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## KSA Americas—making a difference in Latin America

### Transforming the health care delivery system at Lehigh Valley Hospital

by Curtis Skolnick

Transforming the health care delivery system is dirty work, but someone has to do it. In 1993, Lehigh Valley Hospital, located in Allentown, Pennsylvania, engaged Hamilton•KSA to help develop a five year system-wide plan to reduce its cost of delivering health care services by 30%.

The goal was to consolidate all inpatient services (beds) and high level of care/high cost diagnostic and treatment services (such as surgery and CT scanning), from two campuses to one. Our approach was organized around three major areas: 1) Market Modeling—

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*KSA Americas (KSAA) is evolving from a regional focus (to client needs in Latin America and the Caribbean) to one of responsiveness to client needs in all developing regions, worldwide. We are establishing a permanent presence in a challenging region that extends from the U.S.-Mexico border and Broward-Dade County line in Florida, to the Patagonia in the Southern tip of Argentina, and other sourcing regions.*

*KSAA hired its first consultant, Gerson Coto, in 1992. At the end of 1995, it had grown to ten consultants, with two on leave for graduate work. In the current year, we have hired two additional consultants, and plan to add four more before year's end. The KSAA team has quickly become a first-rate group of consultants, experts in developing new manufacturing capacity and in establishing a culture of performance in these offshore factories.*



La Panogaia de Lagos

### Dateline: Saltillo, Mexico

by Ricardo Umaña

"We are sorry, you are not leaving tomorrow for the new project in Colombia as scheduled. There has been a change, and you will be leaving for Mexico as soon as you get your Mexican work permit." With this typical KSA set of instructions, I was redirected to staff a start-up project for Fruit of the Loom in the city of Saltillo in northern Mexico. Fortunately, I had not yet bought the suits I was going to need in the formally-dressed city of Bogota before I was told the news. At the same time, I pictured myself eating spicy tacos, knowing that hot food does not agree with me, but hey, life's an adventure.

KSA has helped Fruit of the Loom start two

*cont'd inside*

other plants in Latin America in recent years. The first one was located in Valle Hermoso, the famous Mexican City of the Three Lies, where *Alan Seelye-James* and *Matt Howson* assisted for over a year. This consulting effort, as well as subsequent start-ups, was managed by *Lisandro Sagastume*, *Sergio Cruz* and *Bill Reed*. Following this project, we participated in another start-up in the restlessness of El Salvador. Here, *Gerson Coto*, *Juan Corta* and I, assisted by *Felipe Olivares*, led the plant through a successful start-up which surpassed both Fruit of the Loom's and KSA's production expectations.

The third and current start-up for Fruit of the Loom began in early January, 1996, with the help of *Julio Heinze* and *Juan de Dios Villareal*. They worked on various preparation activities, including methods description, production flow, and execution of KSA's Supervisor Training Program. I joined the project in mid-February and had a one-and-a-half-day project transfer with *Julio Heinze*, who left to prepare for his long-awaited project in Brazil.

The new facility in Saltillo is dedicated to the production of women's five pocket jeans under the Gitano label. FOL has extensive experience in daywear, but none in jeans manufacturing. Thus, this start-up has been a big challenge for FOL and KSA.

The plant will eventually employ 330 people in its first stage, and will have an expected capacity of 50,000 units per week. It also has state-of-the-art equipment, including automatic set-back pockets and attach risers machines, and sophisticated attach band machines. The finished product is sent back to another plant in the U.S. for laundry and finishing processes.

Our client's main concern is turnover, since it has been relatively high in other plants in northern Mexico. Direct labor hiring began on the last week of February with an annualized turnover of 520%, and after five weeks it dropped to 181%. The goal is to

keep it below 40%, which requires a big effort on our part.

The plant has a very distinct incentive system. The system is based on the comparison of the operator's actual efficiency against the projected efficiency

on the corresponding training curve at any point in time, rather than a straight incentive based on SAH's produced. If the person is within the expected efficiency level, a training bonus is paid. This procedure calls for a very precise record of cumulative on-standard hours to be kept for every operator in all 33 operations.

There is still a lot of work to be done, but as we progress, the numbers look better every day, and I enjoy the town of Saltillo and neighboring Monterey even more. By the end of the project, I hope to become an expert in jeans, and with the money that I will have saved by not buying a collection of suits, I will be able to buy tons of delicious hot tacos.

## Dateline: Lagos, Mexico

by *Jose Del Angel*

It all began on a Thursday morning when *Juan Echeverry* called me at Reynosa, Mexico where I was being trained and said, "Get your stuff ready. You have to be in Lagos on Tuesday." First of all I had to find out where Lagos was. I looked at a map and tried to make reservations for a flight. After awhile I learned that there *are* no flights to Lagos. Instead, I had to fly to Leon, Guanajuato. When I got off the plane, a short guy with a piece of paper with my name written on it was waiting for me. We drove 40 minutes from Leon to Lagos. Alfredo, the driver, was very friendly, like most Lagueneses, and very

talkative. (Laguenese is the name given to the people from Lagos.)

I spent three days with several managers of VF, deciding what Vanity Fair's eighth manufacturing facility in Mexico would be like. Bottom line: The new plant would be the first to use a team approach, dedicated lines, and low work-in-process. We would install a system that would offer the flexibility, quality, and low cost required by today's market.

We used the teamwork approach throughout the system.

The production department was divided in teams of 12 to 15 members.

The teams have a

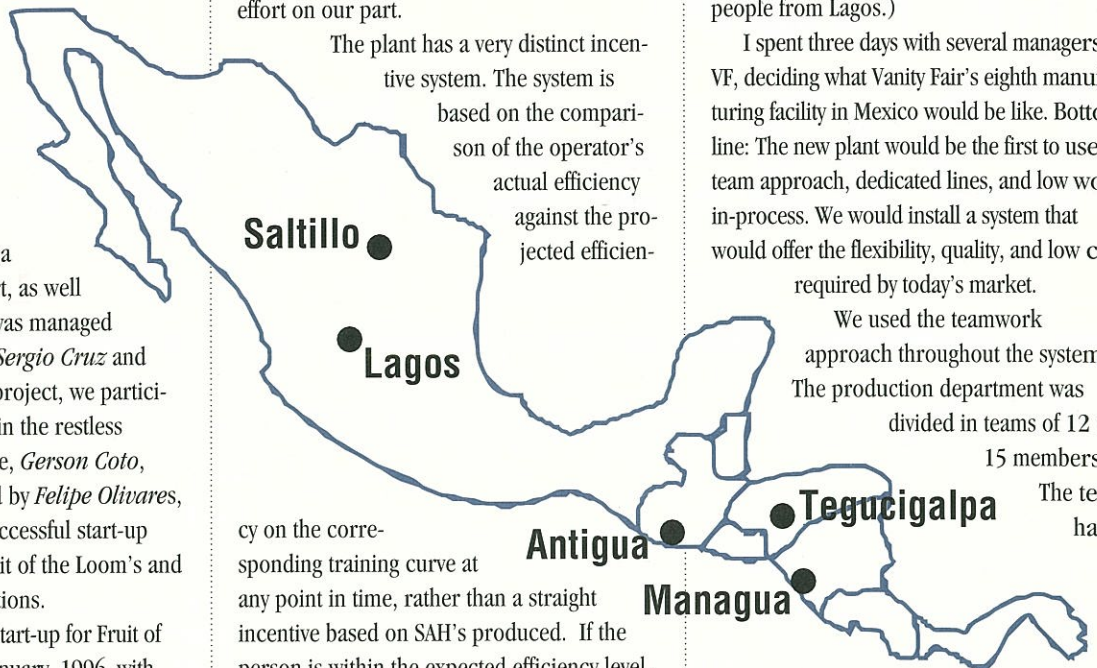
group incentive and only receive credit for bundles that have been packed and accepted by the Quality Department. Each team makes its own internal rules. All teams compete in quality and efficiency.

Teams work in dedicated lines that produce garments from beginning to end. They cut their own lace, perform the final inspection, and pack the finished product.

The goal of the system is to have work in process with a maximum of two days from the first operation to packing. Each operation has an average of nine dozen garments in-process. This results in shorter lead times; lower WIP investment; and fast response to quality problems, change in styles and changes in production plans.

We acquired flexibility through different procedures. One was the low work-in-process. In addition, operators were cross-trained in at least three different tasks. We implemented the use of utility operators as a solution to some of the problems in a team. These gave us better line balancing; and better response to absenteeism, machine downtime, and inventory or production problems.

We started, eleven months ago, with one brassiere style, a group of 45 operators,



7 trainers, and no supervisors working in teams of 15 operators. The system has gone through several changes and strives for continuous improvement. We now have 207 team members, 22 trainers, and 8 team coordinators working in 14 teams. Three of the teams are at 100% efficiency. The plant is producing five different styles with the best quality among Mexico's plants (1.2% defects vs. VF's goal of 4.0%). We will continue to hire operators until we reach 600 operators at a rate of 30 new operators every two weeks.

KSA's main responsibility is to instruct sewing trainers and team coordinators with a target of 100% efficiency and zero defects. Two methodologies are used: AAMT (Advanced Analytical Methods of Training) and Plato® (supervisor training). The weekly program includes four hours of lectures in a classroom, homework, exams, and special projects to be performed on the sewing floor. The program is also supported by the use of an interactive computer program that exposes the user to typical situations encountered on the production floor. In addition, the consultant, AAMT coordinator, and Plato® coordinator spend the rest of the day following up on the course of participants so that whatever is taught is also practiced on the production floor.

As consultants, we must keep a close relationship with our clients. This has been especially easy for me since the plant manager is a friendly guy who is always open for new suggestions and ways of thinking. In fact, during our first month, we shared one of Vanity Fair's houses in Lagos. It was a great way to get to know him.

I have also had the opportunity to do a little traveling and get to know my country and its people much better. Lagos de Moreno, Jalisco is a really nice town of 60,000 people. The area is known for its strong traditions, beautiful colonial architecture, historic places, and the best tequila in the world. Within a four hour drive I was able to visit other towns and cities like San Luis Potosi, Aguascalientes, Zacatecas, Guadalajara, Leon, Guanajuato, San Miguel de Allende, Irapuato, Celaya, Queretaro, Morelia, Toluca, and Mexico City.



