Geographic magazine —

The name conjures up images of breathtaking photographs from all over the world! As National Geographic Society's most popular magazine, *The National Geographic* is well known throughout the United States and around the world by children and adults alike. Less well known are National Geographic Society's other magazines — *National Geographic World*, *The Traveler*, and *Research Journal*. National Geographic Society, (NGS), is also busy spreading the knowledge of geography in other ways — through publishing and distributing its own books, maps and calendars, and through its television program, *National Geographic Explorer*. One thing is clear — National Geographic Society is serious about geography!



How does KSA fit into the world of geography? Have we become photography consultants? Editorial consultants? Travel consultants? Well, not exactly. KSA has, however, formed an ongoing relationship with National Geographic Society.

In 1991, John Howard, NGS's Chief Operating Officer and a friend of KSA's from Time Customer Service, contacted *Todd Barr* about improving the NGS Member Services division. Member Services provides distribution and fulfillment functions for the Society, and is located in Gaithersburg, Maryland. *Todd Barr*, *Paul Dixon*, and *Chris Merritt* visited the Member Services division and immediately realized that great opportunities for both NGS and KSA existed. After KSA's proposal was accepted, the "NGS Project" began. Three years and \$2.8 million in fees and expenses later, Member

Services has reduced its operating costs from \$35 million in 1992, to a budgeted \$26 million for 1995.

The NGS Project serves as an example of how KSA successfully used logistics design services and performance improvement services to assist our client in reengineering one of its major business processes.

The NGS Project consisted of five logistics services:

- Strategic Planning
- Conceptual Design
- Organization Restructure
- Continuous Improvement Training
- Base Plus®

Strategic Planning — We had to build a strong sense of involvement by NGS in the plan, so we interviewed everyone. We talked to 800 employees, 24 managers, and over 40 internal "clients." We asked everyone the same basic question — "How can Member Services division improve the services it provides to NGS's members and subscribers?" The resulting list of responses was more than fifty pages long. We then presented an "opportunity plan" that grouped and prioritized every opportunity identified. This document provided the backbone for a five-year Member Services action plan.

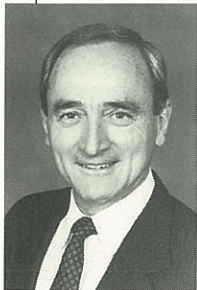
Conceptual Design — A number of the opportunities identified were system or technology improvements. While this may seem fairly

cont'd on page 9

In this issue

	Page
What Do We Do?	4
Reengineering LS & Co.	6
How the Grinch Almost Stole Christmas	8
A "Wicked Good" Partnership	10
Understanding the Mexican Textile Chain	12
A Tale of Two Countries	14
Employee Profile	16
Client Relationship Building	17
Alumni Section	18 - 21
Anniversaries/Promotions	22, 23, 26
Community Involvement	24
Performance Awards	25
New Staff	26, 28

1994 in Review



By David A. Cole,
Chairman

As we look back on 1994, it is clear that it was highly successful for our Firm in many ways. Some of the most important accomplishments and milestones include:

Clients and Markets

We are succeeding in focusing our practice to the leaders in our core markets. Although the topic is too broad to cover effectively in this space, a few examples make the point.

- In our core apparel market in North America, all 10 of the largest companies are clients . . . they are all Fortune 500-size firms, and in the majority we are active in very large engagements that truly have positive impact on their business.

- A number of projects of multi-country scope are under way for globally known brands, and will be initiated with decision clients in Europe, Asia/Pacific and North America.

- In Europe, there is a noticeable increase in multi-country/Pan-European projects.

- In Retailing, initiatives are paying off in general merchandise, soft goods, hard goods, and the food sectors. In North America, specific targeted initiatives to the top 10 retailers are proving fruitful and our level of work in the direct marketing sector is spectacular. Relative to market size and KSA practice sector size, KSA Europe is leading in retail penetration.

- The Health Care practice in North America is achieving record growth with strong results in academic medical centers and new physician practices. Service expansion includes successful addition of IT and Operations to the previously strong Strategy and Facility services.

- The Asia/Pacific practice is growing rapidly,

driven by the high-growth consumer market, and the ongoing liberalization of global trade rules.

Resources

We added approximately 80 colleagues to the Firm worldwide in the past year. This represents a wealth of new talent, experience and potential. In the same year, five colleagues celebrated their 25th anniversaries: *Mike Barnes, Bill Cobb, Sergio Cruz, Chuck Killian, and Bruce Miller*. We now have 22 full-time colleagues with 25 years of experience in the Firm. That clearly represents a wealth of knowledge. I am amazed at how a consulting career has kept that group so young at heart, vigorous, and full of enthusiasm. The same can be said of a number of Alumni who retired after 25, 35, 40 and more years.

Strategic Audit

The Strategic Leadership Team has finished its work and issued a report for the Board and Operating Management. This will be the primary topic at the Principals' meetings this month to finalize priorities and the process for implementation. This effort provides a framework for the next stage of KSA development, which will be communicated after the meetings.

Corporate Identity

This project is complete and new marketing/communication material has been finalized. One noteworthy aspect . . . the famous (or had it become infamous) KSA Triangle is no more, either in its point-up or point-down versions!

Financial Results

We closed 1994 with greater than a 20% increase in revenue worldwide and with profitability well above plan. Budgets for 1995 are built upon a continuation of the existing strong

upward momentum. Based on backlogs and market opportunities, we should achieve revenues that are 20% above '94 results.

The Future and The Beginning

It is clear from results achieved, opportunities identified, and analyses in various forums that we have tremendous opportunities in the marketplace. Our task is to prioritize and concentrate on the correct external opportunities, while implementing new initiatives internally to build on our strong base.

We have challenges, to be sure . . . we always will. However, to date, we have not seen a challenge we could not collectively meet once we focused on it and decided it was important to do so.

1995 is our Sixtieth Anniversary year. We should all see the year as the platform for building the next sixty years. I am reminded of quotes by two of my favorite philosophers:

"This is not the end, it is not even the beginning of the end. Perhaps, it is the end of the beginning." Winston Churchill

"When you come to a fork in the road, take it." Yogi Berra

Our challenge is to continue to take the fork leading to success. We can, will, and must, build on the beginning.

As this issue of the *Observer* goes to KSA Alumni, I know all current members of KSA join me in issuing a special thank you to each of our Alumni for your contributions to the Firm. We are now, and will always be, simply a collection of the accomplishments of the current and prior members of the Firm.



The Changing Consulting Environment

by Barry Moore,

Managing Director, KSA – North America

At a recent meeting of the American Association of Health Care Consultants, I was asked to discuss how the changes in our economy are affecting consultants. As the presentation was being developed, it seemed this would be a good topic to share with KSAers.

The consulting environment for both CPD and HSD is changing rapidly and both are evolving in the same direction. These changes are very positive for us if we take advantage of them to strengthen our market positions.

Our clients are changing rapidly, too. Restructuring is occurring in both Health Care and Consumer Products. We are quick to point out to our clients that they must react quickly and decisively to respond to the changes in their environment. It is important that we heed our own advice.

Our clients are under unprecedented pressure, and are being required to change. Fortunately, this requires consulting assistance and we hope that means KSA. Other consultants also recognize that clients need help of a greater magnitude than ever before, and are rushing to meet their needs. Our commitment is to expand our market position and meet our clients' needs better than others do. Because we understand our markets better than others and have very strong functional skills, we can flourish as we have done this year. However,

we must stay focused on what the clients need and how we can meet those needs.

Clients are demanding results from their consultants as never before. They do not generally want reports, presentations, and feel-good experiences. They want to be able to look back and see what is different because a consultant was involved. Fortunately, making a difference has been a hallmark of KSA for 60 years and is a core part of our mission and strategy.

However, clients will now want us to take on even more of the responsibility for results. They expect us to be the integrator of all of the components required to achieve their objective. We will consequently be doing much larger engagements, because large engagements are required for meaningful results that include clients and other professionals as internal members of the team. We have always done this, but the scale will be much larger in the future. We will be charged with managing cultural change within client organizations on a regular basis.

Meeting these client requirements means that we must increase our emphasis on:

- developing methodologies that permit large teams of people to work together effectively and efficiently,
- creating, following, and adjusting detailed project plans that plot the course to achieve client results,

- keeping our individual and collective skills current with the evolving world of technology and management techniques,

- committing the correct numbers and levels of colleagues to projects for the longer times to really make things happen for clients,

- communicating constantly with clients, at all levels of the organization, to assure that they actually live the engagement with the consulting team, and

- helping clients understand what can and cannot be expected from our projects and assuring that these expectations are met and, in fact, exceeded.

All of the above are major priorities for KSA. We are not as good in any of these areas as we would like to be, but we are better than most of our competitors. Our commitment is to be the very best, and by so doing create real competitive advantage.

It is an exciting time to be a consultant. In our markets, demand for consulting will grow rapidly beyond the next decade. At KSA, we are particularly fortunate because we will be one of the real winners.



The way it was . . . KSA consultants used to achieve benefits for clients primarily through methods improvement to increase productivity. In photo at left, *Jimmy Adams* (KSA alumnus) conducts a time study in a tufted rug plant, circa 1962.



Today, we still roll up our sleeves to do close analytical work to improve things for clients, but not necessarily with two stopwatches. Here, *Doug Way* reviews the progress of an advanced QR replenishment system.

What in the world do we do, anyway?

KSA celebrates its 60th year in 1995. The Firm has grown so much that most of us don't understand how other areas of the company operate, and don't realize the diversity of our projects. Often, many of us are embarrassed to ask questions. For those of us who don't want to admit we feel a little left behind, we can rationalize that the following brief description is intended for our families. Following is a laundry list of KSA's services in consumer products, retailing, and health care.

Consumer Products Group:

Five service areas are tailored to consumer products companies and retailers.

1. *Strategy and Consumer Marketing*—help clients define and implement strategies, especially in consumer marketing and brand development.
2. *Business Process Improvement (BPR)*—examine core processes of our clients, and look for ways to eliminate waste, increase value-added, and streamline processes.
3. *Performance Improvement*—assist clients in North America, primarily with responsive manufacturing, benchmarking, and some traditional operations performance improvement services.
4. *Latin American Operations*—assist our clients who are moving south of the border to develop top notch performance, including plant start-ups, productivity improvements, and developing new capacity.
5. *Corporate Finance*—help clients implement their strategies through mergers and acquisitions and assist in raising capital for their ventures.

Sample Project:

Huffy Bicycle/by Damon Shuman

Huffy Bicycles, the largest manufacturer of bicycles in the world, needed to expand capacity and diversify locations, so it decided to build a second domestic facility focused on Toys-R-Us production. Management remembered a successful Advanced Analytical Method of Training (AAMT) installation KSA had done years earlier and called us to establish its training program (select and train a team of trainers) and to train the Direct Labor for the initial assembly line.

Training of the trainers went smoothly with the introduction of PLATO® AAMT interactive training software, KSA-developed training exercises and general orientation and soft skills training provided by Huffy.

After eight weeks, a solid team of trainers was ready for its test — 90 new employees that had never seen the assembly process of bicycles for a line start-up six weeks later.

Although full line speed would produce 1,500 bicycles each day, Huffy expected to average only 500 units per day the first week. Huffy decided that it would start the line at half-speed so as not to overwhelm the new employees. KSA petitioned that the AAMT process is designed to prepare new employees so that a quality job can be accomplished at a production pace. Huffy guardedly agreed and started the line at full-speed, assuming a week of chaos.

Rather than the 500/day average expected for the first week, the new line on its first day produced 800 units, all by two o'clock, when a surprised management team ran out of parts. More parts arrived that night, but not enough to keep the line from running out the next day after producing 1,000 units; and, in fact, the line managed to consume virtually all materials it was supplied with the entire week.

Average production for the week approached 1,200 units/day — over double the expectation, including a model change at mid-week — not anticipated, due to performance expectations, until the following week.

The corporate office of Huffy was impressed with the number produced the first week, but was

curious to know how many were acceptable quality to send to their customers, expecting a staggering defect rate during start-up. The answer shocked management. *Every bicycle produced was in a box waiting to be shipped to its customers!*

The experience at Huffy proves that KSA's focused-market services have unlimited applications to Consumer Products Manufacturers.

Sample Project:

Oxford Shirts/by Shawne Mastronardi

Oxford Shirts, a long-time client of KSA, wanted a brand. After reviewing acquisition and licensing opportunities, Oxford decided to launch its own brand. Rather than a traditional "let's make it and hope it sells" approach applied by many companies whose products end up on close-out, discounted shelves, KSA and Oxford Shirts decided to use a consumer-driven approach. We conducted an initial study to determine 1) unmet product needs, 2) appropriate positioning, and 3) merchandising options.

A concept test included sample product, packaging, fixture design, Point of Purchase materials, and line assortment options. We also developed a model to link Oxford's assortment mix and financials to the retailers' profitability measures. Having refined the concept, KSA is working with Oxford to run a 200-store test in Wal-Mart stores.

Distribution/Logistics

Four service areas are tailored to three markets. Industries/markets include:

1. *Manufacturers*—heavy mix of soft goods suppliers, but growing activity in other industries.
2. *Retailers*—traditional soft goods and hard goods retailers as well as direct marketers.
3. *White Collar*—service companies with large clerical operations such as Time, Inc. and National Geographic Society.

Services include:

1. *Logistics strategy*—evaluate number, location, and function of distribution centers required to support a business, including transportation network analysis; review how products flow from the supplier to customers.
2. *Planning*—design new distribution centers or redesign existing facilities.

3. *Distribution Systems*—in conjunction with facility planning, we design and install information systems to control the flows and inventory movement through the DC.