**Confecciones Lagos**

When I joined KSA, I expected to have rich experiences based on being exposed to different situations with different clients in different parts of the world. After being assigned to the same project for 11 months and knowing that it will continue for at least 8 more months, I have learned a few lessons: there is a lot to learn when you are assigned to the same project for a long time, and there is no experience so rewarding as actively participating in the design and start-up of a new manufacturing facility.

### **Dateline: Tegucigalpa, Honduras** *by Felipe Olivares*

Working as a relocater in Latin America has been easier than I expected. I had heard stories of consultants being moved to wild places like Siberia, and wondered if that was some sort of "special treatment" after spoiling a project.

Anyway, like most projects managed by KSA Americas here, my current assignment is to develop the productivity of a Fruit of the Loom T-shirt contractor, Industrias de Exportacion II S.A. (INDEX II), which is based in Tegucigalpa, Honduras. This company is owned by the Bendeck family and run by Guillermo Bendeck. Managing this project is

*Lisandro Sagastume* (who is Honduran). The lead consultant on-site—and at present time my roommate—is Costa Rican *Juan Manuel Corta*.

Last July, INDEX II started manufacturing with two of four independent production units consisting of 106 sewing operators. Last February, the third unit started production and the remaining one produced its first T-shirt a couple of weeks ago.

My main task has been teaching AAMT procedures to instructors as well as following up their work in the two newly started units. The majority of them are recent high school graduates in their early twenties with no prior experience at factories. Most of them have no experience in managing people. Because of this, the toughest challenge has been developing in each of them the leadership skills required to effectively guide their group of operators to meet production goals. They must also be able to interact within the unit and with their supervisor as a coordinated team that can quickly react to day-to-day problems. One very positive thing to point out is that in my practice at factories, I have never worked with people so polite and courteous. By the way, even though you

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might think there are almost no differences in the language from country to country in Spanish speaking regions, you should have heard me ask for a “popote” instead of a “pajilla” the first time I went to a McDonalds. (Both are names for “straw.”)

Although I was born and raised “next door” to Honduras in Mexico, until recently, I thought Honduras had nothing more than beautiful beaches and lots of Chiquita bananas. Shame on me.

Tegucigalpa is a good city to live in. It is a town with a lot of two things: Chinese restaurants and hills. It also has nice places to go at night, which I believe is one of the major concerns some of us in KSA Americas have when sent somewhere unknown.

The Pacific shore is no more than a two hour drive and if you are like me, and prefer the white sands and crystal clear waters of the Caribbean, you could drive north to the beaches of Tela or Celba. You could also go diving off Roatan island (just ask *Ricardo Umaña*). If that is not enough, you could visit the Mayan ruins of Copan. Sounds like fun doesn't it? (As I write this I am thinking I was a tourist guide in a previous life.)

Who knows, we might need the help of an extra consultant. Any volunteers?

## Dateline: Managua, Nicaragua

by *Juan de Dios Villarreal*

*The client: Industrias Santa Maria*

*The weather: humid, hot and dusty*

Managua is a peculiar city in Nicaragua. The addresses are described by reference locations. I was surprised when the Administrative Manager told me that his business is “Care Wash de Bolonia, 120 meters towards the North.” And that is not all. There is a lake north of the city, so when you hear an address “120 meters towards the Lake” it is the same as “120 meters north.”

Also, Managua does not have a downtown because an earthquake destroyed it in 1972. Instead, there are grassy areas and a statue of a 30-foot-tall Sandinista soldier with a big machine gun pointing at the sky. The reason: “Sandinismo” (the political movement with Marxist/Socialist ideals) still has followers and nobody knows if they will

win the elections next October.

Although Managua is a city with such a high unemployment rate that it does not have a minimum wage, its people are proud of living in a beautiful city. There are three beautiful beaches nearby —Montelimar, Pochomil, and La Boquita. One hour to the east is Granada, a port town on Lake Nicaragua (a large lake that is famous for its fresh water sharks!).

Industrias Santa Maria is owned by a Nicaraguan family, Los Montealegre, and by Argus International, a sourcing company based in Miami and owned by a Salvadoran and a Nicaraguan, both ex-KSAers. The company operates in a new Free Zone, and will manufacture dress shirts for different brands. Our plant will have a cutting room and a sewing room. We are starting in a 16,000 sq. ft. building. A second building of 30,000 sq. ft. will be added next October. The construction of the

second building has kicked up a lot of dust, which has adversely affected the temperature and humidity inside the factory.

We started hiring the middle management group with excellent response from the Nicaraguan people. The instructors hired had averages on the Wonderlic, HIH, and math tests above any other recent start-up in Latin America. Their training began on March 18 with AAMT concepts so that they will be prepared to train new operators who are expected to be hired beginning in the second week of May. Our path is a long one, but a good beginning is the solid base that will support the next steps.

So, the next time you see historical footage of political upheaval in the third world, do not despair! KSA is right in the middle of it, serving our clients, helping create jobs, and building a future for countries like Nicaragua.

## Hugh L. Tannehill—former KSA Principal

After years of struggling with Alzheimer's Disease, Hugh Tannehill passed away at Tennessee Veteran's Home in Murfreesboro, Tennessee on February 11, 1996. He was 64.

He is survived by his wife, Ruth, and two daughters — Margaret (Meg) Tannehill Flowers and Elizabeth Tannehill.

Hugh Lawrence Tannehill grew up in Hattiesburg, Mississippi and graduated from Georgia Tech in 1954 with a B.S. degree in Industrial Engineering. While at Tech, Hugh was in the Naval Reserve Officer's Training Corps and a member of the varsity track team.

After college, he went on active duty with the Navy and became a Naval Aviator and Flight Instructor. In 1959, Hugh joined KSA as a staff engineer and, after a 17-year career in consulting, he entered the tufted textile industry as a manufacturing and engineering executive. In Nashville, he served as an Elder at Westminster Presbyterian Church and worked for the Special Olympics.

Those who knew Hugh will remember him as a top-notch engineer with very exceptional analytical and mathematical skills. His versatility in KSA



enabled him to carry out multi-functional assignments in the apparel, textile, knitting, and tufted textile industries, and his constant good humor, gentleness, and infectious laughter endeared him to his associates at KSA and to clients the world over.

Current and former KSAers who attended memorial services in Nashville on February 14 included Shirley and Frank Armistead, JoAnn and John Caldwell, Gloria and Jack Johnson, Kline and Bill Reed, Carolyn and Zeb Roberts, and Freddie Wood.

— *Gloria & Jack Johnson*

# ¡Mis Aventuras Salvajes en Antigua!

## (My "wild" adventures in Antigua!)

by Karen McCumber

¿Habla usted español? Well, I've started learning. I recently relocated to the KSA Miami office to work on the expansion of our systems practice in the Caribbean and Latin America. In order to live in Miami and work in C/LA, communicating in Spanish is essential. *Sergio Cruz* told me to attend a Spanish language school for two weeks, where I would get enough basics to get started. No problema! I thought. After all, I'd had a whole year of Spanish in high school. The arrangements were made and on Sunday, February 18th, I left for Proyecto Linguistico Francisco Marroquin (PLFM) language school in Antigua, Guatemala.

I grew up in Alabama, and had only been to Cancun and St. Thomas on vacations, so I was not a well-seasoned international traveler.

My plane landed in Guatemala City early Sunday afternoon, and after claiming my bags and locating my non-English speaking driver, I was on my way to Antigua. The driver sang for most of the drive to all the songs blaring over the Spanish radio station, but when he tried to accompany Natalie Merchant with 10,000 Maniacs (in English) I almost choked on my Coca Dietética from laughing so hard.

We arrived safely, after driving for about an hour across the mountains, at the Barrios' house, where I stayed for two weeks. Manuel and Sara Barrios are a lovely retired couple that house students studying at PLFM. There are four bedrooms in the house for students, and each room has a separate bathroom with hot water (very important factor). Sara Barrios also cooked breakfast and dinner every day except Sundays. She prepared absolutely fabulous typical Guatemalan meals that consisted mostly of vegetables; very little meat was served. I was very pleased to discover that neither I nor my diet missed fried chicken too much; I lost about eight pounds while I was there. Manuel and Sara have no children in their home, which was beneficial when trying to study; they do have a lovely German Shepherd Dog named Roski.

The PLFM school offers students a program of total immersion Spanish. The student/teacher ratio is one to one and most teachers speak only Spanish. I was in class for seven hours a day, Monday through Friday, for two weeks. Morning sessions were from 8:00 a.m. to 12:00 p.m. with a half-hour break, and afternoon sessions were from 2:00 p.m. to 4:30 p.m. with no break. I was



Parque Central en Antigua, Guatemala. Karen McCumber with Lea and her little brother.

assigned an instructor for the first week, but for the second week I requested an instructor based on another student's recommendation. Each instructor has his or her own method of teaching, and each student was encouraged to set his or her own learning pace.

After only two weeks of study, I was able to understand and participate in most basic conversations. The hardest part about speaking Spanish is getting over the fear of making mistakes, but everyone in Antigua was very helpful and very tolerant of the many students trying to learn.

During lunch I spent most of my time in the Parque Central. This is the center of Antigua next to the Cathedral, and all of the Mayan Indian ladies and children come here from surrounding villages to sell their crafts. A little Mayan girl named Lea sat with me at lunch almost every day and talked with me in Spanish. By the end of the second week she had talked me into buying almost U.S.\$100 worth of hand-crafted items from her. The Mayan girls in the park could teach used car salesmen a thing or two.

I visited Panahachel, Lago de Atitlan, and Chichicastenango during the weekend between studies. Seven other students and instructors and I traveled by mini bus from Antigua to Panahachel and Lago de Atitlan one Saturday morning. Panahachel was known in the late '60s and '70s as being the "hippie" hangout, and many of the hippies that migrated there are still around. A little older, but still bare-foot and selling crystal and silver hand-crafted jewelry. Lago de Atitlan is an incredibly beautiful lake nestled between two volcanoes and the mountain range, and ferries run all day with tours around the lake to surrounding villages.

We drove to Chichicastenango one Sunday morning. Chichi is known for its market, where hundreds of Mayans come to sell their crafts. It is a shopper's dream come true, with every article of clothing and hand crafted gift items that anyone could want to buy at prices that even Wal\*Mart can't touch. Needless to say, I spent *mucho dinero*. Also of special interest there is the Mayan Catholic church at the top of the market, where incense burns all day long, priests chant in Mayan languages, and cleansing rituals are performed on local believers. It was breathtaking to watch.

The course and the country were each very enriching experiences.

# Focus on KSA—western U.S.

***“This is the place!”\****

*by Priscilla Jorgensen*

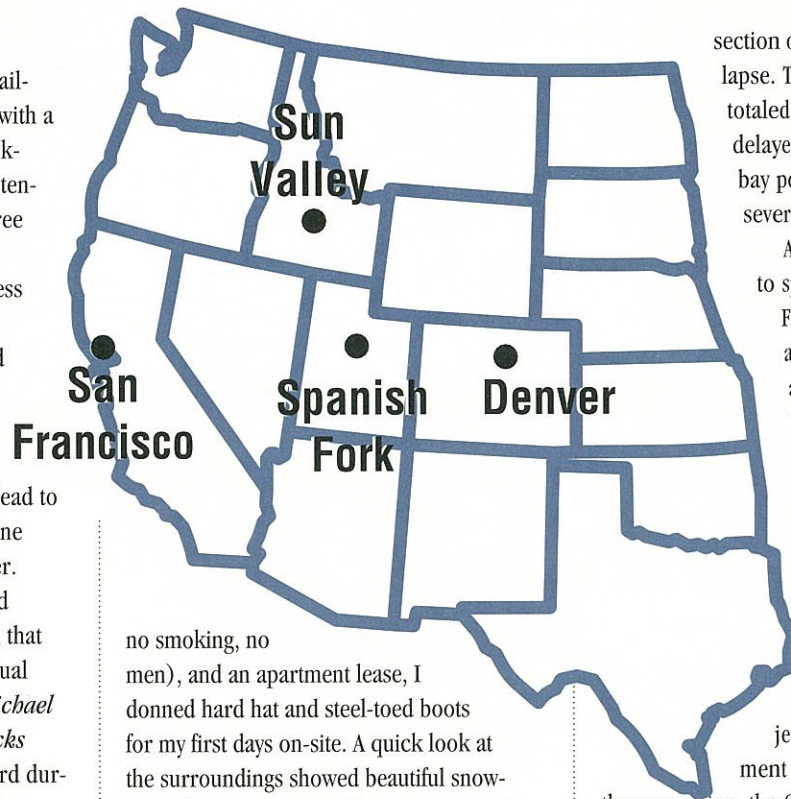
Fingerhut, Inc. is a \$1.6 billion mail-order company that can provide you with a Body by Jake exercise machine, knock-down bookcase, paper towel holder, tennis shoes, jewelry, and three to five free gifts, all in one order. The company started in the direct marketing business by selling sheepskin seat covers. In 1993, Fingerhut realized that it would soon outgrow its Tennessee and Minnesota distribution centers, so it invited KSA to submit a proposal for a planning project, which would lead to the design and implementation of a one million square foot distribution center.

*Tony DeMaria, Lynn Spubler, and Bryan Timm* developed the proposal that led to KSA's selection. As the conceptual design phase started, *Jan Watson, Michael Prokopis, Mahesh Lad and Kathy Hicks* were added to the team. I came aboard during detailed design and implementation.

The conceptual and detailed planning phases of the project led to a state-of-the-art design with over eight miles of conveyor, 65,000 pallet locations, 110,000 static case locations, 600 pallet flow locations, 17,000 case flow locations, a tilt tray for order consolidation and shipping with the capacity to perform 18,000 sorts per hour, 45 receiving doors, and 26 shipping doors. In total, equipment purchases exceeded \$25 million.

In early 1994, Fingerhut selected a site in Spanish Fork, Utah. (More cultured readers will immediately recognize thriving Spanish Fork as the home of the National Junior Live Stock Finals.) Fingerhut accepted KSA's proposal to continue our involvement by having a consultant on-site full-time to manage vendor integration and monitor installations and scheduling.

After signing the pre-requisite Brigham Young University Morality Code (no drinking,



no smoking, no men), and an apartment lease, I donned hard hat and steel-toed boots for my first days on-site. A quick look at the surroundings showed beautiful snow-capped mountains, a golf course across the crevice (almost within jumping distance), and a dynamite plant across the street. (Not to worry, I was told, it only has an explosion about once every three years — and had last roasted the mountain in August, 1993. I asked if hazard pay was included in the Relocation Premium and was given a resounding reply by Tony—“No! Wear your hard hat!”)

Although the location and altitude of the site dictated that it was high desert, we experienced record rains through the spring. In fact, since the beginning of construction, the Spanish Fork valley area experienced record snowfall, rain, and winds. The wind was actually the most troubling factor. In October, 1994, gusts through the canyon, which sometimes topped 100 mph, caused a

\* Declaration by Brigham Young upon cresting the Rockies to view the Salt Lake valley.

section of steel supports to collapse. The damage, which totaled over \$1 million, delayed one-half of the high bay portion of the building by several months.

At this point, Jan began to speculate that perhaps Fingerhut had selected an ancient burial ground as its building site. This theory is supported by a number of subsequent events, such as the death of a construction worker who fell from the girders in a high bay, a brain-tumor developed by the construction project manager, two equipment installers falling from

the mezzanine, the Crisplant project manager suffering a heart attack, and the most recent collapse of two bays of the roof, which fell on the tilt tray induction platform under a heavier-than-code winter snow load. After being the first person on the scene for two of these incidents, I invested in a first aid kit and a box of surgical gloves. By the way, have you ever tried to sprint (in steel-toed boots and a hard hat) across 1000 feet of 6-inch mud and through a one million square foot building to get to an accident scene? Those were the times I thought—“My word! Did we have to make this thing so big!?” After seeing the all-volunteer EMT/Paramedic team at work, everyone on-site joined in a pact in case we got injured—the others would toss the injured one into the back of a pick-up and drive to the hospital. (Our chances had to be equal at worst!)

KSA was responsible for juggling the con-

struction schedules for multiple vendors to stay as close to a June '95 start-up date as possible. As was expected, several vendors needed to be in the same spot at the same time: Rapistan DeMag (conveyor), Crisplant (tilt tray sorter), Interlake (racks), H+M (general construction), electrical, and fire and safety. The wind damage, as well as material delivery delays due to snow, labor strike, and overextended manufacturing capacity, presented new sets of rules on a daily basis.

KSA's involvement with Fingerhut and the vendors became that of a "Jack/Jill of All Trades." Although we were not sure how busy we would be during the initial stages of the on-site implementation, we were soon involved in coordinating safety issues; redesigning rack, conveyor, tilt tray, mezzanines, and flow; approving layout changes; verifying that installed systems met design criteria; creating construction punch lists, and winning a couple hundred dollars in the weekend NASCAR races. (It was my duty to support the Fingerhut-sponsored NASCAR, after all.)

Concurrent with the equipment selection and installation, Fingerhut contracted AutoSimulations to develop a computer simulation of the new facility. With this 3-D model, the user can change parameters, such as conveyor speed, carton dimension, carton volume, processing delays, and number of associates. By changing these parameters, it is possible to test the effects that different combinations have on the system, including the diagnosis of potential bottlenecks. We provided AutoSimulations with the facility layouts, model data, and desired "what if" scenarios. In the end, Fingerhut was presented with a 15-minute video of their virtual facility in action.

As of this writing, Fingerhut has yet to start up the new facility. Prior to the roof collapse, all systems were operational and the facility looked great. However, the roof is still under repair and Fingerhut's business does not currently warrant the use of a third facility. Jan, of course, attributes the latter to her burial ground theory. Perhaps there are other factors.

During the two-and-a-half year period covered by the facility design project, KSA

received many additional opportunities to assist Fingerhut: *Paul Dixon* and *Jane Markwardt* worked to evaluate and recommend automation of Fingerhut's order paperwork processes; Lynn, Jan, and Michael developed a conceptual plan for the possible expansion of the Tennessee fulfillment center; *Rob Glockner* and I performed an operational analysis of the St. Cloud,

Minnesota fulfillment center; and Lynn, Jan, Bryan, Rob, *Jana Luebbe*, and *Kumar Alwar* helped Fingerhut design and develop an inventory model to determine how inbound purchase orders should be split between fulfillment centers. We look forward to a continued relationship with Fingerhut as its business grows and changes.

## Fun and work in the mile high city

by *Mohammed Amer*

*Tempus Fugit.* Yes, time does fly, especially when you're having fun. And from the feel of it, KSA consultants must have had an absolute blast at the Dillon Companies for the past year. Perhaps it was the challenge the projects presented, or the client being a new one for KSA, or maybe it was having some of the best snow in the world for skiing. It was all those things and more...

Dillon represents about a quarter of the revenues of Kroger, the largest grocery retailer in the United States. Headquartered in Hutchinson, Kansas, Dillon merged with the Cincinnati-based Kroger in 1984. Today, the former president of Dillon, thirty-eight-year-old Dave Dillon, is the president of Kroger. Dillon Companies is really four major supermarket divisions with approximately 400 stores: King Sooper in Denver, Colorado; Dillon Stores in Hutchinson, Kansas; Fry's in Phoenix, Arizona; and City Market in Grand Junction, Colorado. In addition, several convenience store chains are under the Dillon umbrella in the southwest and California, such as Kwik Shop and Loaf'n Jug.