4. *Productivity and service improvement*—programs such as Base Plus® featuring standards and pay for performance and Continuous Performance Improvement (CPI) focused on procedural and methodology improvements.

Sample Project:

Superclub Music/by a High-Powered Logistics Team

Superclub Music, distributor of CDs, cassettes and videos, and now part of Blockbuster Entertainment, needed to consolidate two similar-sized distribution operations into one, but had neither the space nor processing capacity to accomplish the task. KSA worked with client personnel to develop new processing methods and improvement concepts to receive, store, and pick orders. KSA's team helped management improve layout flows, order picking/stocking methods for CDs and cassettes, and order release procedures.

A key component of the project was to teach client management the process of leading and training others to identify and achieve operating improvements as part of an overall team focus. The project established an environment for continuous improvement that could be maintained even after KSA's involvement ended. The result was a doubling of operation productivity and capacity in a matter of months. Most importantly, KSA left a better management team in place than was there when we began.

Sample Project:

Haggar/by a High Powered Logistics Team

Most of us have seen or heard of Haggar's new wrinkle-free men's cotton slacks. As average everyday customers, we don't realize the operational challenges a new product presents. The rapid growth of this and other programs put a "wrinkle" in Haggar's distribution capabilities.

By assessing current operations, and interviewing Haggar management and customers, KSA developed 1) a vision for services Haggar's distribution operation should be providing, and

2) a master plan for how and where to expand future distribution facilities. The totally integrated, leading edge solution KSA designed for buildings, material handling systems, and warehouse management systems (DCMS®) is state-of-the-art, and will be the benchmark for high Stockkeeping Unit (SKU) apparel companies providing extensive Quick Response customer support. The new operations will come on-line in 1995, and will combine speed and technology into a rapid service response operation.

Information Technology

The markets IT serves include consumer products vendors and retailers, and health care organizations.

The industry and development groups of IT offer clients the following services:

1. *Information Technology Strategy*—help clients define the systems architecture (application, information, technology) needed to run their businesses, and help them get there.
2. *Business Process Reengineering*—examine processes (each step of how things get done), and recommend ways to improve, usually by employing systems technology to make the change.
3. *Complete Systems Life Cycle Development for Custom Projects*—requirements definition, design and implementation. Efforts are concentrated in product development, product management, and customer management.
4. *Software Package Selection and Implementation*—help clients select, modify, and implement software; often as part of some of the projects defined before.

Sample Project:

Jones New York/by Jeff Stiely

Jones New York is a \$700-million manufacturer of women's ready-to-wear apparel. The company outsources 100% of its production even-ly between imports and domestic contractors. Jones has been faced with over 80% late raw material deliveries, and, as a result, ever-growing late garment deliveries to its retailers. Because Jones is a fashion manufacturer, late deliveries significantly impact the bottom line.

KSA performed Business Process Reengi-

neering (BPR) of Jones' production and pre-production processes to reverse the trend of late deliveries. A three-month requirements definition revealed that the late trim (and therefore, garment deliveries) was caused by a combination of poor production planning, lack of communications among Jones' departments, and inefficient business practices.

Client meetings facilitated and directed by KSA yielded reengineered business processes that created a sophisticated production planning process, new means of operational and communication flows, and eliminated non-value-added functions.

To support the new business flows and requirements, the production system (from design concept to finished goods receipt) needed to be replaced. Functional design of the new system, named "LACES," took place in Spring '94. Programming development has been completed, and we are now testing and formalizing new business procedures. Currently on schedule, we expect to implement the new processes and associated system in February, 1995.

Health Services Division

The health care delivery system and our clients are in a state of flux that could result in a number of hospitals and physician practices being closed or merged. Hamilton/KSA's focus is to work with those providers who are, or will be, the leaders (not losers) in the industry. Of the top twenty national institutions, we have worked with most — Johns Hopkins, University of Alabama, Emory, Mayo Clinic, Henry Ford, Beth Israel and Children's (part of Harvard Medical School).

The majority of Hamilton/KSA's work focuses on Integrated Delivery System development (see definition below under strategy) in numerous regional markets throughout the country, academic medical centers owned or affiliated with university medical schools and their clinical faculty in major physician group practices. A typical client will use us for at least two and sometimes all of the services Hamilton/KSA provides.

Hamilton/KSA offers services in the following five areas:

1. *Strategy*—help clients assess their markets and environment to determine their role in the delivery system. Most of our provider

cont'd on page 7

Reengineering Levi Strauss & Co.

by Jana Miles Barbosa

It is no secret in the apparel industry that LS & Co. is reengineering itself. The effort is a result of a customer service survey conducted about three years ago with the help of Andersen Consulting. Basically, the customers said, "If you weren't selling Levi's® Jeans and Docker's® pants, we wouldn't do business with you because your on-time performance and ability to fill orders the way we ask for them (style, size, color) are so bad." So LS & Co. set out to improve customer service. The reengineering effort is called Customer Service Supply Chain Initiative, and is referred to as CSSC.

Last July, the detailed design of new business processes began. As students of reengineering will tell you, most reengineering is enabled by technology. So, along with the business process reengineering work, there was a great deal of Information Resources (IR) work that designed new applications to support the reengineered business. Specifically, a number of conference room pilots were conducted. In a conference room pilot, a software package that performs a

unique process, like business planning or order processing or apparel design, is set up in a conference room. Then the business users come in and play with it. Seeing a real life application helps the users develop ideas about the application they need to support the new business project. It gives them something to benchmark against.

In July 1993, KSA spearheaded two conference room pilot efforts. That work was extremely successful and led to an increasingly large share of KSA involvement in the reengineering effort.

Current projects

KSA has been involved in a number of projects in LS & Co.'s overall effort — some small, some very large. Currently, we are working on two really large systems projects:

- The implementation of sales analysis and business planning applications, headed by *Steve Robertson*. It is a client-server application that will collect Point-of-Sale data and allow people throughout the company to analyze it and then provide the tools for doing business planning the way retail customers do. In this way, LS & Co. will show retailers that it can plan the business as well as the retailers can and hopefully the retailers will turn over more and more of their business to LS & Co. These tools are being developed with the best leading-edge technologies.
- The design and implementation of an order processing application, which I am heading. Fees so far on this project have been \$2.1-million and are expected to be \$8- to 11-million before project completion. The project is a joint effort with Software Sourcing Company. The development itself will be done offshore in India starting later this year. This project is expected to be completed in late 1996.

There has been other work conducted in addition to the systems work:

- Molly Swanson* helped develop a new sourcing strategy for LS & Co. In addition,



she worked on the Customer Relationship Policy Taskforce. She was the only non-LS & Co. employee invited to participate in these efforts. Her role was to serve as an industry expert and to facilitate the team's work. This effort took more than a year from start to finish.

- As a result of the success we have had at LS & Co.'s San Francisco headquarters, KSA was asked to assist in the reengineering effort for LS & Co. Asia/Pacific. This will result in \$2.5 million in fees and is being staffed with UK and US consultants. *Brady Knight* left San Francisco to become a project leader on the Asia/Pacific work.
- Mohammed Amer*, from the Logistics group in LA, has been developing transportation and logistics methods for the past 1-1/2 years. He is currently working on a project to define requirements for the LS & Co. fleet of trucks.

KSA Staff

Due to the size of these efforts and the length of time we've been in San Francisco, many KSAers have participated on this project (see sidebar). We've hired a number of new staff, and borrowed consultants from Europe (*Detlef Kamps* is on loan from Germany and *Tim Robinson* is here from the UK). We've even pulled in some former KSAers like *Paul Winer!*

In addition, KSA's San Francisco office, which was formerly exclusively a Hamilton/KSA office, has been opened up to IT and CPG consultants. Finally, *Randy Nord* has moved to San Francisco to help manage client relationships. He helped LS & Co. manage all the projects that are going on as a result of the reengineering effort.

KSA Staff On-Project

Steve Jeffries, Ed Ross, Bill Leasure, Mike Casey, Mike Rider, Brian Neece, Steve Robertson, Tim Britt, Jana Miles Barbosa, Michael Robertson, Mark Johnson, Doug Nagel, Mohammed Amer, Ken Wilkes, Randy Nord, Dave Cole, Tim Robinson, Sanjay Arora, Rajeev Parasar, S.N. Sunil, Craig Zupan, Cris Keeney, and Lynn Senior.

KSA LS & Co. Alumni: Lynn Spuhler, Tony DeMaria, Dave Rush, Steve Schlehuser, Joe Irastorza, Jeff Butler, Brady Knight, Rob Oglesby, Doug Way, Al Bolet, Dennis Hill, Brandon McGahee, Molly Swanson, and Detlef Kamps.

LeviSpeak

We've acquired a whole new language while we've been in San Francisco. At LS & Co., taking a "Bio-break" means a trip to the facilities. We hear statements like, "I have a lot of energy around that," which means the person has much interest and many things to say on the subject. We've also heard, "I'm getting a lot of push-back on that topic," which means people are disagreeing with you. We've coined a few phrases of our own, too, one of which is "CBK," which means, "Cool by Ken" (Wilkes). It's actually an award, and people who receive it are either increasing our presence here with the client or are saving the client or KSA money. Then, of course, there's the "NSCBK" or "Not So Cool By Ken" award. Mainly, people who waste money get this award. *Steve Jeffries* designed a nifty color badge on his computer to give to CBK and NSCBK award recipients.

Work hard, play hard

We've developed a real sense of team spirit and unity while on this project, and we've had a lot of fun. Of course, it's hard not to have fun in San Francisco.

Ken Wilkes has been known to tell recruits, "At KSA we believe in working hard and playing hard." This group has done its best to follow our leader's advice. Soon after the project began, we started having weekly outings for the team. We called these outings "cruises," principally because there had to be a "cruise director" for each event. We've gone to the Saddle Rack in San Jose, the second largest honky-tonk night club in the US, where we rode the bull and took two-step lessons. For Christmas, 1993, we went skiing at Lake Tahoe. We rented a whole lodge and skied for a weekend. Recently, we all went for a ride one evening on the Napa Valley Wine

Train, where dinner is served on an antique train as it passes through the California Wine Country. We've been rock climbing, and went bowling at a place called "Rock and Bowl," where R&R music is played and disco balls hang from the ceiling. We've visited lots of micro-brew pubs, and had a hot tub party at *Molly Swanson's* house. We've also played Virtual Reality games. Both *Brady Knight* and *Michael Robertson* have lived on boats out in San Francisco Bay, so we've had a number of sea-based social events. Every Thanksgiving, we all get together as a "family" for dinner and to talk about what we are thankful for. Of course, everyone is most thankful to be a part of the KSA/LS & Co. team.

What in the World?

clients will need to develop integrated services that include hospitals, clinics, physicians and payors/insurance companies and be distributed throughout a regional network. Our strategy work often leads to assignments using our other services.

2. *Managed care/network delivery*—building, developing, fixing or integrating a managed care product or service within an integrated delivery system.
3. *Operations/Business Process Engineering*—transforms an organization's business and clinical practices and decision support systems to meet increasing expectations

from the purchasers of care for greater value defined by both cost and quality of service delivered. The Ideal Patient Encounter®, developed at Johns Hopkins, and used in all our ambulatory care assignments, is an example of our BPE work.

4. *Information services*—emphasizing the needs of Integrated Delivery Systems in information strategy, organizational assessments, needs analysis business engineering support, vendor evaluations and selections and implementation assistance.
5. *Facilities and asset performance*—covering all aspects of location, site build-

ings, and space essential to long-term strategies including load projections and utilization, layout and adjacencies, people and material flows and staffing requirements, clinical equipment needs, and capital planning, prioritization and phasing.

cont'd from page 5

Sample Project:

Detroit Medical Center/ by E.W. (Bucky) Knowles

Detroit Medical Center is a seven-hospital academic delivery system affiliated with Wayne State University, one of the largest medical school programs in the country.

The medical center needed to prioritize how it should use its limited capital funds over the next 10 years. Hamilton/KSA developed a strategic and facilities master plan to establish the framework for an Integrated Delivery System for DMC.

The master plan will identify the ambulatory care network of primary care, community based, and regional specialty centers necessary to deliver integrated services; it will also define the inpatient facilities required to support the care delivery network. While our focus has been in strategy and facilities components of the care delivery system, the process has revealed many issues in information systems and BPR that will need to be addressed for DMC to be competitive in the managed care environment.

Our recommendations are often painful (significant reduction in the number of inpatient beds) and require changes in how services are delivered (patient focused/cost effective) and distributed (community based vs. centralized on one campus). However, these strategic changes are critical to an institution's long-term viability.

Mix of Services to Meet Y2000 Health Care Delivery System Requirements



Almost How the Grinch [^] Stole Christmas

Forget about those little whos in Whoville. When it comes to Grinch-busting, KSA's Logistics services helps real people solve real problems and achieve measurable results. Here's how.



The Problem

Last year, the KSA Logistics group designed a new distribution center for a medium-sized mail order company. The proposal to implement the design and develop the systems to support the new building was declined. Instead, the client chose to complete the project unassisted. When the DC opened in August — a month late — the systems were only 50% complete, and for the most part, untested.

As the weather became colder and leaves began to turn, the orders at the DC didn't. Peak season was beginning, and although orders were coming in, few were shipping out. With a 3-4 day backlog, the mail order company finally resolved that it needed assistance and called KSA.