Our project work was focused in the Denver, Colorado area, where Dillon's data center is headquartered. Over the past year, our work has turned around the start-up of a new consolidated distribution center (about 350,000 sq. ft.) called GHC. It will carry general merchandise, health and beauty care, candy, tobacco, supplies and slow-moving dry grocery items. By combining these products into a common distribution center, Dillon wanted to lower invento-

ry levels, allow continuous store replenishment (via individual division DCs), and extend the life of current division DCs.

There were four key project areas: functional and detailed warehouse management system design, overall project schedule/project management responsibilities, generating a warehouse management system test plan, and developing a comprehensive training program for the new facility.

GHC's design and warehouse management system reflects new thinking within the grocery industry. Where traditional grocery warehouses are primarily case and pallet pick operations, GHC would be primarily a broken case (or re-pack) operation with caches and inner pack-picking. In addition, it introduces the RF warehouse management system, and real time labor standards presentations to the order selectors.

Several consultants were involved, some directly with the client, others through valuable Body of Knowledge contributions. The project team leveraged *Ken Walker's* work in the grocery industry and research on Efficient Consumer Response (ECR). *Chuck Easley* and *Steve Szilagyi* contributed key insights into organization transformation and performance improvement concepts and implementation. Other support came from *David Rush* and *David Edwards* in the Logistics Group; *David Yox* from KSA's Advanced Technology Group; and *Ed Ross*, *Steve Robertson* and *Steve Jeffries* of the former IT group.

The entire effort was led by *Lynn Spubler* and managed by *Mohammed Amer*. Early in the

*cont'd on next page*

process, we integrated several MS Project plans into a single one. *Jonathan Beinke* developed expertise in that project management software with over 1000 tasks to help track the system, construction, and operational projects that made up GHC.

After developing operational concepts and helping Dillon integrate the material handling design with the new warehouse management system software, we began the detailed system design phase. User screens were reviewed, and designed, procedures were revisited, and code requirements made more clear. We were ready to enter the next phase of generating a warehouse management system test plan.

*Priscilla Jorgensen*, fresh from a stint in Provo, Utah, was ready, willing, and able to head east and take the challenge. She was joined by *Andrew Kirkwood* from the U.K. and a four-person client team. *Al Bolet* brought software development and testing expertise to the project in a quality audit role.

The human resource challenge was to develop a training program for a facility that was under construction, without staff, supported by a new WMS system that is under development, as well as incorporating new operational concepts and MHE technology that were unfamiliar to the client. The overarching desire by the sponsor and senior Dillon management was to develop a new and unique culture at

GHC. *Ralph Wear*, working with a client team of one to two people, put together a training program that introduces and supports the new culture at GHC. The program combines culture, leadership and functional training components to communicate and support the Dillon vision for GHC— teamwork, trust, and respect for the individual.

Our KSA consultants will remember these engagements, not just for the work done, but for the adventures that were had. Ralph, Priscilla, and Andrew filled their weekends with snow skiing and mountain biking.

Ralph Wear showed an amazing ability to make it to the client site despite blizzards, mechanical breakdowns, flight crew expirations, and Denver International Airport.

Dillon invited KSA to discuss Cross Docking to a group of senior Dillon and Kroger executives. Lynn Spuhler, Ken Walker and Mohamed Amer made a presentation to this group at an annual gathering in Colorado Springs. This senior group walked away with a better understanding of where they were on the learning curve, and the challenges and opportunities that remain.

The fine effort, enthusiasm, and quality work performed in Denver by our KSA consultants better positioned the Firm to maximize another opportunity for additional work at Kroger! You *can* have fun and do great work!

## Hollywood and politics in Sun Valley, Idaho

*By Craig M. Acosta*

Sun Valley is not so much a place as a state of mind. It is where some of the biggest names in Hollywood escape the rat race to mingle with normal folks and lead a relatively unencumbered existence. In the midst of this natural beauty and exotic populace are two small hospitals: Wood River Medical Center—Hailey (at the poor end of the valley) with 16 beds and Wood River Medical Center—Moritz (the rich and famous end of the valley) with 19 beds. Our client, St. Luke's Regional Medical Center of Boise, is interested in becoming a health care provider in this community by consolidating the two facilities into one and creating a new addition to its integrated delivery system.

Because the City of Sun Valley and Blaine County own the two existing facilities, all proceedings had to be conducted in the public eye. You should know that an earlier process to consolidate the two facilities (without St. Luke's involvement) led to the recall of the Mayor of Sun Valley and some long-held community resentment against the hospital and its operation in the area.

Here are the highlights of the trials and tribulations faced by Hamilton•KSA staff during our work in Sun Valley, sandwiched between some juicy gossip about the rich and famous people who live there.

### The Place

Sun Valley is a spectacular natural setting nestled in the Sawtooth Mountains (part of the Rockies). It was started by Averill Harriman and the Union Pacific railroad as a major ski destination resort. Through the celebrity of Hollywood and Sonia Henie, a resort was born. It now boasts itself as America's greatest year-round resort, with golf, biking, fishing, and roller blading taking over for skiing in the spring and summer. In fact, roller blading accidents keep the emergency room of the hospital even busier during the summer than skiing accidents do dur-



*Priscilla Jorgensen* at Park City, site of the 2002 Winter Olympics. Approximately 40 minutes from the Fingerhut facility.



ing the winter. It is a fly fisherperson's paradise, and the Sawtooth National Recreation Area is a pristine preserve of mountains, meadows, and wildlife.

Imagine all that beauty and wilderness and then imagine traveling weekly into and out of the area. Hailey has an airport that is served out of Salt Lake City and Boise. It is surrounded by major mountain peaks and is only accessible during perfect weather. Needless to say, the weather at this 6,000 foot elevation airport is rarely predictable or perfect. Snow, thunderstorms, fog, rain, and the dreaded "mechanical problems" can make traveling in and out of Sun Valley a nightmare. *Bucky Knowles* knows only too well what it is like to try to leave Sun Valley on Friday morning and arrive in Washington, DC late Saturday night. The alternatives when the airport is closed are not very attractive. Option A is a two-hour bus ride to beautiful Twin Falls, while option B is an equally attractive three-hour bus ride to Boise. Then you pray that somehow you can connect out of those places to get home. Once *David Whelan* flew into Boise and was one of four of us in a car from Boise to Sun Valley. During that three hour drive, David kept fully productive with his laptop, cellular phone and fax connection cord. Rural America was not able to slow him down!

### The Project

Bucky Knowles, *Bob Kaufman*, *Neil Chaffee*, David Whelan, and I worked diligently to help both St. Luke's and Wood River define the size and scope of the opportunity for building a new hospital in the community. The current owners know they are not the right people to run a hospital in the chaotic world of health care in the '90s and were very pleased a not-for-profit, highly respected organization like St. Luke's was interested in stepping in and making the place part of the St. Luke's family. St. Luke's realizes that to remain a regional referral center, it needs to try to lock up as many referrals as possible and believes rural providers can be good feeders to its tertiary programs.

Working with representatives from both institutions, Hamilton•KSA developed a new

scope of service and the volumes that would be generated in a new facility. We also re-defined job roles to keep the staffing numbers reasonable, given the volumes of service. We determined an appropriate size and square footage of a new facility. And we did all this while working within the framework of open meetings and the scrutiny of the press. We even had a political cartoon about us in the local paper. It showed a consultant talking to an audience about the size of the new facility with a huge white elephant hiding

behind the curtain. Yes, we were great fans of the press.

We did our best to stay above the political underpinnings of the conflict between the north ("the haves") vs. the south ("the have nots") but could not skirt the issue with respect to the site selected for the new facility. This was the issue that killed the prior consolidation attempt. The site selected at that time was in the south and the north would have nothing to do with it. We initially

*cont'd on next page*

## The "beautiful people" of Sun Valley

**Bruce Willis and Demi Moore:** These two are clearly the most civic minded duo of the Hollywood scene in Sun Valley. They have nested in Hailey, generally thought to be the lower class end of the valley, and have done a lot to improve the image of this end of Wood River Valley. They purchased and renovated the deserted theater in town into a Hollywood-esque private screening room with elaborately crafted art deco interior design and the latest sound system. It served as the original screening site for Bruce's "Twelve Monkeys." Bruce has also opened a restaurant/night club in Hailey called "The Mint" and has brought some big name musical acts to town—even Bruce takes to the stage when he is in town. They had two of their three children (the last complete with a film crew in the delivery room) at Wood River Medical Center and are fans of the institution.

**Arnold Schwarzenegger and Maria Shriver:** Arnold enjoys driving around town in his bright red HumVee while chomping on a huge cigar. They invited the entire Kennedy clan to Sun Valley for the holidays and found themselves a bit pinched for space. So Arnold found the largest house in the Valley (at some 40,000 square feet) and kept increasing his offer until the current owner could not say no. The \$10.5 million sale price just about doubled the previous high price in town—and made Arnold very unpopular with his neighbors when the new property tax statements were released. A side note on the Kennedy clan adventure in Idaho: the story goes that John F. Kennedy, Jr. had drunk a bit too much at Bruce Willis' bar in Hailey and decided to walk back to Arnold and Maria's. Unfortunately, he did not realize it was twelve miles away. Luckily, Bruce sent some security guards after him before any press got wind of the incident.

**Jean-Claude Van Damme:** He and his wife visited the valley over the Christmas holidays and immediately upon arrival called the hospital for help. They wondered if perhaps the hospital could send over a Registered Nurse right away. It seems the Van Dammes wanted to go out and they needed a nanny to look after their little one and thought the hospital could help them out. Although the hospital could not fill their request, Van Damme was able to come to the rescue of an Emergency Room physician who had spun off the road in a snowstorm. He happened to be driving by, pulled off the road, informed the physician he was "Jean-Claude VanDamme" and used his car to push her out of the snow. What a guy!

**Michael Eisner, Warren Buffett and the folks from ABC/Cap Cities:** Just to prove that big deals can happen in a small town, Michael Eisner decided on a Sun Valley golf course that putting Mickey Mouse ears on ABC would look nice on his resume (and his pocketbook). Warren was able to craft the meeting between the two parties during a retreat that is held each year, for which many of the nation's powerful corporate minds descend on Sun Valley. Warren only made a few hundred million on that deal ("but it's all on paper").

# A PEG (Performance Enhancement Group) Perspective

by Janet Greer

San Francisco is all it's cracked up to be. The hiking opportunities that beckon from just about every direction outside the city, interesting cultural activities that tempt each non-working weekend, and technological advances that draw minds to think tanks in Silicon Valley, have all been great learning experiences during my second project with KSA.

Last November, I started working with Levi Strauss & Company (LS&Co.) on the Inter-Facility Shipping Document/Contractor Manufacturing Management project (IFSD/ConMan). As the business analyst on the project, I joined a team of *Tim Britt, Doug Nagel, Woody Ackerman, Michael Robertson, Kumar Alwar, and Ken Bienstock*. Working with several contractors and a couple of LS&Co. employees, our 12-person team created a software application that tracks SKU-level information about inventory as it travels through the production pipeline. Currently, LS&Co. does not have any system tracking detailed information about shipments traveling from a cutting plant to a sewing facility to a finishing location. Our package promises to add value to LS&Co.'s business processes as they move from a "Push" type of retail model—telling their customers how much and when to sell—to a "Pull" model—accommodating their customers' requests for restocking when the customers ask for it.

As part of the front-end Quality Assurance team, I needed to get up to speed quickly on changing FODs to Contract/CORs, learning the role of CSCs in the CSSC, and understanding how our application would meet the LS&Co.'s SIAs and LABS requirements. When I began having conversations using only acronyms, I knew I had made progress up the steep learning curve. Once the design for the front end of IFSD/ConMan was complete, I spent many weeks testing the application to ensure the functionality of all the screens. I worked with our business sponsors to validate that our application was meeting the objectives of LS&Co.'s business requirements.

I used my understanding of the business process to create several on-line reports that would eventually be used by the branch offices to measure quantities such as production and WIP balances per location. Because LS&Co. had to cut back the budget for our project, the scope changed dramatically. We finished the design and development work on the application; however, IFSD/ConMan is "shelved," with user/acceptance testing and roll-out projected for next year. Once it is implemented, I look forward to seeing the impact IFSD/ConMan makes on LS&Co.'s business process.

Looking back, my move from Atlanta to the Bay Area was my transition into working with computers in a way that enhances the problem-solving process. This was one of the first examples of the group formerly known as CPG merging with IT to become PEG. Coming from a non-technical background, I look at the change as an opportunity for some new ways of thinking: I got rid of the "C" in CPG by losing my close-mindedness about computers, and added an "E" in the middle—creating PEG—to represent the awareness that businesses increasingly capture information electronically. As most of our clients turn toward complete automation of their systems, KSA will be there to guide them smoothly through the challenge.

## Time for a Change

After eighteen years, Ross Runnels has traded his second home in San Juan for a new spot in Miami Beach. It is a condo apartment across the street from the Miami Beach Convention Center. There, ROR played host in February with after-show cocktails for the KSA attendees at Contexpo, the annual Bobbin show for apparel producers and suppliers from Latin America.

Present were *Mike Barnes, Don Burkhalter, Jose del Angel, Sergio Cruz, Dania Ramirez, Beth Souther, and Oscar Vaquerizo*, a KSA alumnus visiting from Portugal.

Ross is enjoying his new home, both for the pleasures of South Beach and for the proximity to many friends and the Miami office. When you are in Miami during the winter season, call and stop by.

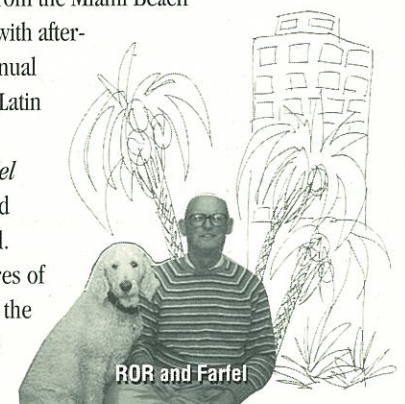
## Sun Valley

cont'd from previous page

thought a site in the center might be a good compromise, but that led to an editorial about the environmental damage such a development would do to the beautiful corridor between the two ends of the valley. Of course, the editor neglected to mention the tire service centers and dumping grounds along the route. The site decision is still being debated today, although it appears as though a northerly site near Ketchum will be the one selected.

We concluded our time of intensive work in Sun Valley with the development of and agreement over certain guiding principles that formed the foundation of a definitive agreement between the current owners and St. Luke's. Unfortunately, Idaho's state constitution forbids the transfer of assets from a public entity to a private one. Therefore, the communities involved will go to the voting booth in May to decide whether they think it is a good idea to turn over the hospital to St. Luke's. At the same time, the state legislature should be voting on a constitutional amendment to allow the transfer of assets from public to private entities.

Once the election results are in (in favor of transferring the hospital to St. Luke's), there should be some great consulting opportunities in the Wood River Valley. Now all I have to do is figure out a way to get celebrity-hound *Susan Hann* on the next piece of work.



# In brief . . .



Can a Salmon find happiness with a Lobster? Actually, yes! Red Lobster, the 700-restaurant chain, contacted KSA to determine how to achieve excellence in food and service. Why KSA? Our retail experience was viewed by Red Lobster and its sister chain, The Olive Garden, as very relevant to their situation. There was only one small catch—they needed the answer within three weeks to include the impact and resource needs in their budget.

*Barry Moore, Butch Price and Doug Way* answered the challenge. Armed with vast restaurant experience (we do know how to eat!), the team quickly assessed the situation and developed a plan to dramatically improve the “guest experience,” which will translate into more guests and higher earnings for the chain. KSA is well-positioned to help in the planning and implementation phases, which will focus on training, process improvements and change management. Those of you who have not eaten in a Red Lobster in the last ten years will need to give the chain a second look.

The Hong Kong Government study is in its final stage. With the support of American and European colleagues, KSA Hong Kong put together an interesting summary of global developments in the supply chain and the impact on suppliers, especially in Asia. Interesting pieces include the competitive position of the various supply countries, the strong relationship of Hong Kong with China, and future developments in the Asian consumer goods markets. The final report will contain useful graphs/tables for presentations/speeches on Asia (e.g., Hong Kong companies dominating softgoods industries throughout Asia; total trade at least U.S.\$50 billion). Contact *Angela Wong* in Hong Kong for further information.

Burton Group, Britain's second largest retailer is discussing a project for Best Practice Sourcing. Burton Hong Kong serves six very different Burton retail divisions that organize their sourcing independently and which are traditionally pre-seasonal. Burton Hong Kong is interested in convincing the divisions to change their present approaches. KSA Hong Kong developed a project methodology and proposal that aims to demonstrate the benefits for Burton that sourcing is the best practice in speed, quality, effectiveness, and price. Improvements are expected to bring several million U.S.\$.

Burton Hong Kong reacted positively to KSA's proposal. The next task is to move the proposal through Burton U.K. Contact *Guido Schild* in Hong Kong for information and presentation material.

A committee has been formed to tackle the significant task of making a body of knowledge available to every KSA employee. This project is viewed as a major part of our infrastructure project, and KSA is committed to begin to deliver project and systems that will significantly improve our productivity and capability by the summer of this year.

Our BOK, by definition, will:

- be user friendly, user defined, trustworthy, current,
- identify, organize, catalog, and archive the “mishmash” of information,
- provide a means of locating, accessing, distributing and sharing information, and
- allow us to “work smarter.”

*Jon Amsler* is Director of Knowledge Management.

## Peter Amrein celebrates 25th anniversary with KSA

*Peter Amrein*

is one of KSA's most accomplished consultants. His broad experience is far-reaching and began after he was recruited in



the German region practice in 1971. Peter spent several months training in apparel systems in the United States and subsequently worked in Germany for several years before settling in Switzerland.

Peter is a graduate of the famous Technical University—ETH—in Zurich (Eidgenössische Technische Hochschule) and worked as an Engineer in the airplane industry before joining KSA.

Peter was a key figure in building the information systems consulting practice in Europe for many years, and subsequently turned his attention to the development and delivery of services in strategy, retailing and merchandising.

All those that have worked with Peter know him as a highly professional individual, strongly devoted to excellent quality work for clients. He has a strong track record of success in business development and project delivery and is known for professionalism in the industry and the retail trade in Europe.

His professional career with KSA is excellent. He became Principal in 1974, Officer in 1985 and served as a member of the KSA Board for several years.

Out of the office, Peter and his wife, *Liselotte*, devote considerable energies to social causes. For example, they have been providing support to an underprivileged family for some time.

We look forward to Peter's continuing contributions to the advancement of our consulting practice. —*Hardy Artelt*

# KSAers enjoy 15 minutes (sometimes more) of fame

Andy Warhol once said, "In the future, everyone will be famous for 15 minutes."

KSAers have always had a feeling that our materials and consultants were quoted often because clients and friends reported to us. Unfortunately, we never had an accurate measurement until we contracted with a newsclipping service, Luce Clippings, to monitor and clip our quotes in the U.S.

To our astonishment, we have learned that, from fall 1994 to spring 1996, KSA publications and consultants have been quoted 559 times in print (that we can document). Quotes range throughout all types of publications including international business journals—*The Economist*; major U.S. newspapers—*Miami Herald*, *New York Times*; general business publications—*Wall Street Journal*, *Forbes*, *Business Week*; industry publications—*InformationWeek*, *Women's Wear Daily (WWD)*, *Stores Magazine*; and smaller, regional publications—*Louisville Journal*, *Sacramento Bee*.

Sometimes, KSA publications, such as the



Consumer Pulse, Soft Goods Outlook, and the Brand Study, are quoted. Often, KSA consultants are quoted on a variety of topics.

## What are the keys to being quoted?

There are three keys to KSAers' success at being quoted: 1) The material we distribute throughout electronic press mail, in press releases, and through mailings represents superior content and thinking and is of current interest to peak reporters' interest, 2) KSAers who are quoted most often return press calls promptly and are courteous in dealing with reporters,

and 3) KSA quoters usually add an approach or idea the reporter hadn't thought about. The best quoters try to add something extra so the reporter will look good to his/her editor.