The Solution

KSA's IT and Logistics groups scrambled to put together project teams. *Jay Mabe* led the IT side. The Logistics side consisted of *Lynn Spubler*, *Jim Giddings*, *Rob Glockner* with *Claus Hommes* (from Europe) and *Ralph Wear* on-site full-time. In less than two months, things began to turn around. The computer system was stabilized and manual procedures were implemented to go around the incomplete and unstable parts of the system. New procedures in the DC were developed along with training programs. Teams were set up and a quick incentive program was put in place.



The Results

- Productivity increased by 50%+ with a 25%+ reduction of labor dollars;
- The record for the highest shipping volume in one day was beaten three days in a row, despite running out of work on all three days, and utilizing only 2 shifts per day vs. 3 shifts last year when the record was set;
- The order turn-time was reduced from 3-4 days during the beginning of peak season to 3 hours during the peak shipping week.

—Rob Glockner

Mission

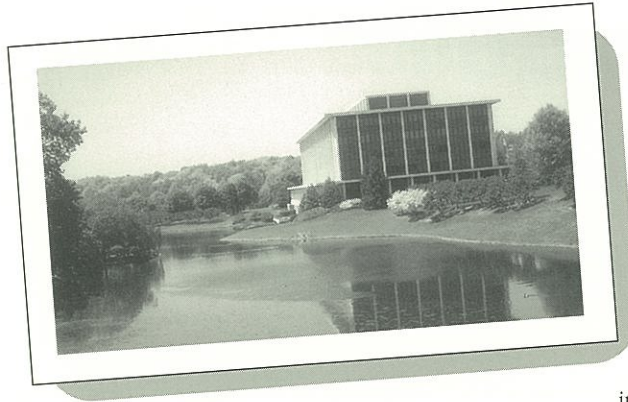
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straightforward, the NGS Information Systems division had been working on upgrading the magazine fulfillment system for seven years! Needless to say, the Member Services managers did not have much confidence in the assertion that timely technological improvements could be made to the current system. KSA's approach was twofold: first, we planned technological improvements that were not system-dependent. Second, we escalated the level of "ownership" in the project from the Information Systems division, by including IS in the presentation of the implementation plan that was made to the president of NGS. In the end, the system changes were delivered only two months behind schedule. We considered that an 82-month improvement!

Organizational Restructure — The combination of a shift from year-round peak level staffing, and the benefits of work flow improvements, resulted in a reduction of about 400 Member Services employees.

Supervisory positions alone were reduced by 50%, as the number of organizational levels was reduced from seven to five. NGS considered reducing the number of employees through attrition only; however, they quickly determined that it would take ten years to attain the necessary staff reductions. NGS management decided another strategy was needed. First, they developed a structured communication plan, designed to clearly inform all involved parties about the upcoming project implementation. This plan consisted of a series of memos and meetings that clearly spelled out the changing business needs of Member Services, and the resulting organizational changes. Next, NGS offered generous voluntary early retirement and/or exit packages. The result: the entire reduction in staff was accomplished voluntarily.

Continuous Improvement Training — Now that the culture of NGS was evolving, the time had come to reengineer the business from beginning to end. The implementation plan dictated that 150,000 square feet in one of the



Member Services buildings would no longer be needed. KSA developed, and assisted in implementing, a building-wide layout that focused on improving work flows and enhancing communication between departments that were interdependent. Additionally, as a result of staff reductions, new equipment was needed; KSA helped NGS evaluate the new equipment to ensure that it fit the needs of Member Services. Perhaps the

“It is clear that the National Geographic Society is serious about geography!”

most important accomplishment during this phase was the introduction of work teams. These teams assumed the responsibility of reviewing, updating, testing, implementing, and documenting policy and procedural changes that streamlined processing throughout all sections. The work teams consisted of two to five NGS staff members, whose role was to make the policy and procedural changes that would affect day-to-day operations; one member of NGS management, whose role was to make sure decisions made were in line with overall goals; and one KSA consultant, whose role was to facilitate the process. Out of the work teams came the message that maintaining the status quo would no longer work at NGS!

Base Plus® — At this point, KSA brought to NGS a specialized version of Base Plus® that focused on and rewarded individual efforts at accomplishing the Member Services mission. We named this program Mission Targeting. Beginning in November 1993, Mission Targeting was the largest part of the overall pro-

ject, and took upwards of a year to complete. Fees were almost \$1 million. The unique approach used at NGS was to balance production and quality by focusing on individual contributions to the Member Services mission.

The list of current KSA employees who spent time in Gaithersburg includes: *Todd*

Barr, Ken Walker, Paul Dixon, Chris Merritt, Kevin Swint, Jane Marquart, Neil Buck, Mike Gregory, Jeff DeRuiter and Moban Komanduri.

This project will wrap up soon, with NGS Member Services providing service and quality as striking as The National Geographic's photographs!

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- Are you annoyed that any particular service group seems to get more coverage than yours?
- Do you have a mesmerizing story to tell about your project?

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 - in the Crown Room without a good paperback, or
 - at a Red Roof Inn staring at orange shag carpeting,
- compose your Observer article, spellcheck it, and fax, E-mail or mail to Janice Ryer, Observer Editor, c/o the Atlanta office.

A "Wicked Good" Partnership in Freeport, Maine

by Scott A. Sangrey

Webster's New World Dictionary defines Wicked as "... generally bad, evil, and unpleasant" Well, with respect to the relationship between KSA and L.L. Bean, Webster's couldn't be more wrong. You see, a MAINEiac (people not "from away") would define "wicked" as generally excellent, outstanding and wonderful. For instance, you can find some "wicked good" ale and lobster in Maine. Wicked is positive in this case and appropriately describes the successful relationship built between KSA and L.L. Bean over the past 20+ years.

The relationship began inauspiciously one cold, Sunday afternoon in January at a National Retail Federation convention. Now, what do most people do on Sundays in January? Watch the NFL playoffs, right? And this day was no different than any other. At the KSA convention booth, consultants *Tony DeMaria* and *Jim Giddings* were diligently trying to discuss opportunities with retailers who had never even heard of Kurt Salmon Associates. At the time, KSA was widely respected in the apparel industry but had yet to break into the retail industry. As you can imagine, this was a tough crowd to play to, made even tougher on a Sunday afternoon while everyone was busy watching football instead of attending the exhilarating convention.

So, tired of having limited interest shown in KSA all day, Jim decided to use the direct approach and grabbed

a gentleman off the floor as he walked by (with no intentions of stopping at the KSA booth). Jim smoothly captured his attention by highlighting things KSA has done for its clients. After explaining what KSA offers, Jim asked, "Is there anything we could do for you?" The man replied, "Well, we are having some problems with our distribution center."

The man Jim pulled off the floor happened to be the manager of the L.L. Bean Store. Later that week, both Tony and Jim were in Freeport examining L.L. Bean's distribution center and pointing out numerous opportunities for improvement. This visit resulted in L.L. Bean authorizing an improvement planning study to be conducted by KSA. As this was the first project for KSA in retail, L.L. Bean's CIO was heard to remark, "We'll get along fine as long as you don't try to say Aye (pronounced 'I-yeh') and we don't try to say 'Y'all.'" And the friendship was born.

Since then, numerous projects have been completed with KSA. Most notably is the L.L. Bean DC expansion in 1983, in which a 120,000 square foot addition was designed to increase the size of the current DC by two-and-a-half times. The resulting DC became famous as a result of top executives at Xerox visiting the facility in an effort to improve their own

operations. (This also proved to be the invention of the Benchmarking process.)

The relationship has been extremely beneficial for both parties. Not only did L.L. Bean reap the benefits of work done by KSA, but it has also hired several KSA consultants as employees. KSA has had the good fortune of expanding in the industry through a few L.L. Bean employees who went on to do great things of their own. Bill End, until recently of Lands' End, John Findlay of Chadwick's of

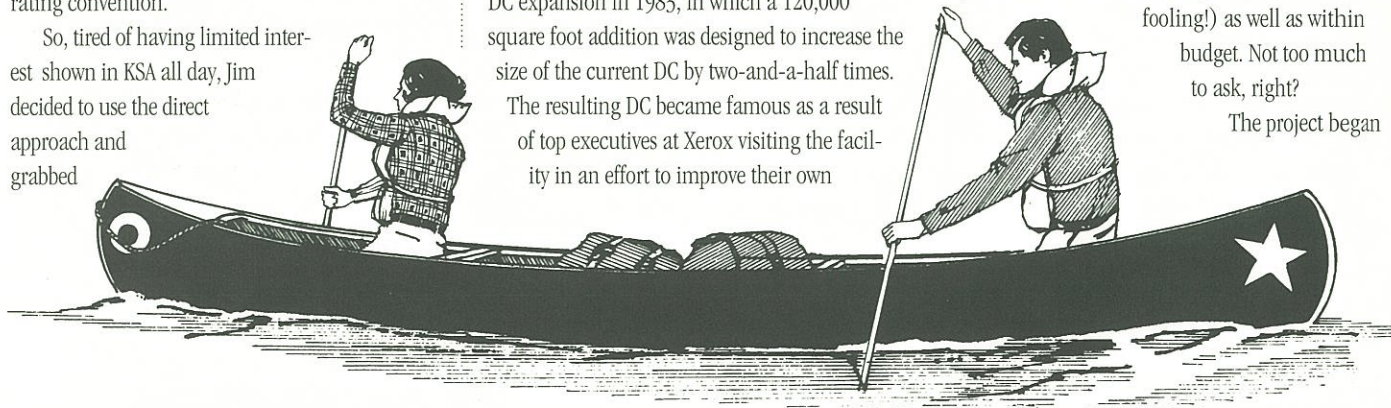
Boston, and Mark Fasold of Cole-Hahn have all moved on from L.L. Bean, yet they continue their great support of KSA. Obviously, the relationship has blossomed beautifully and spread in many directions.

Today, this relationship is progressing to a new height. *Torre Crupie, Bill Cobb, Joe Irastorza, Dave Rush, David Edwards, Jeff Butler, Britt Dayton,*

L.L. Bean's CIO was heard to remark, "We'll get along fine as long as you don't try to say Aye (pronounced 'I-yeh') and we don't try to say 'Y'all.'" And the friendship was born.

Norman Beerbobm and *Scott Sangrey* are working in partnership with L.L. Bean on its \$40-million DC '96 project. The project is in the detailed design phase and includes detailed facility and material handling equipment design, modifications of the Distribution Center Management System (DCMS) especially for L.L. Bean, and host-system interface work to incorporate all separate business systems. Two of the MAINE project objectives are, 1) to have a 24-hour turnaround of all orders, and, 2) to technologically leapfrog the competition. Oh, the project must also be on time (April 1, 1996 — no fooling!) as well as within budget. Not too much to ask, right?

The project began



with a development plan for the entire 75-acre site at the Desert Road location (approximately one mile from the current Casco DC). A two-DC configuration was chosen as the best alternative. The Casco DC (410,000 square feet) will be used strictly for receiving and storage. The Desert Road facility, which will handle all outbound processes, includes a current 182,000 square foot building plus the 223,000 square foot DC '96 expansion building.

The DC '96 expansion brings the Desert Road location grand total to 405,000 square feet with an additional 223,000 square feet on the second floor. And just when you thought L.L. Bean was big enough, there's additional space at Desert Road to increase another 336,000 square feet. Now that's an enormous "Bean Boot" footprint — 741,000 square feet!

Another approach utilizing state-of-the-art technology with a new twist is the Two-Step Wave Processing. The current accepted practice is for an individual picking merchandise to walk through the ready area along short routes perhaps 25 times a shift selecting small numbers of units. Basically, the orders are accumulated over a short period of time resulting in a large number of trips to the same area while picking small numbers of units. In the Two-Step Wave approach, an individual picking merchandise travels a much longer period of time. The pickers are more productive because a picker will only have to visit a given location three times a shift to pull merchandise in the larger quantities. The real benefit is a more controlled process for moving merchandise through the DC.

Once the orders have accumulated to a certain point, a bulk wave of approximately 48,000 units is picked. The units are further sorted to twenty-four 2,000 unit pack waves via a double tilt-tray sorter (first U.S. installation). The pack waves then need to be stored in high density work-in-process (WIP) buffer capable of managing/storing 1.5 pick waves (around 72,000 units). The first approach under consideration was a high-tech, highly automatic (and highly expensive) automatic storage and retrieval system. Upon analysis, it was determined the high-tech solution was not the best choice for DC '96. The exact opposite was found to have the most benefits. A low-tech, rudimentary, manual approach was the clear winner. Once units are

sorted to designated pack wave chutes, the units of each pack wave will be dropped into large totes (40" x 48" x 24") and stacked four-high. The stacks of totes are simply moved from the sorter to the WIP buffer consisting of open floor space with designated rows for each pack wave. Nothing fancy, but it accomplishes the task with ease. Each pack wave is then re-introduced to the tilt-tray sorter at another induction station, sorting to order level. Packers receive the orders at their stations, consolidate a customer's merchandise, package the order and send it to the shipping department.

An additional capital investment of \$6.4 million was necessary for the Two-Step Wave Process. The alternative of a bigger, business-as-usual approach would cost L.L. Bean much more overall. The annual savings for labor and benefits alone is estimated at over \$5 million using the Two-Step Wave Process, making it an easy choice for L.L. Bean.

The DC '96 project is a unique opportunity for both KSA and L.L. Bean. There are six core project teams headed by L.L. Bean managers working along with KSA consultants. The core

teams bring the knowledge of how things currently operate. KSA brings the understanding that the operation can be improved. And together, everyone is working to ensure each aspect of L.L. Bean's operation is given the proper attention to lead the industry through year 2000.