## Perseverance is the answer.

Dealing with the press can be very frustrating to the busy consultant. For every 10 times you speak with a reporter, you may be quoted once. That is not the reporter's fault. Often, the reporter can write a story with your quote and name in it, only to have his/her editor cut the space allotted. Often, in the course of writing a story, the writer may discover information that will alter the entire approach to the feature. Sometimes, KSAers conduct several hours or days of research only to have the reporter use the information but omit a credit line to KSA.

So why bother? Because every time we are not quoted, we are building goodwill for the next time. Reporters remember who helped them. Relationships are important.

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## New Managers

### Kenneth W. Coons II

Ken joined KSA in October '94 after four years at Lithonia Lighting, where he was a project manager leading the development of client/server applications. Ken had worked with Cobol and DB2 on the server side and also developed client routines in C++.

Ken has spent most of his KSA career on the project at Stride Rite, where he quickly became one of the two key managers on the project and has continued to assume increasing responsibilities.

He received a B.S. degree in management from the University of Alabama and has done graduate work towards an MBA at Mercer University.

Ken and his wife, *Teresa*, live in Covington, Georgia with their children, *Ryan* and *Matthew*. When Ken is not working at

Stride Rite or attending to his professional development, he enjoys antique collecting and is a nature enthusiast.

### Dorothy Sadd

Dorothy Sadd initially joined KSA as an IT consultant after graduating from Purdue. She established a solid track record on cost accounting, forecasting and inventory management projects for a variety of textile and apparel clients before leaving to get an MBA at Columbia.

While we did not get her back after she graduated from Columbia at least one of our clients, Springs Industries, did. At Springs Dorothy gained valuable experience in line merchandising and sales positions. She also worked for a time in strategic planning and was the Springs project manager on a major BPR effort.

Since rejoining KSA, Dorothy has been involved with the reengineering efforts at W.H. Smith and Levi Strauss & Co. She has

also sold and managed a series of product development/merchandising projects at Gymboree.

Dorothy is now a member of the West Coast CST and resides in San Francisco, where she takes full advantage of the concerts and museums available there, along with outdoor activities such as windsurfing and mountain biking. Despite the geographic separation she also remains in close contact with her parents and sisters in the Midwest.



Coons



Sadd

## Dealing with the big boys

Being featured in the *Wall Street Journal*, *NY Times*, etc. is the pinnacle of success for many folks. Dealing with reporters from these organizations is a challenge. First, if you examine a feature in any of the big boys, you will discover a very thorough story that examines the good, bad and ugly. We have no control over the end product. There is no guarantee of a favorable slant.

Remember, these huge news organizations have heard it all. So you want to talk about a company that has experienced a dramatic turnaround? So what? Many companies have reversed their fortunes. These reporters want to know how many lessons you can illustrate in the same story, and how this story or idea goes against conventional wisdom. The more unique the better.

## Increase your chances of getting quoted.

Here's a three-step process to improve your chances of getting quoted:

1) Get some visibility in your area of expertise. If you have worked on an unusual project or emerged as a leader on a topic, submit an article about it to the Communications Department for industry publication. Reporters read all kinds of materials.

2) Return press calls promptly. If you don't feel you think well on your feet, ask the reporter to give you his/her approach to the story and ask if you can call back in a few hours after you have organized your thoughts. Stick to your word and call back when you promised. Reporters often have deadlines of less than a day.

KSAers never quote on a story about a particular company unless the quote is cleared by KSA's top management. For example, a reporter asks you about XYZ Zipper Company. You may not quote about that company, but you may quote about the general business environment of zipper companies. KSAers never quote about clients.

3) Do not talk in stream of consciousness mode. You will appear unclear, disorganized, and garbled. Organize your thoughts in three or fewer points, and think of examples to illustrate your point and breathe life into your examples for the reporter.

# Business Process Reengineering in York, Pennsylvania

by *Andrew Zgutowicz*  
and *Norman McClave*

Nestled deep in the Susquehanna river valley, surrounded by Amish farms, the U.S. National Weightlifting Federation Museum, Gettysburg National Battlefield, Hershey Park, and a Harley Davidson Final Assembly Plant, lies the little town of York, Pennsylvania. The birthplace of the York Peppermint Patty, and the home of York Barbells, York is now the site of KSA's first total supply chain BPR project.

The client is the Pfaltzgraff Company, a \$200 million dollar dinnerware manufacturer founded by a German immigrant almost two centuries ago. The company manufactures stoneware and china, sources glassware and flatware, and markets and sells its products through its own outlet stores and catalogs as well as through department stores, catalog showrooms, and mass merchant retailers. Pfaltzgraff hired KSA to spend 16 weeks focusing on the company's entire supply chain—including its manufacturing operations—to help develop a master plan for business transformation with the aim of returning the company to profitability with newly redesigned core business processes.

To tackle the assignment, KSA mobilized a project team from New York, Greensboro, and Atlanta, including *Shaz Kabng*, *Peter Harding*, *Norman McClave*, *Jerry Armfield*, *Andrew Zgutowicz*, and *Tom Agan*. Shaz, Tom, Norman, and Andrew are currently spending 4–5 days on-site in York, heavily involved with client personnel in an attempt to gather information, analyze the current state, identify and quantify opportunities, develop the future state, and finally deliver a master plan for business transformation.

This is KSA's first BPR project that spans the entire supply chain, including manufactur-

ing, rather than just focusing on one business process. Pfaltzgraff has devoted a twelve-member steering committee, one sponsor/team leader, three full-time client team members, seventeen additional client team members, each assigned half-time to the project, as well as countless personnel who have made additional contributions.

Some metrics provide a better idea of the project's scale. In the first nine weeks, the pro-



Pfaltzgraff employees validate part of 850 feet of proces maps.

ject team interviewed over 160 company employees, from the CEO to hourly operators, created 805x3 feet of process maps (filling an entire gymnasium, hallway, and conference room) to show how the company operates in its current state, validated the maps with over 250 more employees, and finally quantified more than 100 significant opportunities for improving the company's bottom line.

As spring slowly finds its way to York (we've had days of snow followed by 60° temperatures followed by more cold weather) the project team is busy prioritizing key business opportunities, reviewing best practices from several industries, brainstorming a future state for the company, developing financial pro formas, and drawing up master plans for change, which will hopefully bring KSA back into the picture for an implementation phase!

# KSA realigns North American organization

by Barry Moore

*What? Why change the organization now? KSA is performing at record levels. We have grown tremendously in two years, while operating very profitably. Our client base becomes increasingly more prestigious. Our services are at the leading edge and continually improve. We are making inroads into new market segments on several fronts. So why did we "mess with a good thing" back in September when we realigned the entire organization?*

Fundamental changes are occurring among our clients and within our competitors. The best time to begin adjusting to these changes is when we are strong and successful and have time to react. Now is the time to build the foundation for our dominance during the early 2000's. We are adjusting the organization structure in 1996 to assure this continued level of success.

Client consolidation is a reality in all our major markets. We were talking about the "whales" who were swallowing up their competitors five-plus years ago. That trend is accelerating. By 2002, the top eight retail firms are expected to control 70% of general merchandising, 42% of building materials, and 44% of apparel. Manufacturing concentration is similar, with the top eight firms controlling more than 50% of most men's apparel categories, above 60% of many textile categories, and over 60% of furniture categories. The health care market is rapidly converting from many independent hospitals and physician groups into large, sophisticated integrated delivery systems. There may only be two or three IDs per major market. This concentration means fewer clients to serve; therefore, we must provide more services to each, along with the high degree of attention and service coordination that these clients demand. *The name of the game in this new world is long-term client relationships.*

Based on these changes in the external environment, the principles upon which the new organization is based are:

- Capitalize on our unique ability to mobilize world class multi-functional services.
  - Encourage concentration on clients and long term relationships.
  - Encourage the development of a "one firm" attitude and the commitment to KSA rather than sub-groups such as service groups or markets.
  - Provide opportunities for younger colleagues, once skilled in their initial service function, to choose to develop more broadly with a comprehensive business perspective or achieve world class functional expertise.
  - Create a structure that reduces the number of organizational impediments to flexible responses to client needs.
  - Eliminate non-value added reporting.
- What did we have to change to create this client-focused organization?

1. We created committed Client Service Teams (CSTs). KSA NA now has four client service teams: retail, direct marketing, soft goods, and West Coast. Assignment to a CST is full-time. The CSTs expand the work we do with present and future target clients. Because team members are from all service functions and, in total, skilled in all KSA services, they can concentrate on converting one-time projects into long-term relationships. They also combine their skills in new and creative ways to meet specific clients' needs. Business development, utilization, and project management targets for members of CSTs are similar to our goals of the past. CSTs are given responsibility to devote a small portion of their time to proactively develop new target clients.

Tony DeMaria is the Senior CST Coordinator to whom all CSTs report.

2. We restructured the

existing service groups into Functional Service Teams (FSTs).

Seven FSTs have been implemented.

*Corporate Finance:* has increasingly global focus.

*Performance Enhancement Group:* includes all services relating to product strategy, marketing, development, control, and sourcing.

*Logistics Group:* includes services required to support the movement of the product to the consumer.

*Information Technology:* includes skills required to support system development and communications technology.

*Business Transformation Group:* recognizes the increased importance of organizational development and management of change services to successful implementation. The Business Transformation Group will develop the skills required to conduct those engagements where the change process is significantly more important than the technical content of the change.

*Retail Management Group:* houses those services unique to non-apparel retail merchandising, operations, and information services.



"I'm not sure, but it looks like the remains of some sort of matrix."  
(This cartoon by Jim Giddings first appeared in the Observer in 1982.)

At each corresponding responsibility level, people in FSTs will have similar business development, utilization and project management goals to individuals in CSTs. In addition, members of FSTs are charged with enhancing services through development of methodologies to sell and deliver them.

Within FSTs, people are assigned on a regional basis within the larger teams. The regional groups function much as they always did. In addition, service leadership assignments will be made to assure development of the Body of Knowledge and methodologies required to support those functions.