When KSA first met L.L. Bean, Bean was a \$60-million-a-year business and had an 80,000 square foot DC for support. Since then, KSA has invested over 40 consultant-years in projects fostering this relationship. Today, L.L. Bean is a \$1.1-billion-a-year business with a 590,000 square foot DC. Add another 223,000 square feet for DC '96 and L.L. Bean will be well on its way to becoming a \$1.6-billion direct market giant by year 2000.

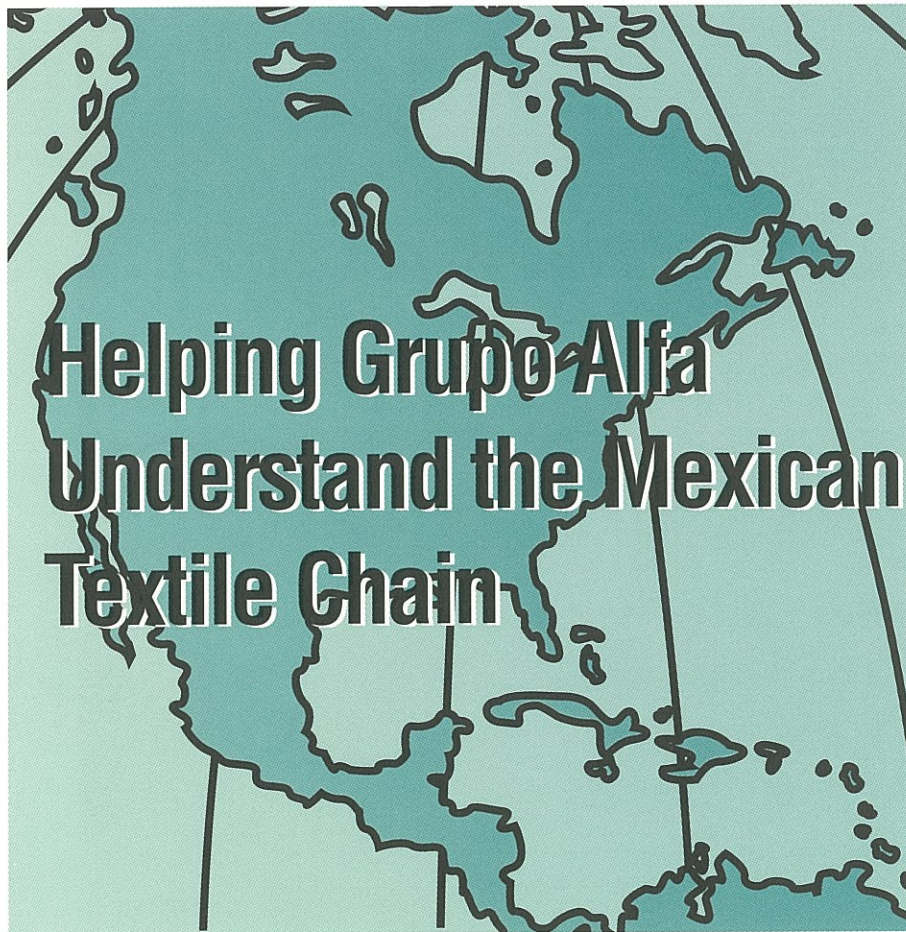
The expectation is the new L.L. Bean Distribution Center, complete with fresh approaches and technology adaptations, will become the benchmark for direct marketing DC's in the new millennium. Moreover, it will further solidify L.L. Bean as the Direct Marketing industry leader. More good times are forthcoming as KSA continues this "Wicked Good" partnership in Freeport, Maine.

Let the Celebration Begin!



To christen the kick-off of KSA's 60th year celebration, the Atlanta office raised a champagne toast to Kurt Salmon Associates' legacy and future. More than 80 KSAers gathered in the lobby under the new brass KSA logotype to remember the past and look toward the future. Since no one could reach the logotype to christen it, Dave and

Barry broke the champagne bottle on the elevator door, just as it began to open. Imagine the surprised look on the UPS delivery man's face! L to R: Nancy Standish, Bob Murrah, Dave Cole, Brad Humphries (standing behind Dave), Todd Barr, Sharon Anderson, Millie Cruz, Helena Johnson, Chris Merritt, Ken Walker, Barry Moore.



Helping Grupo Alfa Understand the Mexican Textile Chain

by J. Paul Raines

KSA's Top Five Post-NAFTA questions:

1. Does Ross Perot's "giant sucking sound" affect air travel?
2. Does the Rio Grande have potential as a water theme park?
3. Will Elvis impersonators soon invade the nightclubs of Mexico City?
4. Will the Dallas Cowboys relocate its franchise to Mexico and rename itself the "Mariachis?"
5. Will cartoon character Speedy Gonzalez go on "Oprah" and reveal he is actually Mickey Mouse's long lost brother?

These and many other questions still remain unanswered after approximately one year of free trade between Canada, the United States, and Mexico, but many other important questions were answered after KSA completed an extensive study of the textile chain in Mexico for fiber manufacturer *Grupo Alfa*.

Alfa is a large industrial conglomerate based

in Monterrey, Mexico. Its diverse businesses include polyester and nylon fiber production, petrochemicals, laminated steel, canned and packaged foods, home improvement centers, and administrative service companies. Annual sales for Alfa exceed \$3-Billion (U.S. Dollars) and it is in partnership with DuPont, Akzo, and AT&T in certain business sectors.

In terms of soft goods, Mexico is undergoing major change. Retailing is experiencing explosive growth with the arrival of large U.S. discounters and department chains. Apparel manufacturing is growing quickly as U.S. companies start large plants to take advantage of cheaper labor, proximity to market, and NAFTA-related elimination of tariffs. The textile sector, however, remains the weak link in the chain, with very little activity and new investment. This weakness is critical for Alfa's polyester and nylon fiber businesses, since imported fabrics and apparel consume primarily non-Mexican fiber.

Alfa sought to understand the reasons for this slow growth in its internal markets for synthetic

fiber. Seeing a need for specialized sector expertise, it called on KSA for help.

Fernando Silva, Bill Reed, and I traveled to Monterrey to discuss a project approach in late May. Although several large competitors weighed in, KSA handily won the authorization for work. Account Executive Fernando Silva and Project Manager Bill Reed tapped into KSA's arsenal of intellect and assembled a diverse project team. The Alfa team included *Peter Voget,* and *Brian O'Malley* from the Atlanta Office, Duke University Sociology Professor Dr. Gary Gereffi and me.

Project methodology focused on the following steps:

- Over 100 interviews of top textile, apparel, and retailing companies in Mexico.
- Interviews of 15 leadership companies in the United States to understand their plans for Mexico.
- Cost modeling of 13 end-use products manufactured in eight different countries using KSA's proprietary knowledge of fiber, textile and apparel manufacturing costs. Both typical and potential scenarios were modeled.
- Macro economic modeling of Mexico's economy to project fiber, textile, and apparel apparent consumption by end-use category through the year 2004.
- Analysis of public policy in Mexico and comparison to investment promotion policies in Japan, Korea, Taiwan, Indonesia, India, Turkey, and Brazil.
- Recommendations for action.

During the implementation phase, I logged thousands of miles by crisscrossing Mexico for interviews held with key soft goods companies, usually at the CEO level. At the same time, Peter was carrying out extensive cost models that tested the limits of KSA's internal hardware capacity. Brian carried out interviews in the U.S. and modeled macro economic consumption levels.

Dr. Gereffi, a published authority on international trade in the textile and apparel industries, met with government technocrats and leveraged his knowledge of the apparel industries in Japan, Hong Kong, and Korea. Fernando and Bill called on contacts in leading companies here and in Asia to better understand the drivers for investment.

Final conclusions were presented in early November to Alfa's chairman and key executives.

In very brief terms, KSA recommended that Alfa should: 1) stimulate key investments in the Mexican textile sector by targeting foreign and local firms, particularly in the fabric finishing area, 2) promote private and government sector initiatives to eliminate illegal imports of apparel and textiles by enforcing existing laws, and 3) become a better supplier to key customers.

A wealth of detailed action plans came out of these three recommendations at the company, sector, and national levels. KSA, in all probability, will participate in several of these implementation steps.

Alfa annually hires a variety of consultants to move its business forward, including all Big Six firms and several specialty firms, both from the United States and Mexico. It has been rewarding for all project team members to hear Alfa top management remark that KSA is the most effective and insightful consulting firm they have used this year. In fact, *Alfa has requested KSA participation in a discussion on the textile industry with the Chief of Staff of Mexico's President-elect Ernesto Zedillo.* Stay tuned for details in future issues.

KSA carried out several large scale projects in Mexico during 1994. Since 1991, KSA's activity in Mexico increased at a compound rate of 70%, reaching \$1.3 million in 1994. Average engagement size tripled, and the client base was fairly even between Mexico and U.S.-based companies.

The recent currency devaluation has created some uncertainty in Mexico's financial and stock markets. Although this loss reflects weakness in balance of trade and other market indicators, KSA expects certain benefits for our activity in the region.

In terms of cost, Mexico will certainly become a more competitive source for labor-intensive manufacturing. This improvement in competitive position suggests increased activity for U.S. soft goods manufacturers sourcing out of Mexico and local firms exporting.

Growth in the Mexican consumer market will certainly slow in the short term. Retailing activity by large U.S. retailers may be placed on hold until the smoke clears. Those local firms without access to external financing will also suffer due to the dramatic rise in interest rates.

Stay tuned for continued updates on KSA's activity in Mexico and Latin America.

In memory of Lutz J. Kohnagel

by Ross Runnels
and J. Paul Raines

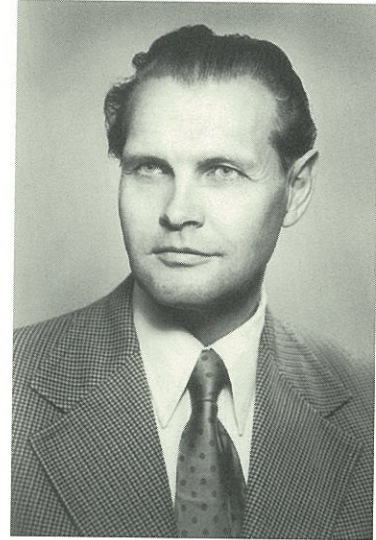
With the passing of Lutz Kohnagel, KSA lost a classic consultant and one of its most-traveled members. Lutz joined KSA while Kurt Salmon was doing much of the recruiting. They met soon after Lutz attended the Institute for Classical Tailoring of Men's Clothing at Mönchengladbach, Germany. His early projects took Lutz to South America and he was a Caribbean island-hopper long before the 807 import program.

Lutz Kohnagel was an old-fashioned, up-to-date, unreconstructed engineer. He expected a lot of the people with whom he worked, but always expected more of himself. He proclaimed himself to be a cynic, but those who knew him realized how much he cared about his wife, Doris, and his home, and about his many friends in KSA.

Lutz was a worldly person, and thought in global terms before it was fashionable to do so. He was at home on the streets of Berlin or the streets of Mayaguez. Lutz related well to people in factories, and he understood human nature. In Puerto Rico, many people called him "humilde," which translates loosely as humble or having humility. It was one of his strongest traits.

One night in Mayaguez he and Paul Raines were approached by a little old lady who was yelling: "¡Don Lutz! ¿Como esta?" Lutz asked where they had met. It had been 10 or 15 years earlier at a factory in San Juan. They chatted for a while, Lutz recalling her operation and all the details of the project.

When asked how she could remember Lutz after all those years, the woman said: "It's been a long time, but I will never forget those eyes." Neither will the rest of us.



KSA Americas Consultant Receives Top Honor

KSA Americas consultant, *Juan Villarreal*, was recently honored in Mexico City as one of the top university graduates in Mexico for 1994.

The Ministry of Education annually selects students from universities throughout the country based on scholastic achievement. At ceremonies on November 21st and 22nd, these students were honored at receptions with the Minister of Education, the Secretary of Defense, and the mayor of Mexico City. In a culmination of the

award activities, President Carlos Salinas de Gortari, outgoing President of Mexico, received the group at his official residence (Los Pinos) and addressed the group on a variety of subjects.

Juan Villarreal, in typical KSA fashion, flew in the night before from Argentina, where he was staffing a project for textile manufacturer Grafa. KSA is proud to include one of the "best students in Mexico" as a member of its professional staff. "Asi es . . ."

An American in the U.K.

by Phil Kowalczyk,
with Sandi Kowalczyk

What is it like in the U.K.? Why did we decide to go? Have our accents changed yet? Do we feel isolated? Are we enjoying it? These are the questions frequently posed to us about our relocation to England and KSA's U.K. practice. We are grateful to also occasionally be asked, "When are you coming back?" None of these are simple questions and at any point in time our answers might be different. Following are questions posed during a recent, brief interview with *The Observer*.

Why did you decide to move?

Given that many of our clients are increasingly international in scope, I was anxious to learn more about business in Europe. At the same time, an opportunity to expand our services in supply chain management surfaced in our U.K. practice. When we were presented with the idea of moving to England, we jumped at the chance.

What is different about working in the U.K. and Europe?

The most obvious difference is the size of the practice. The U.K. practice has 20 people. This has the advantage of making internal communication easier and requires that consultants be adept at filling a variety of roles in different consulting projects. While the demands of travel and the time away from home is not much different, travel itself is different. Within the U.K. I've discovered the convenience of travelling by train. Internationally, travel is no more difficult than travelling state-to-state as long as Customs does not stamp "Undesirable" on my passport!

At first, it was difficult to get used to little differences. Take, for example, paper size . . . paper is not 8-1/2 by 11 inches, but A4, which is slightly longer and narrower; binders are two- or four-hole punch, not three-hole punch. Those who know me and my quest for organisation (*Editor's note: Phil's spelling, not ours. Americans, I*



think we've lost him!) can only begin to imagine how much this threw me!

By working in our European practice I have developed an appreciation for the unique differences between the major European cultures. This means differences in language, culture and customs. I've come to appreciate the advantage of having colleagues around Europe who have helped me understand local and international issues. Language differences don't have to be a barrier.

I was able to give a 45-minute presentation in flawless Italian, thanks to the miracle of simultaneous translation. It was very impressive, but I wonder if it seemed strange to the audience watch me speak, but hear a female voice through their headsets!

What type of projects have you been working on?

When I first arrived, I joined a large project team working for a U.K. retailer named BhS. The focus of the work was to improve the effectiveness of the supply chain, starting with the stores and working right back through sources of supply. This involved a series of solution-specific projects and initiating a large reengineering project.

We have worked for a few American companies like Oxford Shirts and R.G. Barry. These are projects that involved new market entry in several of the major European countries. As a result, we have developed a good methodology for introducing American companies to the opportunities and idiosyncrasies of different markets. These have been exciting projects for me and have highlighted the genuine value of working with consultants who speak multiple languages.

A good example of using our international network is illustrated by a project including a customer satisfaction assessment with Courtaulds in

the U.K. We were asked to submit a proposal because of the excellent work done by KSA in New York for a similar project. Umbro is another client that asked us to help resolve a problem. We have worked for Umbro on each side of the Atlantic and, this summer, we completed a project that required transatlantic cooperation.

Was the transition made easier because of the common language?

Lest thou thinkest

Americans speaketh English, thou wouldst be wrongeth! Despite a common language and heritage, even that which is familiar is different. We learned that "chips" are fries, and "crisps" are chips; "biscuits" are cookies and "mince" is hamburger. It is certainly not as difficult as learning an entirely different language, but we have discovered that "y'all" does not translate.

Describe where you live.

You've heard the expression "your home is your castle"? Well, ours is close. We live in Lymm Hall, built in the 16th century, situated on ten acres of gardens. It even has its own moat (but

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"I've come to appreciate the advantage of having colleagues around Europe who have helped me understand local and international issues."

o Countries

To the U.S. from Germany

by Bernhard Ulrich

Have you ever had this certain "That-must-be-Fate" feeling that often comes with major events?

When KSA offered me and my family the opportunity to work and live in the States for six months, we felt that way. Our endless discussions about where to spend the summer (vacations) with the kids finally found a happy end. We were looking forward to an exciting experience in the "New World," more specifically in a city by the promising name of Virginia Beach . . .

First Impressions

Virginia Beach is part of the Hampton Roads Metropolitan Area, which has about one million inhabitants. Cultural and business center of the area is Norfolk; leisure activities are mostly concentrated in Virginia Beach, by locals simply called *The Beach*. At least 75% of the population is directly or indirectly involved in the Navy. That causes a lot of turnover of people in the area, in addition to the tourists who only stay a few weeks.

Virginia Beach has no center — it is an accumulation of neighborhoods, mixed with shopping centers, lots of churches . . . and military bases. Wherever our Central European eyes looked, we found ample space — the streets, the houses, the backyards, even the individual parking spaces are more than generously sized. (They have to be, because cars are huge also, the big Mercedes Benz is almost considered just another compact car.)

The Start-up

Upon arrival, our first steps led us into our rented house, nicely equipped with rented furniture and rented pictures, even the flower bouquet

is rented. We had a quick dinner on our rented dishes and put the children into their rented cribs, before we fell into our rented beds with the rented sheets. (We did bring our own toothpaste.) There is nothing that cannot be rented! And there is nothing that cannot be delivered/exchanged the next day, either.

Convenience seems to be among the highest values in American lifestyle, especially when it comes to accessibility by car. Those of you who have met my wife, *Regine*, might know of her concern about environmental issues. Her intent to use public transportation or walk to her destination for the environment's sake, however, quickly turned out to be somewhat unrealistic — heat and humidity during the day and the non-existence of a transportation net were convincing arguments against.

We found convenience also in our day-to-day life — what a luxury to be able to go shopping at night when the children are in bed, to make free local phone calls any time, to pay for anything anywhere without having cash on hand. All that was a great and new experience for us and certainly eased the stress of establishing a new household in this foreign country. After only a few weeks, we had fairly well adapted to the habits of an average local family — now we eat cornflakes for breakfast, sandwiches for lunch, brownies and chocolate chip cookies as snacks, and even drink American beer for dinner (which, by the way, is better than its reputation). We redeem coupons at the grocery store and have collected at least five credit/membership cards since our arrival.

Cultures and Customs

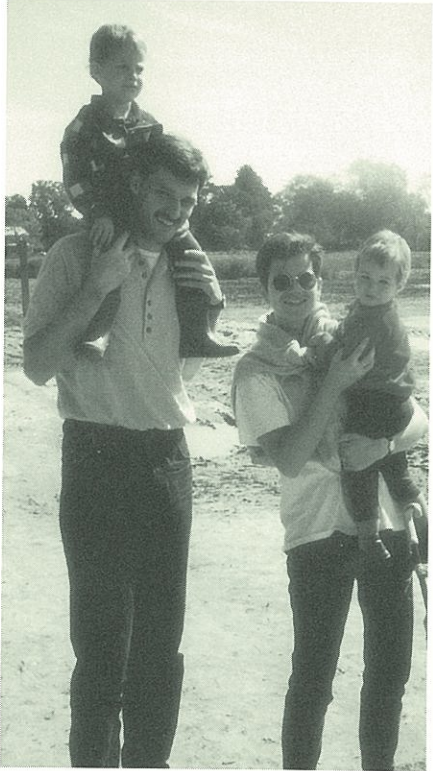
Staying up-to-date about news and politics in good old Europe while living in the States is not

that easy, if you subscribe to a local newspaper and do not have cable TV. The focus here is much more on national events. The story of a legendary football player being accused of murdering his wife and her friend filled the newspapers, radio and TV stations during the first weeks of our stay. After that, the big news was a players' strike in the two professional baseball leagues. President Clinton's health care reform filled the news hole, until the general elections and the private lifestyles of the candidates took over.

In talking to the people, however, we found a strong interest in knowing more about Germany, about the mentality, the culture, politics, and especially the reunification. "I envy you for your traditions, your history and culture," somebody told us. His ancestors were German, he said, but in such a young nation that is a melting pot for so many peoples and cultures, you can forget about your own roots very quickly. Even though many Americans might feel the same way, I think that

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"I think your country's well-known innovativeness arises from . . . the attitude of challenging and questioning traditional rules and principles."



John Wilcox: Man or Legend?

John Wilcox is just finishing a telephone conversation one Monday morning when the *Observer* editor drops by for an interview. Quickly, John is up and giving the “grand tour” of KSA’s Greensboro, North Carolina office. His private office, a tidy museum of KSA memorabilia and personal treasures, is as warm and friendly as the man who occupies it.

As we settle in for our chat, John calls attention to a side table on which lie several paperweights. Embedded in each paperweight is a tombstone ad heralding KSA’s most recent successes in mergers and acquisitions. John picks up the paperweights one at a time and talks about how KSA helped each client. His tone is like that of a boy who got just what he wanted for Christmas, and now is showing it proudly to a friend. “Our corporate finance practice,” he says, “has a 100% success rate. Our people are doing a fantastic job. Out of seven companies that have retained us, seven companies have been sold. An investment banking firm would never even attempt that kind of track record. Our clients know we know the industry, and we will not misrepresent them or mislead the buyer. We know which companies would fit together well in a merger. Our clients also know they don’t have to be huge to get good service from KSA.”

The conversation turns to a discussion of how client relationships begin, develop and evolve. (See article at right and others scattered throughout this issue.) Finally, we arrive at the focus of the article.

How did you come to KSA?

Cliff Anderson, Dean of the I.E. school at NC State, where I attended undergraduate school, knew *Dean Vought* and *Bob Pee* when he taught at Penn State. When he learned KSA was interviewing at NC State, he suggested I interview with them. So, I joined KSA right out of school.

Why did you settle in Greensboro? It’s not exactly a major business center.

Because *Karl Striegel* was here, and I had a great deal of respect for him. He was superb with clients. I

also thought to myself, “The Greensboro office is small and I’ll get to do everything. I’ll learn more that way.” I spent five years with Karl before he began to phase out. I also spent a lot of time on early birds to New York in those days because that’s where everyone was based. I was on the road 3 – 5 days a week and was always showing up in a KSA office somewhere. Communication is so important in this company, it’s how we do what we do best. These days, we network more electronically, but in those days, we flew or drove or telexed or phoned.

I made a choice to stay in Greensboro after Karl retired because that’s where my family wanted to be.

Why would you want to be a consultant for 33 years, logging 150,000 air miles every year (That’s 5-million air miles!!!) There must be significant wear and tear on you and your family.

I’ve remained in the consulting profession for four reasons:

1. *The work itself.* It’s interesting. It changes. And even if the work is the same, the people never are. Our business has changed, too, over the years. For example, now we are into reengineering, corporate finance, and real consumer marketing. I have never in my career with KSA felt that I finally knew it all and could slack off.

2. *The people.* We may gripe once in a while about our company or associates, but just go to any other 400- to 500-person organization and see how their people are treated.



Pat, Eliot, Leeann and John Wilcox

KSA people have certain common characteristics. We are very independent and professional. To us, it’s not a job, it’s a career. We are constantly stretching and realize there’s always more to learn from our colleagues.

Our clients say they love our people. If a firm has never worked with a consultant, it expects tense, all-business people. What it gets when it hires KSA are respectful, on-time, team players who are good role models as people and give the client the credit. I am reminded of the saying, “Work yourself out of a job by training, and building up the client.” That’s what we strive to do.

3. *The professional lifestyle.* We have a lot of freedom to set our own schedule. I am able to travel, to see things, countries, or areas of our country that I might not otherwise have seen. It is an opportunity to grow personally. KSA has also helped me realize all of my educational goals, including a leave of absence to pursue my MBA and sponsoring my participation in the Advanced Management School at Harvard Business School.

4. *KSA’s ethics.* I have never been asked to do something I felt was unethical. Kurt’s emphasis on client interest is the driver here. There has never been any compromise of my personal integrity.

How’s your family?

My daughter, *Leeann*, is the activities director at a nursing home. She really loves her work, and the people love her. She is in the

process of applying to graduate school for her Master's in Gerontology. My son, *Eliot*, graduated from music school at UNC-G. He lives in Nashville, Tennessee. He is a songwriter, lead guitarist and backup vocalist for Venus Drive, an alternative rock band. The band performs only original songs, many of which Eliot writes. My wife, *Pat*, who is the absolute love of my life is an industrial psychologist and has been involved recently in a large outplacement for Sears Mail Order. It's very stressful but rewarding work.

After the interview, the editor decided to ask other KSAers, past and present, for their comments about John. (John was asked, but the conversation somehow kept coming back to KSA. Imagine that.) Here are some of the responses.

"He's one of those rare consultants who has been able to bridge the gap from the sewing room to the board room. He's comfortable in either arena."

"He's smart and resourceful. He overschedules himself, yet always manages to get it all done."

"He's much too optimistic. We have what we call the Wilcox Factor at KSA. Any time John forecasts something, we downgrade it by 2 - 3%."

"He takes his assignments seriously, and is the best I've ever known for meeting deadlines."

"His handwriting has become illegible!"

"He has a very interesting wife. She's a psychologist."

"He sends and receives more voice-mail messages than anyone else in the company."

"He's very athletic. He was on the swim team at NC state. I heard he once bench-pressed *Jill Steinberg!*" (Rumor has it that John once lifted the 100-pound former PR secretary over his head on a bet.)

"He is the unofficial spokesman in the apparel industry for KSA. The peripatetic financial breakfast speaker, a long-time speaker at the AAMA Economic outlook seminar."

"He's a power broker, but a really nice guy, too."

And finally, a new consultant, overheard at a Smooth Start session after JLW's name had surfaced several times, said, jokingly, "Does this guy really exist or is he a legend?"

Answer: *Yes* and *Yes*.

Reflections on client relationship building

by John Wilcox

One of the most gratifying aspects of a 30+ year career with KSA has been the opportunity to see our clients and our client's people progress over time and to see the unique contribution that KSA and KSA people make to that progress. Here are two examples.

Spartan Mills/ Lee Company/VF Corp.

In the 1970s, *Bill Reed* and *Freddie Wood* managed a number of very successful engagements for KSA at Spartan Mills. The chief administrative officer/corporate attorney was Robert E. Gregory. I met Rob years before. After college and law school, he joined American Enka in the same training class as Sonny Enloe — my SAE fraternity brother from NC State. Sonny eventually became President of American Enka and Rob had the opportunity at Spartan Mills.

At Spartan, Rob became more and more interested in general management. Shortly after attending the Advanced Management Program at Harvard Business School, Rob was offered a position as VP of Administration at Lee Jeans Company.

At Lee, Rob's dynamic leadership abilities were quickly recognized and he was soon promoted to President. At that time, Lee Jeans and the entire VF Corporation was notoriously anti-consultant. Rob went against this policy in 1983 when he hired KSA to help Lee Company sort out its sourcing strategy for shirts.

Jerry Armfield and *Peter Harding* quickly determined that there wasn't a big market for Lee shirts. Rob was impressed by the professionalism of our work.

Within six months, Rob was asked to join Larry Pugh in Wyomissing as a president of VF Corporation. There followed a four-year period in which KSA assisted in forging corporate strategy at VF Corp. As a public company, it was required by Wall Street to grow earnings and volume by 10% per year. In the mature jeans and intimate apparel markets this was impossible without

acquisition. KSA worked with VF on industry analysis/merger acquisition projects, including its acquisition of Bassett-Walker and Blue Bell.