*Ken Wilkes* is the Senior Functional Team Coordinator to whom all FSTs report.

3. We structured the measurement system to encourage teamwork. Gross Margin statements below the Divisional Level, HSD and CPD, will be eliminated. Control of the business will be maintained by measurements of business development, utilization, billing rate, and expenses for all CSTs and FSTs. Multiple credit for business development will be given to all CST and FST members who participate in each sale to encourage cooperation and to recognize the mutually supportive nature of the relationship between the two types of groups. The reporting changes have been implemented for 1996.

4. We realigned the North American Management Committee.

Will these changes enhance the culture of KSA? Definitely! In fact, the new structure reinforces the key components of our culture of *putting client interests first*, and *respect for the individual*.

## A new consultant's perspective

by Tom Agan

I'm new at KSA, and *Dan Sax*, our personnel director, wants me to write about it.

He says that people in the firm consider me 'funny'. What does this mean exactly—funny as in strange, funny as in weird, funny as in looking, or funny as in humorous? I don't remember 'funny' as one of Covey's *Seven Habits of Highly Successful People*. I doubt there will be a 'funny' category on my KSA End-of-Project Review Form.

Here I am, three months into a new job, and already I've got this reputation. I can just see it. Someone refers to me as 'funny' when speaking with *Dave Cole*. Steve Martin, Bozo the Clown, Ace Ventura, Jerry Lewis—are these the images he associates with me? When I see him will he suggest I get more counseling and perhaps another increase in my medication? Or will he just maintain a safe distance?

Funny both creates pressure and liberates. On one hand, being known as funny creates an expectation of funny and, quite frankly, some of my personalities would just as soon be left alone, thank you very much. On the other hand it gives me license, much as the court jesters of old, to say and do things that would get another person's head chopped off. If I play it right, funny may not be too bad.

I wonder what *Shaz Kabng* thinks about this. Shaz is the lead KSA manager from the



New York Office up here on the Pfaltzgraff project. Even if you don't think you know Shaz you, in fact, know Shaz. She is the one pictured 8 trillion times in the last *Observer* (Shaz in Alaska, Shaz at the Logistics Conference, Shaz at WHSmith). She must be the 1996 KSA Poster Child or something. It's neat working with someone famous like her.

I'm pretty sure she thinks I am 'funny,' too. When I am alone on the elevator with her she always stays near the red emergency alarm button. And the mace/pepper spray combo she carries makes my eyes water every time, I just can't seem to get used to it. But I think she is starting to get used to me.

And then of course there is the CLIENT. Shaz, Marsha (the Project Leader from Pfaltzgraff) and I met today to review KSA's performance to-date on the project.

As we went through our evaluation form, discussing one item after another, we eventually arrived at: 'KSA demonstrated creativity in executing the project.' Marsha's response was, "Great, especially you, Tom." And she hasn't even heard my hog squeal yet.

All in all, I guess I am off to a pretty good start at KSA. It's been a couple of months. I know Shaz. I have not been asked to leave by Marsha or anyone else at Pfaltzgraff—yet. In the Atlanta office, I have found the restrooms, used voice-mail, e-mail, and mail-mail. And, given my reputation, I shouldn't have any trouble charging in my "Mad Magazine" subscription as a professional publication on my next BI. I see nothing but smooth sailing ahead.

## New Staff

*Tim Henderson* is the new leader of the IT Development Functional Service Team. Tim joined us in April from Computer Sciences Corporation (CSC) Consulting where he was a Partner and Practice Manager of their Diversified Industry Group in the Minnesota and Wisconsin Region. His most recent clients have been a national direct marketing company, a grocery wholesaler, a major grain supplier and a leading paper manufacturing company. He has sold and managed very large projects of up to 100 consultant and client personnel. He was a manager at Ernst & Young before joining CSC Consulting.

Tim brings to KSA a wealth of knowledge in business development, project management, systems development tools, techniques and method-

ologies, as well as application expertise in order management, merchandising, inventory and distribution systems. He led projects in implementing leading edge technologies (Client/Server, PowerBuilder, Oracle, etc.).

Tim and his wife, *Carolyn*, live in Atlanta.

In response to the strong growing market demand for consulting services in Asia, KSA Hong Kong recently strengthened the team by adding three bright Asian MBAs with strategy and engineering backgrounds. The new colleagues "import" experience in retail, consumer goods and telecommunications to the existing KSA softgoods background. Welcome to the team, *Aldous Chiu* and *Connie Kwok*, and welcome back, *Angela Wong*.

# KSA maintains position as thought leader of QR and ECR strategies

Updates on two important industry studies/surveys were completed during fall, 1995, and the results were delivered at industry conferences during spring, 1996. KSA's leadership of these studies is important because we gain visibility as thought leaders in retailing and consumer products. Results of the studies serve as valuable benchmarking tools and resources for our clients. In other words, our clients love this research.

Working with industry publications, *RIS News* and *Consumer Goods Manufacturer*, KSA surveyed more than 200 retailers and suppliers to learn about their progress in implementing Quick Response (QR) and Efficient Consumer Response (ECR).

KSAers *Linda Saltzman* and *Phil Kowalczyk* led the project. Phil, as one of the industry leaders in the original QR movement, served as project manager of the survey. Linda analyzed the data, wrote the document, coordinated case studies that appeared as a color insert in both sponsoring magazines, and delivered results at an industry press conference of media and technology suppliers.

The main message from survey respondents is: Forming alliances between retailer, manufacturer, and materials supplier is key. Adversarial relationships strangle any hope of partnership and therefore, make profits harder to achieve. Biggest investment areas are: 1) information technology, 2) education and training, 3) business process reengineering, and 4) distribution centers.

In addition to the survey results, Linda deftly wove quotes and case studies throughout the piece. KSAers *Jerry Armfield*, *John Champion*, *Dave Cole*, *Peter Harding*, *Jeff Stiely*, *Allen Robinson*, *Dave Rush*, *Don Vehlhaber*, and *Ken Walker* contributed with comments and/or case studies to illustrate that KSA is involved in QR and ECR initiatives in every area of the supply complex, from consumer to raw materials supplier.

According to survey results, QR/ECR is being accelerated by two forces: 1) Retailers

are demanding that suppliers provide QR/ECR services as a condition of doing business, and 2) widespread adoption of the strategies and technologies have decreased costs and simplified implementation for everybody.

What does QR/ECR mean to the average shopper or business person? If you have ever been frustrated because your grocery store always seems to run out of your favorite brand of instant oatmeal or the retail store does not have your color or size of shirt, take heart. Use of these technologies and strategies enables the retailer to have the right item at the right price at the right time for you. For business, the excess costs of wasted materials, out of stocks, etc. will help the organization operate more efficiently.

The 32-page QR/ECR booklet serves as an excellent resource for you to brush up on progress, technology, and trends. It is a good guide for companies just beginning their QR initiatives as well as those firms who have developed more sophisticated approaches. Copies of the report are available from the Communications Department.

## ECR survey results indicate increasing support among suppliers and distributors.

Results of the second annual ECR survey of food and grocery retailers, distributors, and manufacturers were presented by Peter Harding at the worldwide ECR conference, held recently in Chicago.

Sponsored by a host of grocery associations, the survey results are published in all major food and grocery magazines. This type of research has also been a wonderful door opener to prestigious related industry books such as *Computer World* and *Information Week*, to name two.

The questionnaire was developed by Peter Harding, and analyzed by Peter and *Linda Koenig* and *Mark Reda*. Key findings follow:

- 94% of top management rate their commitment to ECR as very strong. Implementation of

the three ECR strategies, efficient store assortment, efficient promotion, and efficient replenishment have grown an average of 10%.

- Both suppliers and distributors increased their investment in ECR in 1995 and expect a faster payback than in the 1994 survey. Distributors are investing in wholesale/headquarters information systems, ECR education and training, implementation of category management and business process reengineering.
- Suppliers are investing in information technology, education and training, customer alliances, and business process reengineering.

The full report will be published by the Joint Industry Project on ECR soon.

## Milestones

Congratulations to:

*Steve Jeffries* (San Francisco) and *Judy Lichtman*, married last July 2.

*Boyd Miller* (Minneapolis) and *Kari Latvalla*, married October 7.

*Neil Chaffee* (Minneapolis) and *Elissa Ecklund*, married October 7.

*Keith* (Minneapolis) and *Missy Kuehn* on the birth of a daughter, *Annamarie Yvonne*, November 21.

*David* (Minneapolis) and *Lyn Carnes* on the birth of a daughter, *Mary Chapman*, January 21.

*Shawne* (New York) and *Ed Mastronardi* on the birth of a daughter, *Celeste Marie*, February 4.

*Lisa Baker* (Atlanta) and *Michael Szustak*, married February 17.

*Jean* and *Mike DeBruyn* (Princeton) on the birth of a son, *Vincent Robert*, February 25.

*Margaret* and *Raj Kumar* (Princeton) on the birth of a daughter, *Mary Keough*, March 15.

*Anne Marie Eberhardt* (Atlanta) and *Tony Sims*, married March 16.

*Randy* (Princeton) and *Kelly Unger*, married March 30.

*Rob* (Minneapolis) and *Michelle Hitchcock* on the birth of a daughter, *Rachel Erin*, April 7.

*Bettina Neumaier* (U.K.) and *Kirk Webner*, who will be married May 25.



# Fixturing Show presentation illustrates KSA's expertise in retailing and consumer products

It's the same old story. Retailers and manufacturers aren't communicating with each other, and lack of communication/collaboration is adding costs to doing business. That's the conclusion *Phil Kowalczyk* and *Dave Rush* reached as they researched how fixtures and point of purchase materials are designed for retail stores. (There is some confusion about definitions of fixtures vs. point of purchase [POP] materials. A fixture is the material on which product sits, hangs, etc. for display. Point of purchase materials are fixtures with a brand name—Polo Ralph Lauren, Nabisco, Craftsman—on them.)