After numerous discussions on Quick Response with *Bob Frazier*, VF decided to adopt Market Response System as its strategy for the nineties. It committed to become the most market-responsive apparel company in the world. *Peter Brown*, *Jerry Armfield*, *Ron Brockett*, and *Mike Barnes* helped VF fashion one of the most all-encompassing Quick Response strategies in the industry.

KSA's involvement with VF switched to the divisional level. We continue to have opportunities to work with companies such as Girbaud (IT/*Mike Barnes*); Vanity Fair Mills (move to Mexico/*Don Burkhalter*); and Healthtex (Distribution/*Steve Szilagyi*).

Currently, KSA is discussing with VF its drive to become the high performance apparel company that we hope eventually will move beyond Quick Response to Direct Consumer Response as a vision of the future.

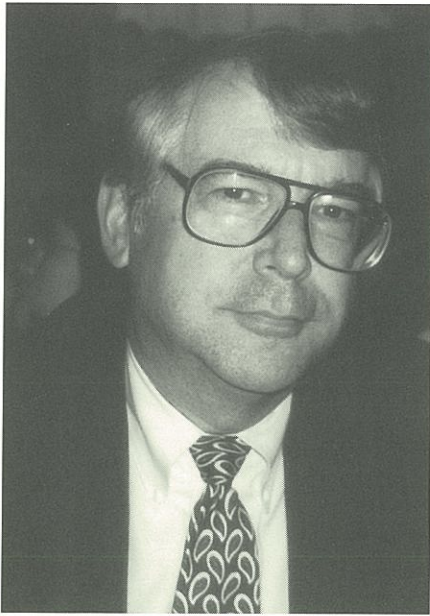
Rob Gregory eventually left VF and became President of Gitano. KSA was brought in to assist Gitano's restructuring with help from *Michael Jacobs*, *Gary Catherman*, and *Kasey Pickett*. Gitano was sold for \$100-million in April, 1994 to Fruit of the Loom.

Anvil Brands/Mr. Apparel/ U.S. Industries/W&J Rives/Ruff Hewn

In the 1950s, Jack Rives was selected as a resident engineer by *Jack Ullman* during a project for Anvil Brand Jeans. Jack later became VP of Manufacturing and then formed his own contracting company, Mr. Apparel. Mr. Apparel continued to be served by KSA (*Karl Striegel* and *Paul Flood*), grew to a \$15-million company, and was sold to U.S. Industries. *Karl Striegel* retired and I inherited Jack as a client.

After several years, Jack and his sons, Warren and Jeff, bought the firm back. With input from KSA, W&J Rives became a package supplier of jeanswear offering fabric, product development,

cont'd on page 25



Alumni focus

Catching up with Frank Armistead

Frank Armistead was in Atlanta recently for a conference, and the Observer editor took the opportunity to chat with him. Here is our conversation.

You left KSA in 1988. What have you been doing since then?

When I left KSA, I went with Andover Togs, based in Scottsboro, Alabama. I was senior VP of Manufacturing. In May, 1991, I joined Jockey International and moved to Lake Forest, Illinois, which is about 40 minutes from Kenosha, where the company is based.

In December, 1992, I joined Horace Small in Nashville, Tennessee, as Senior Vice President of Operations and Manufacturing. Horace Small manufactures and distributes uniforms to governmental agencies, state and local municipalities, public safety departments and several major national and international customers, the largest of which is Federal Express. The move to Tennessee was brought about because of the realization that there are some southerners who cannot and should not be anywhere but in the South. *Shirley* and I felt like we were a million miles away when we lived in Illinois. We're glad to be back.

And we're glad to have you. Let's look back on your time with KSA. You were in the Manufacturing Management Division, as we called it then, weren't you?

Yes, I was in MMD throughout my KSA career.

I spent my early years in tailored clothing, with trousers makers such as Palm Beach and Greif, did a number of cutting room projects in tailored clothing, and then shifted over to a number of years of working with *John Wilcox* in ladies' fashion apparel. After that, I found my career leaning more toward children's wear. I worked with Health Tex, Andover Togs, and similar firms. It was almost all manufacturing.

How did you come to KSA?

When I was a senior at Georgia Tech I had a friend whose father was an apparel executive in West Georgia. While visiting my friend in his dorm one evening, I ran across a recruiting flyer from KSA on his desk. *(The flyer is reprinted at right, and the editor wishes to thank Nort Eberly for never throwing anything away.)* The brochure showed a guaranteed salary of \$16,000 per year after six years with the company. I was just amazed. I asked him what Kurt Salmon Associates was and he said, "It's a consulting firm specializing in apparel. You should interview them; they're going to be here tomorrow."

In 1965, Tech was almost totally male. We wore scruffy clothes everywhere unless we had something special to do. I left my dorm early the next morning in tattered jeans, a t-shirt, and no socks and went up to the placement building. At that time, they used a very basic 15-person signup sheet, and if all the spaces were filled, you were out of luck. When I got there they were all full. As I stood there with some disappointment on my face, *Jimmy Giddings* walked up and said, "Could I help you?" I told him I was hoping to have an interview with this company but was too late. He said, "What are you doing right now?" So I cut my class and interviewed, scruffy clothes and all. A few weeks later I received a letter to come to

1422 West Peachtree and be interviewed by A.J. Quick. (It didn't say *Miss A.J. Quick*.) I walked into that interview, this time properly dressed, and was startled to see *Abbie Jean*, who proceeded to subject me to an interview that could only rate as that of a "black belt professional". So, I joined KSA right out of school — I graduated from Tech on a Saturday at the Fox Theater and was in Kurt's basement in Washington the next Monday. Then, we spent two weeks, two at a time, training with Kurt. I went from there down to McRae and on to consulting projects.

What is your fondest memory of your time at KSA?

Most of my memories are fond ones. I think one of my more enjoyable experiences with KSA was when we had a multi-plant and multi-function project for the Kellwood company in Little Rock. There were days when we had as many as eight KSA consultants in the facility. At any point in the project there were at least five consultants living in Little Rock. I have a very fond memory of the camaraderie we shared.

I have a distinct memory of engineering a trouser plant for Palm Beach in Knoxville, Tennessee, where the average age in the plant was 56 years. This engineer gained a lot of unexpected experience and insight while contending with all the emotional upheaval that those women were going through.

Many times I found myself placed in the position of being called an "expert" when I had never been inside a plant making that product or following that process before, and I learned to follow Abraham Lincoln's adage, "It is far better to remain silent and appear stupid than to open your mouth and remove all doubt." I had to fall back on that philosophy more than once.

In one of my more unusual experiences, I once evaluated the potential for incentives at a pecan processing plant in Harlem, Georgia. It was one of the most amazing processes I've ever seen. We could learn a lot from their utilization of raw materials — they don't waste anything. Executives of the company were interested in how they could control their labor costs. The owner belonged to a country club and played golf with the owners of the Thomson company, makers of Thomson slacks. He asked, "What do you all do to control labor costs?" and they said, "We use KSA." It didn't lead to an installation, but it was an interesting survey.

My most rewarding experience with KSA was the opportunity to establish long-term relationships and work with clients as they moved from being a family business in the \$20-million range, to a public company with sales of \$100+ million. KSA would assist them and we would all share in the satisfaction and accomplishment that they felt.

KSA was and is a company that I consider to be an exceptional environment for anyone to experience in terms of the abilities of your associates, the integrity of the company, the excitement of being on the leading edge of new technology and new strategies as our industries are being developed. To have been "one of Kurt's people" is an experience I look back on in a totally positive way. I still have a tremendous number of friends in KSA who I enjoy seeing periodically.

How is your family?

Very well. *Shirley* is a public school teacher in the Davidson County School System. She teaches introductory computer skills to 7th and 8th graders. Our oldest child, *Heather*, lives in Louisville, Georgia. She is the wife of a high school football coach and the stepmother of two young sons. Our son, *Todd*, is pursuing a Masters' degree at Auburn in Building Science (the construction side of architecture). Our other daughter, *Aubri*, is a sophomore in the school of nursing at Auburn. How a Georgia Tech graduate ended up with two children at Auburn is beyond me.

Now that you're on "the other side of the desk," how do you see KSA?

From my perspective, and that's not a very close perspective, KSA has changed dramatically since I joined the Firm, and to a lesser extent, but

still a significant degree, since I left the Firm.

When I joined KSA, the Firm was basically an implementation group, and growth was limited only by the pace at which it could add young industrial engineers to the staff. Almost the total focus was on the reduction of labor content or the expansion of capacity and the improvement of the utilization of raw materials.

I think KSA has diversified dramatically. Much of the diversity I wouldn't



even be aware of, but I know the Firm has reached the preminent position in health care and in retail. Within the historic soft goods manufacturing industries, KSA is viewed as being the Strategic Think Tank.

If KSA had not diversified, it would be a shadow of itself, because the industry has changed to the point that the traditional services are in rather short demand now. A number of key executives at KSA over the years have certainly served the company well by having the vision to reshape the company. I think that, in reality, KSA provides a much more important service to its clients now, given the breadth of its diversity, than it did when I was with the Firm. We are obviously moving toward a breakdown of barriers between all the key linkages in the soft goods chain and to have a firm with the knowledge and status that KSA has of the entire chain, applied all the way through retail, is very valuable to a client in any part of that chain.

I view KSA as even a greater asset to the industries it serves today, including apparel, than it ever was because true issues of survival are facing almost every apparel firm. Apparel firms have tremendous need for external counsel. The skills



*We published this message last year. Nothing has changed but the numbers.**

Q: How do you make a qualified consultant out of a college graduate with no experience?

A: Through specialization in a limited number of industries.

It takes time, of course, and a consultant never stops learning. Being specialists, however, we can impart technical competence relatively quickly. You learn on the job, at your own pace, under the continuing guidance of senior men. More complex and challenging assignments follow in rapid succession as you gain maturity, exposure and proficiency.

[The above question was asked most frequently by the 506 men Kurt Salmon Associates interviewed last year. Here are some other typical questions we expect to be answering during 1995/96.]

Q: What is KSA? What do you do?

A: Kurt Salmon Associates is the largest management consultant firm serving the apparel and textile industries. Our practice includes production engineering, statistical quality control, management information systems and operations research, training and personnel work, and long-range planning.

Q: Why specialize in apparel and textiles?

A: Apparel ranks 4th, textiles 8th, among industry employers; together they have over 2 million workers. Merges have given soft goods a big-business look, requiring higher productivity, modern management. By confining our practice to these consumer industries, KSA's growth is not subject to fluctuating military budgets. Potentials are impressive and challenging since our clients, who are industry leaders, account for less than 20% of annual apparel sales. Expansion of our staff has averaged 12% for each of the past six years, accompanied by unusually low turnover; further expansion only awaits good new men.

Q: Where would I fit in?

A: This depends upon your educational training and ability. KSA's permanent staff numbers 117 full-time consultants—90 in the U.S. and 27 overseas. We intend to add men with engineering, industrial management, operations research, or related backgrounds to help us expand our services.

Q: Where will I work?

A: Anywhere in North America. You will meet new people and challenges, make valuable professional contacts, gain recognition as one of KSA's cosmopolitan and congenial family. Longer assignments come with seniority; eventually you can expect to be permanently based in a regional office.

Q: How far can I go with KSA?

A: We honestly don't know. Progress is neither predetermined nor limited in KSA. There is no nepotism; promotions are based on merit. Yet there are minimum achievements: We can guarantee you will earn at least \$16,000 after 6 years. Two of our vice presidents joined us directly from college in 1950. They (and 26 others whose service ranges from 4 to 30 years) have equity in KSA today. But 15 years ago they were college graduates with no experience, no knowledge of apparel or textiles, and serious doubts about how anyone could turn them into qualified consultants.

KURT SALMON ASSOCIATES, INC.

For more details about a consulting career with Kurt Salmon Associates, contact Miss A. J. Quick, Director of Personnel, in KSA's New York office.



Management Consultants to the Apparel and Textile Industries
350 Fifth Avenue, New York, N.Y. 10001
Washington • Atlanta • Greensboro • Nashville
London • Paris • Darmstadt
Member: Association of Consulting Management Engineers, Inc.

* For the curious, here are the number changes: 506 interviews last year were 20% more than 1993/94; our 12% expansion rate compares with the 10% average growth mentioned last year; the head-count for our previous message was 92, contrasted with KSA's present staff of 117. Finally, three staff men earned supervisory status during the past year, which means that equity in KSA is now shared by a total of 28 persons.

that KSA now offers the client could rarely be duplicated unless the client was a very large multi-national firm.

If there is a challenge to a company, KSA is viewed as a resource for addressing both near- and long-term changes in the areas of soft goods, what they mean to a company and how to react to them. I know that's how our firm views KSA.

—Janice Ryer

The KSA Observer

Publisher: Randy Nord

Editor: Janice Ryer

**Editorial Assistance: Debora Tucker,
Fran Preston, Helena Johnson**

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It's not the same old story . . .

Reflections on a 33-year affair

by Joe Scheines,
retired director of communications

The question would be asked on airplanes, at dinner parties, class reunions, wherever. "You handle public relations for a consulting firm? What ever does that mean?"

My packaged answer went something like this: "KSA specialists (not to be confused with 'generalists') help apparel manufacturers save money. I write articles about how they do it — improving methods, incentives, fabric utilization, quality, training, etc. — and the quantitative results achieved for our clients."

That was back in the 1960's. The great changes that have taken place in the company since then are reflected in the way KSA presents itself in public today. Then, our major PR effort was to publish annual client lists for credibility. Articles about our work had to assure manufacturers that (1) accumulated savings would return their investment inside of one year, and (2) it was OK to let consultants into plants; we wouldn't upset workers or steal secrets. Such concerns were very real at the time.

Now, KSA doesn't have to qualify itself. It's hard to think of a major soft goods firm that wouldn't make our client list today. We are regularly cited as the authority about soft goods and retailing. Pioneering work in Quick Response and the annual Financial Profiles help. ("Generate data and they will copy" is Rule 6B of the PR Handbook.)

Then, we wrote about the services that focused on manufacturing and, for the far-sighted, how to take EDP beyond accounting and maybe use it for production planning and forecasting. Now, we write about using IT to capture retail POS data, refill stock assortments, and generate bar-coded ASN's overnight via EDI.

KSA's services now cover the management spectrum — from product development to

financing — and their expansion has helped us move beyond soft goods into the universe of consumer products and services. (A modest marketing goal of yesteryear was "... to break out of the sewing room and get into cutting.")

Now, we work for clients in industries that we didn't dream of approaching three decades ago (publishers, grocers, direct marketers, hardware suppliers, entertainment, rose farms, jewelry, housewares, et al.) Continuing refinement and expansion of services, plus the imagination to apply them to any consumer-oriented industry, has caused KSA to reinvent itself.

Then and now, the Communications Department gets involved in all service and mar-

ket areas, allowing it to see more of KSA's many facets than most.

That unique vantage point drives "New Connections," our quarterly reminder to CEO's everywhere that KSA is no longer only a soft goods specialist.

Finally, using outside consulting assistance is now common throughout the business world. To the aging eyes of any KSA alumnus, the company seems bursting with talented, incredibly young people. But upon closer inspection, they all exhibit the brains, energy, and professionalism that have always identified a KSA consultant.

"So, you're one of Kurt's people . . ." turned us on 30 years ago, and it still should today.

The Four Horsemen Plus One



Joe and Rita Scheines entertained the Cruzes, Prices, Burkhalters, and Armfields in their Hilton Head home in late summer. Rumor has it that these "four horsemen" gave new meaning to the term "hazard" when their golf games were squeezed between recreation and shopping with spouses in Hilton Head. Some were anxious to get back to the grind of consulting and its more friendly hazards. From left: Sergio Cruz, Joe Scheines, Butch Price, Jerry Armfield, and Don Burkhalter.

Alumni Update: Where are they now?

F.C. Blair is retired and living in Nashville, Tennessee with wife, *Nina*. He writes that in his years of retirement, he is enjoying his 10 grandchildren and in the last year, his first great-grandchild, *Austin*.

Mailing address:
4039 Overbrook Drive
Nashville, TN 37204

Marcia Decker is self-employed as a retail systems consultant. She lives in Roswell, Georgia with husband, *Jim*, and children, *Natalie* and *Jake*. She writes that she is presently working with Neil Thall Associates with KSA alums *Neil Thall*, *Terrell Mills*, *Steve Sorrell* and *Brooks Phillips*.

Mailing address:
2045 Azalea Drive
Roswell, GA 30075

Barry Mademann is Managing Director/ Partner of Danube Knitwear Limited in Hungary. He writes that he is trying to drink all the red wine there. Danube is a vertical company with

650 employees making knit through packed garments for Sara Lee, The Gap, Levi Strauss & Co. and Esprit.

Mailing address:
c/o Danube Knitwear, Limited
Baja, Hungary H-6500

Sam Morrab is President of S.P. Morrab & Co. in Burlington, North Carolina. Recently, he retired from Great American Knitting Mills (Gold Toe) and established his own consulting business, concentrating in the hosiery industry. It's a part-time endeavor to make the transition into retirement and still keep in touch with the industry.

Where are YOU now?

If you are a KSA alumnus, we want to keep up with you! Please send your address changes to Fran Preston, Kurt Salmon Associates, 1355 Peachtree Street, N.E., Atlanta, GA 30309.

Children: *Katherine Morrab Carl* is married with two sons, *Cynthia Morrab Yancey* is married with two sons, *Jennifer Morrab Mauch* is married with a daughter and a son, and *Elizabeth Cook Morrab* is single. He writes, "Retirement is great... just don't have all that extra time I thought would be available. It's understandable though, considering time for the grandchildren, some golf, those special projects 'waiting for retirement' and the consulting work."

Mailing address:
212 Brompton Court
Burlington, NC 27215

Bob Nabas is Vice President of Herbert Mines Associates in Wyckoff, New Jersey. He writes that his greatest achievement this year was that he survived turning 50. He is in his fourth year of a five-year-term as President of his Princeton class, involved primarily in fundraising, reunions and intra-class communications. He is also involved in Operation Link-Up, an organization of suburban couples that work with inner city high school kids. His wife, *Virg*, is very active in the organization, serving as a mentor for two students.

cont'd on page 22

Catching up with the Divine Miss Q



On October 27, four retired KSAers, (seated clockwise in picture, with Miss Abbie Jean Quick) *Ralph Ross*, *Stig Kry*, *Dean Vought*, and *Ross Runnels*, met at Penn Station in New York and traveled by car together to visit Abbie Jean in West Hartford, Connecticut.

It was appropriately a very bright, sunny day that brought out the best of the brilliant fall colors.

Collectively, this group has 195 years of KSA experience. They tried to push it over 200, but Abbie Jean insisted that, in keeping with KSA integrity, they not stretch the truth.



The group had a very pleasant lunch at a country club near Abbie Jean's lovely home. There was much musing about KSA history and former associates. They also reveled in, and toasted, KSA's current successes.

All in all, it was a most gratifying day for this group of former KSAers.

Mailing address:
Miss Abbie Jean Quick
64 Riggs Avenue
West Hartford, CT 06107

Twenty-fifth Anniversaries

Bruce Miller



At our HSD fall meeting, we had the pleasure of celebrating (and roasting) both Bruce Miller and Chuck Killian's 25th Anniversary. (Chuck's anniversary

was mentioned in the last *Observer* issue.) Freddie Wood MC'd the event. Both Bruce and Chuck were two of the partners from the Hamilton Associates merger with KSA in 1986.

Bruce joined Hamilton Associates twenty-five years ago after a brief stint with the Indian Health Service. His love of Indian Reservations has grown substantially in recent years because a number of Reservations in Minnesota have built casinos. Bruce has enjoyed significant success with his and others' money at the gaming tables. Throughout Bruce's years as a consultant he has been well known and respected as a stickler for details and strong client relations. You never want to be around after a presentation was made where there was an error in the data or there was trouble with the client.

Bruce is currently the National Service Director of the Strategy Group of the Health Care Services Division. He has contributed to the success of the Strategy Group nationally and significantly enhanced the practice by 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. He is currently working in a number of communities in the Midwest where the physician group and hospital are merging into one organization.

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 advisor. 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.

Bruce loves to golf and traveled to Scotland last year to try his luck on the links. He and his wife, *Joleen*, live with their two daughters, *Tara* and *Wendy*, in Minneapolis.

Bill Cobb



It's hard to believe, but Bill Cobb, that dashing young man who sits next to Tony DeMaria in the Atlanta office, has been with KSA for 25 years! The Logistics group celebrated this occasion at a staff meeting where Bill was presented with a few tokens of our appreciation and a lot of kidding about his many years of experience. Bill returned the favor by appearing in "Elvis" drag — leather jacket, dark glasses, and ducktails from his motorcycling days!

Bill joined KSA in 1969 as a systems specialist following teaching experiences with the Army — he was on the faculty of the Adjutant General's School — and the University of Tennessee — he taught what in those days was called "data processing" courses. Prior to his teaching experience, he received a B.S. in Personnel Management from the University of Tennessee and did graduate work in industrial management and math.

Bill's career at KSA has touched many industries. Upon joining the firm, Bill was immediately thrown into two consecutive major systems implementation projects in home consumer products — for WestPoint Pepperell and J.P.

Stevens. Following that, he shifted to textiles — implementing a scheduling system for Thomaston Mill's bleachery — and then to carpets where he was part of the team that developed KSA's Carpet Management Information System for Stratton Industries and then implemented it in California for Hollytex Carpets. Ask him about the commute home from California to his new wife, *Jan*! He can identify with the LS & Co. crowd!

After he wore out his welcome in manufacturing, Bill discovered what was to become his "second career" at KSA — helping *Tony DeMaria* build a systems delivery capability in the Logistics practice. Never content with half-way solutions, Bill and Tony decided that they needed their own software after several less-than-smashing successes with third party software providers. The end result is KSA's Distribution Center Management System — DCMS®. It has been implemented for Polo Ralph Lauren and Marithé & François Girbaud, and is in the process of being implemented for Haggar Apparel and L.L. Bean. Bill has assembled a top-notch team to service the product, and the quality of their implementations has demand significantly outrunning capacity. Bill may get to use his Personnel Management training yet!

Bill and his wife of twenty years, *Jan*, live in Atlanta with their teenaged children, *James* and *Julie*. Bill is one of our most regular users of the health club at the Peachtree, in an effort to keep up with the teenagers. Bill and *Jan*'s older son, *John*, is a graduate of Georgia Tech; he lives in Atlanta with his wife.

Where are they? *cont'd from page 21*

Bob's mailing address:
268 Wyckoff Avenue, Wyckoff, NJ 07481

Dick Sawyer is semi-retired and lives in Bloomington, Minnesota. He and wife, *Janet*, have three grandchildren: *Kristen*, *Kimberly*, and *Brittany*. He has been involved in helping the University of Chicago raise funds for its major capital and endowment five-year campaign. He reports that their house has been sold and next year they'll be writing from Hilton Head Island, South Carolina!

Mailing address:
9900 Drew Ave. S.
Bloomington, MN 55431

KSA names two new officers

J. Lynn Spuhler

Lynn has led the development of our Western Region Logistics practice. Recently, key clients served have included L.A. Gear, Bon Marche, Gottschalks, Thrifty Drug, Fingerhut and others. He has been an active sponsor and participant in enhancing and expanding KSA's Logistics services.

Lynn's objectivity and sound judgment are highly valued by both clients and colleagues.

His KSA career began in Operations where he worked with manufacturing clients. After initially settling in Greensboro, he moved west to help build the Operations practice in that region. Even though Lynn's focus is now Logistics, his understanding of manufacturing and sourcing continues to serve KSA well. He was the initial contact with Sun Apparel, Vans, and Disney, where he brought in the right CPG resources to convert opportunities to major projects.

Lynn has been a regular speaker at regional events, where he assists in marketing all KSA services, and at Logistics conferences nationally.

He has a Bachelors degree from the University of Cincinnati and a Masters from Purdue. He and

his wife, *Joyce*, reside in Long Beach, California, but have, on occasion, been sighted farther north taking on Pebble Beach and other golf courses.

Mark Wietecha

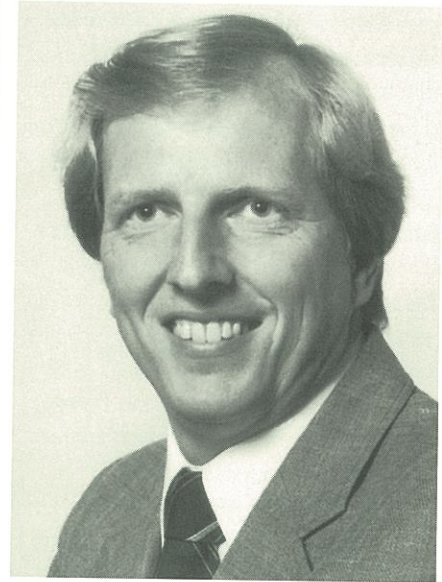
While Mark is the Southeast Regional Service Director for Hamilton/KSA, his contributions to our health care practice extend well beyond the region. He has been one of the leaders nationally in the development of our work with academic medical centers, which is now a major portion of our projects. Additionally, he has been active in integrating operations and facilities engagements and has recently developed some of our initial IT projects in health care.

Mark's account executive relationships include McLaren; Beth Israel, Boston; Northwestern University Hospital; and Memorial Hospital, Ormond Beach. He recently delivered the keynote address at the annual meeting of the Association of American Medical Colleges and has, in the past, addressed various meetings of health care executives.

Before joining KSA, Mark gained marketing and sales experience with a major pharmaceuti-

cal firm. He has a BS from Grand Valley State, an MS in Pharmacology from Ohio State and an MBA from Indiana.

Mark and his wife, *Diana*, live in Atlanta where Diana works with John Hancock in its Managed Care Program. Mark is a skier, and he and Diana enjoy traveling in Europe. Rumor has it that he is also the king of the catalog shoppers, with interesting packages arriving in the office on a regular basis.



Spuhler

KSA expands to include European Information Technology

For some time now, we have been discussing the European approach to Information Technology (IT) and we have decided to acquire

a share of that huge and growing market. This is of utmost importance now, because our plans to sell Business Process Re-engineering and our objectives to promote ECR and

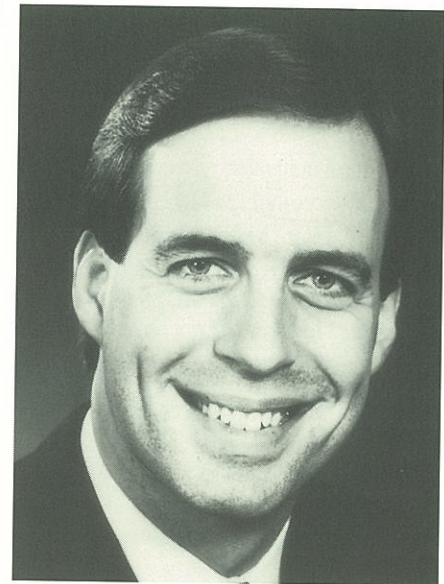
to get into other consumer goods areas have made our IT presence a must.

We are pleased to let you know that we have found a highly qualified colleague, *Gerhard Aichberger*, who joined us in October as head of IT in Europe. He was born in 1944 in Austria. He attended a school for textile and art in Salzburg. In 1972, Gerhard joined Arthur Andersen's Consulting practice in Frankfurt and became an associate partner in 1984. He supervised and worked on a multitude of planning, design and installation projects. He has broad and unique experience in all the relevant aspects of managing an IT practice. His success in many of these projects led to his becoming an international partner at Arthur Andersen in 1986, after 21 years, Gerhard

cont'd on page 28



Aichberger



Wietecha

New Managers

Mike Boguszewski is part of the Facilities HSD practice in the Minneapolis office. Mike has been with Hamilton/KSA since May of 1991, coming to work after graduation from the J.L. Kellogg Graduate School of Management at Northwestern University. He has made an impact on the practice from nearly day one and has demonstrated the expertise and initiative that we are looking for in the Manager group. We look forward to his continued development in the future. Mike's clients include Henry Ford Hospital, University of Oklahoma Health Sciences Center, Bronson Methodist Hospital, St. Joseph Mercy, Mercy Detroit, and the University of Virginia Health Sciences Center.

Mike and his wife, *Debbie*, live in suburban St. Paul, Minnesota and are kept busy by their son, *Thomas*. Mike enjoys golfing when he can and is an avid fiction reader.

Steve Jeffries joined KSA out of UCLA's MBA program. His undergraduate work was done at UC at Santa Barbara. Initially, he joined KSA as a settled consultant in Los Angeles, but before he finished his training, he found out he would be relocating out of Princeton, a change he accepted with great understanding and patience. He worked on the Matthew Bender account, then moved to Minnesota to work on the Wilson account as KSA's sole representative.



Boguszewski



Horst



Jeffries



Oglesby

There, he implemented an offshore tracking system that proved to be very beneficial to the company. The project began as a 3 - 4 week stint, but turned into a 1-1/2 year project. He commutes frequently to L.A. to continue work on his beach volleyball game. He is engaged to be married later this year.

Jack Horst joined KSA after six years with the US Navy and four years with Baxter Healthcare Hospital Supply Division. He held various management positions with Baxter including purchasing, inventory control, customer service, and facilities operation. He has used this background and experience well in performing key projects for clients such as StrideRite, Timberland, Bloomingdale's, Jones Apparel Group, Donna Karan and A.T. Cross.

Jack played a key role in assisting Timberland in starting-up a new operation in an existing building within four months. He is currently managing a key project for StrideRite that is enabling it to overcome severe design constraints performed by another consulting firm.

Jack is an avid golfer and somehow always manages to shoot under his handicap on key matches. He and his wife, *Marsba*, and their three children live close to Princeton in Somerset, New Jersey.

Rebecca Howe has been with KSA for two years. Prior to KSA she was with Global Software as a consultant in costing, inventory management, and financials.

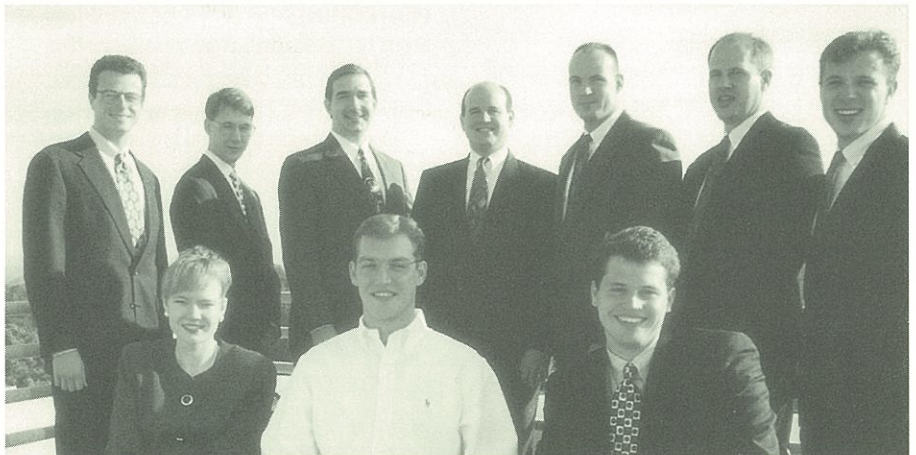
She received her Undergraduate degree in finance and information systems from Drake

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New Consulting Staff



Left to right: David Whelan, Tom Sims, Mike Casey, Louise Hutchings, Eric Padmore, Jay Meganathan, Nelson Chen, Brad Whicker



Left to right: Seated: Tara Forester, Chris Clark, Ralph Wear. Standing: Ray Atkin, Andrew Zgutowicz, Mark Chandler, Scott Leavell, Dan Maloney, Bill Kessler, Eric LaValle

it's drained). We rent a section of the "new" addition . . . built in the 17th century. Our flat was used to film an episode of *Sherlock Holmes* the week before we moved in.

Our village, Lymm, is a five minute walk from home and has a butcher, baker, green grocer, and chemist. We now know most of the shop owners, and catch up on the village news while we are buying our fresh fruits and meats.

What surprises have you had?

Turning on the central heating in July . . . discovering that the washer /dryer is a single machine . . . finding that we can go weeks without seeing sunlight . . . discovering what "old" really means.

What have you learned?

At work, basic business problems are the same. Retailers struggle with sluggish sales, finding the "right" product and trying to improve a supply chain plagued by long lead times, mark-downs, and slow inventory turns. Manufacturers face a consolidating market, due to consolidation at retail, and intentional retailer programmes aimed at rationalising the number of suppliers. Many suppliers have developed off-shore manufacturing capacity and are working through the challenges of reducing lead time and finding the right sourcing blend of short lead time and cost.

Just as in the States, there are those winning companies that seem to do it well and their financial results prove it; so it is here in the U.K. Marks and Spencer, Boots, Sainsburys, Dewhirst and Courtaulds are companies worth watching, learning about and working with.

One of the biggest lessons learned is the danger of the term "European Market." A year ago I thought there was a European Market. I have since learned that Europe should not be thought of as a large market anymore than America can be described as a single market. The States have the advantage of a single language and currency, but the differences between people from Maine and Texas are easy to see and hear. So it is here in Europe. The need and drive for a common market is real and the artificial barriers to trade are being torn down. But

there is a danger in underestimating the importance of individual cultures, tastes, and preferences between and within countries.

On the personal side, people are friendly and their values are similar. People try to do the right thing and want to be recognised for their contribution. Emphasis and attention to the family, and home is very important. In conversations with friends and through the newspapers, we find the primary concerns are for peace in the world and safety in our towns. Popular opinion is that taxes are too high, the government is ineffective, the health care system needs change, and children's education is not what it should be. (Sound familiar?)

Is there anything else that you want to add?

To my co-workers and their families in the U.K., you have made special efforts to make England seem like home to us. To my colleagues in Germany and Italy, you have offered your hands in friendship and welcome. We want to express our thanks and want you to know that we are delighted for the time we have with you. To my American colleagues who have kept in touch through visits and voicemail, thanks for letting us know we are missed. So are you.

Ulrich

the country's well-known innovativeness arises from exactly that circumstance: from the attitude of challenging and questioning traditional rules and principles.

This innovativeness in the day-to-day life was most apparent to us in all those little things (e.g., the postman does not only deliver your mail, he also picks it up) that make your life easy and in the service level that we as customers experienced everywhere. However, striving for speed and effectiveness in everything has led to some weird results. Advertisements more and more make use of an abbreviated written language: "Try our new improved lite BBQ sandwich, it's just rite 4 U!" Or, "Come 2 one of our drive-thru's anytime at nite, they R conveniently located and always e-z 2 find!"

The People

What surprised us most was how easy it is to get to know the people. The role our children

played in this context cannot be underestimated; there seems to be a universal children's language that does not need words to express itself. Many of our friends in Virginia Beach are parents of kids from our children's two playgroups, and there are hardly ever two consecutive days without seeing them.

People on the street — unlike in Germany — tend to talk, even if they have not met before. We cannot count any more the number of times we have explained our living here, and we have made friends everywhere: our realtor arranged all our utilities for us (for which she was given a bottle of German wine), the lady from the local travel agency has taken us out for lunch — even the people in the grocery store like to chat with us about recycling paper bags and refilling water bottles.

. . . and the Job

Our client is a direct marketer named Lillian Vernon (Miss Vernon is a real person and still heads the company), and KSA is currently involved in three concurrent projects. I am personally working on a facility design project for its national distribution center expansion, and on a DC systems enhancement project which focuses on opportunities to improve throughput, productivity and control in the order fulfillment processes. Due to a redefinition of the company's growth plans, a strategy study evolved out of the planning project. (What a variety!)

A CPG project team is also working on productivity improvements in the personalization department, which is the backbone of this highly seasonal business.

Some basic internal problems apparently are the same in any large organization around the globe: a lengthy decision process, the important role of internal politics, and a lack of communication and understanding among the marketing/buying and the operative departments.

The working environment at Lillian Vernon, however, is much different from what I have seen in Germany. Your nickname/first name is printed in big letters on the name badge, and people call each other by that name only. At least one day per week employees are allowed to dress casually.

The support by KSA and the Lillian Vernon employees has been superb, especially during the start-up phase. When we go back to Germany, we will leave many new friends behind.

New Managers *cont'd from page 26*

University, and her MBA in Operations and International Business from the University of Iowa and USC Business School. Her clients include Girbaud, Stanfield's (Canada), Crown Crafts, Waste Management, and Leslie Fay. Currently, she is working on the installation of a fully integrated manufacturing and order

KSA Expands *cont'd from page 23*

left Arthur Andersen and accepted a position as freelance consultant, managing a very important project for two large Bavarian University hospitals, which involved defining their strategic information needs. Before deciding whether he should support the implementation of this strategy, Gerhard gave us the opportunity of discussing our plans for IT in Europe with him.

After several meetings in Europe and in the States, Gerhard accepted our offer to head our European IT practice and to take the responsibility for the development of the Information Technology Services. He is very enthusiastic about this task and sees it as a big challenge for him and for KSA's future. We agreed on quite aggressive plans, and while Gerhard is focusing his efforts initially on the Germanic part of our business, we clearly want to tackle the U.K. and Latin markets as well.

We all know there is a lot of competition and it is a difficult task to attain a visible market share in IT. Gerhard will require our total support and we will have to give top priority to the development of this market segment, which is very important to KSA.

Milestones

Congratulations to:

Monica Muchison and Gerald Sprouse, married October 1.

Wayne and Kelly Rabstajnek on the birth of a son, Alan Joseph, December 9.

Carol Bertolaro and Scot Moore, married December 10.

management system for Jockey. The job is expected to take two years to complete. Rebecca and her husband, *James*, live in Vinings, a suburb of Atlanta. (Photo not available.)

Rob Oglesby joined KSA in July, 1990, after receiving his Bachelor's Degree in Information and Computer Science from Georgia Tech. He has participated in a number of projects, most notably his work at Levi Strauss & Co. where he

New Staff

Louise Hutchings, AA, NY, works in the retail area and with Cara SaoBento in Communications. A native of Melbourne, Australia, Louise's last position was the assistant artistic administrator with the Victoria State Opera. Prior to that, Louise gained retail experience with The Body Shop, Australia, where she worked in the Melbourne stores and was customer service officer, servicing customer questions from Australia and New Zealand.

Charlotte Martin, Dept. T. Charlotte is responsible for payroll compliance, special payroll projects, and customer service. Prior to joining KSA, Charlotte spent nine years at National Data Corporation as payroll manager. Charlotte's son is a freshman at Georgia Southern University, so she will get to live alone for the first time in her life. She spends her spare time touring the U.S. with friends.

Michel Spencer, Dept. T. Michel is in charge of payroll processing. Previously, Michel was staff accountant at Atlanta Staff, Inc., an employee contract leasing company to Fortune 500 companies, where she was responsible for accounts receivable and payable and managing the 401-K plan. Michel graduated from Horry-Georgetown Technical College near Myrtle Beach, South Carolina, with dual Associate Degrees in accounting and computer data processing. She spends her free time outdoors camping, hiking, running, and cycling.

Gerri (Gigi) Tindle, AA, AO. Gigi assists Dave Cole and Mary Thomas with correspondence, miscellaneous administrative duties and executive meetings. Prior to joining KSA, Gigi was communications assistant for INVESCO, a global money management firm. She gained advertising experience when she worked for a large advertising agency in Atlanta, and possesses valu-

assisted in the requirements definition of an offshore production tracking system, the evaluation of an enterprise-wide system solution and the design and development effort of its new information technology architecture.

Rob and his wife, *Felicia*, settled in Atlanta in November, 1992, after spending much of that year living in Portland, Oregon. They are expecting their first child in August.

able soft goods experience from a two-year stint with Oxford Industries. Gigi lives with her husband, *Kevin Ball*, and their children, *William*, age 13, *Graem*, age 5, and *Ivy Scout*, age 10 months.

Kimberly Zink, Dept. T. Kimberly is responsible for data entry and report distribution. She relocated from Michigan to the Atlanta area three years ago. Prior to joining KSA, Kimberly was a customer service representative for Hampton Inns, and sold residential real estate. Kimberly completed two years of credit at Mott College in Flint, Michigan, and plans to return to school soon to complete a degree in Corporate Psychology. She is an avid sports and outdoors enthusiast.



Hutchings



Martin



Spencer



Tindle



Zink