In a KSA survey of retailers, consumer goods manufacturers, fixtures manufacturers, designers and ad agencies, results revealed that more than two-thirds of respondents had never participated in a collaborative meeting about each other's needs. Further, research revealed that more than half of point of purchase materials distributed to stores is thrown away by the retailer before it ever reaches the selling floor.

Why is this important? Because ignoring the retailer's strategy, materials needs, and potential logistics efficiencies add unnecessary costs to doing business.

As Super Session speakers at the recent Store Fixturing Show, Phil and Dave challenged retailers, consumer products manufacturers, and fixture/POP suppliers to start a dialog to learn about each other's needs.

Dave developed a logistics grid, borrowing from the value recipe which debuted at the National Retail Federation (NRF) Convention. His grid illustrated how logistics requirements vary according to the retailer's strategy. For example, a retailer focusing on service will not have the same fixturing and POP requirements as a retailer whose strategy is low price. For example, a price strategy retailer will want his/her fixtures to be very utilitarian, probably self service (to keep costs down), and logistically integrated. A

service strategy retailer will want his/her fixtures to be inviting, very quick and convenient to shop, and unobtrusive. A retailer competing on interactivity will want his fixtures to be involving, inconspicuous and imaginative.

The 90-minute presentation included wonderful slides of store settings to illustrate each point. For example, there's a good shot of breadth of product at Sports Authority and illustration of interactivity at Marvin's Rocket in the Warner Brothers store. Dave conducted a pop quiz among the audience, who responded by using plastic whistles, to test knowledge of retail strategies. Three video

segments showed shoppers expressing frustration at having no time to shop, home shopping through the Peapod grocery shopping service, and consumers expressing delight at interactive and catalog shopping.

Dave and Phil urged retailers to educate their suppliers about their strategies, collaborate with fixture and POP suppliers on designs and logistics requirements, and evaluate their fixtures' and POP materials' effectiveness.

This presentation is appropriate for our retail and consumer products manufacturing clients. Contact the Communications Department for an outline and slides.



*Dave Rush (L) and Phil Kowalczyk assume their positions as fixtures at the Store Fixturing Show, held recently at McCormick Place in Chicago.*

## KSA takes the challenge

*by Brad Humphries*

The largest race of its kind—the Chase Corporate Challenge—celebrates its twentieth year in 1996. This 3.5 mile race draws over 131,000 runners annually from nearly 6,000 companies around the world. KSA plans to join this list of companies in 1996. The race will be held in Atlanta, Georgia, on September 12th.

The motto of the race is "Stay Fit. Have Fun. Run." KSA has many runners and plenty of peo-

ple that like to have fun, so *Dave Cole* and I have decided to get us involved. Teams compete in the men's, women's, and coed divisions. I am just starting the process of getting KSA entered in the event and would like anyone interested to leave me a voice-mail or e-mail.

Please keep in mind that the event is geared around participation and having fun; being a great runner is not a pre-requisite. I am looking forward to hearing from everyone and to September 12th.

# Let the Games (Gulp!) Begin!!

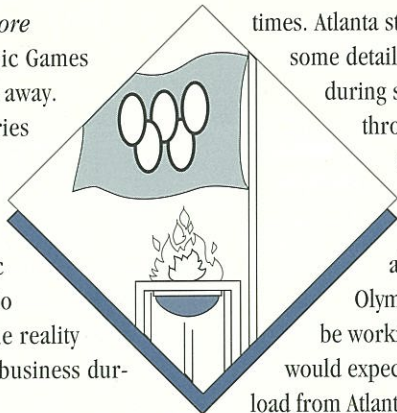
by Barry Moore

The Centennial Olympic Games are less than two months away. As the city of Atlanta hurries to finalize venues, transportation and lodging construction and improvements, the public (and KSA!) is beginning to come face-to-face with the reality of living with, and doing business during, the Olympics.

For KSA, the issues surrounding the Olympics fall into three general categories. 1) What are we doing for our special clients during this time? 2) What will the staff and the Atlanta office do during this time? 3) What will staff at client and other offices experience during this time?

We have arranged, with much effort, to provide tickets and lodging for a number of senior executives at key target clients. This is a huge and unique marketing opportunity for KSA and is aimed at strengthening our ties with these major clients.

For staff based in Atlanta, we are expecting a large contingent to take some or all of this time as vacation. Travel is expected to be very difficult during the Olympics. (It's estimated that the highways will be flooded with over 3000 buses and that Atlanta will experience 18 hours of rush hour traffic per day from July 19th to August 3rd.) Those who are able are being urged to work from client sites if at all possible. By the time of the Olympics, our infrastructure improvements will allow some staff to work remotely from home, using dial in e-mail and voice mail. Others may be able to work from other KSA offices. Even with all these options, some staff will be working in the Atlanta office. That's right, the office will be open for business during this time period. For those folks, alternate work schedules will work best. Thus, some staff may be starting and ending much earlier in the day. Again, use of e-mail and voice mail will help us communicate during these flexible schedule



times. Atlanta staff will be provided with some detailed information and options during several meetings and through handouts provided over the next few months. Staff at client sites and other offices will also be affected during the Olympics. Atlanta staff may not be working when and where you would expect to find them. Some workload from Atlanta may be shifted to other offices (along with some staff). However, all

necessary support out of Atlanta will still be available (PC, LAN, Dept. T, Personnel, etc.).

KSA is not dictating any specific solutions or schedules but is providing guidelines and ideas for staff and groups. Each person is urged to determine what will be needed during this time period and to take responsibility for developing solutions that will work for everyone. This is a once-in-a-lifetime opportunity for the city of Atlanta, its people, and its businesses. It is going to be a trying period, but with our usual good will and ingenuity, we will get through it with flying colors.

## Hospital volunteering one big tea party for two KSAers

It's 9:00 Saturday morning and *Jana Barbosa* (PEG, Atlanta) and *Sarah Davis* (Retail, Atlanta) are checked in at Scottish Rite Hospital. No, Jana and Sarah are not ill. In fact, Jana is playing with a doll and serving lemonade, and Sarah is clowning around—literally, with eight other clowns in full Bozo regalia. Jana and Sarah are volunteers at Scottish Rite Children's Medical Center in Atlanta. They spend a few hours each week helping make the hospital experience a little less traumatic for Scottish Rite patients and their families.

Sarah is a VIP escort for the medical center. She takes distinguished guests—like Santa Claus and circus clowns—around the hospital to visit the children in their rooms. Jana helps conduct the Saturday morning Lemonade Parties—orientation sessions for children (and their parents) who are scheduled for surgery the next week. Everyone gets a tour of the surgery center and the kids learn about equipment and procedures, like having blood drawn or temperature checked. Although they sometimes see heartbreaking sights, Sarah and Jana both find the job

rewarding and a lot of fun. If you think about it, it's hard not to have fun when you get to play with toys and eat cookies. And seeing a tiny cancer patient laugh sure makes work problems seem less unmanageable.

Most hospitals are always in need of volunteers. The only requirements are that you have all your shots—most hospitals take care of testing your immunity and vaccinating you—and know how to wash your hands. You probably think you already know how to wash your hands, but after seeing a 15-minute instructional video, Jana and Sarah realized they were just hand-washing neophytes. Why don't you call your local hospital today? If you are interested in volunteering at Scottish Rite, contact Jana (7843) or Sarah (7662).



Jana Barbosa (L), Sarah Davis, and friends.

## Lehigh Valley

cont'd from page 1

understanding and defining the size of the market and what services the population will require, 2) Operations Modeling—defining the core processes used in delivering care; and 3) Facilities and Capital Asset Modeling—developing the building(s) to meet market (patients') needs and to support the reengineered environment.

The health care environment, as everyone knows, is changing. A shift to managed care payment is affecting the way health systems care for patients by changing their incentives. A woman giving birth can only stay in the hospital one to two days because that is all her insurance will pay. Open heart surgery patients used to stay for several weeks, but now go home five days after surgery. In general, the number of beds is declining as utilization declines. Hospitals themselves are declining in importance in many health systems. Under managed care reimbursement they are, in fact, now purely cost centers. As with KSA's Consumer Products clients, cost position and service quality are the new competitive measures.

For three years, the Hamilton•KSA team braved 19-seater commuter flights and record snowfall to reach the client. At least 16 consultants have contributed to this effort, and the client has become one of the Firm's larger accounts—generating over \$1 million in fees since 1993. Highlights follow.

**Market Modeling**—If Lehigh Valley Hospital is to consolidate all inpatient beds onto one campus, how big should that hospital be? Led by *Susan Hamm*, we projected future activity and beds needed over a ten year time frame. The two hospitals housed 770 beds when we started, but with the changing health care environment, we now recommend a range of 450 – 500 beds as a realistic year 2003 target. The market modeling efforts also projected how many inpatient and outpatient "procedures" (e.g. surgeries, x-rays, etc.) would be performed throughout the network and at each campus.

**Operational Modeling**—Led by *Scot Latimer* and *Barry Moore*, this team helped define the benefits of consolidation by focusing on the organization's core processes. The ini-

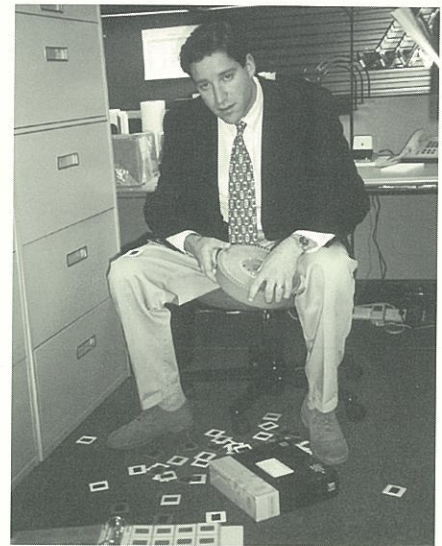
tial concepts developed by the team have been refined into what is now known as the Ideal Process Framework<sup>SM</sup>—Hamilton's view of the ideal model for health care providers.

In our successful efforts to convince management, physicians, and other clinicians that change was coming, we enlisted the help of *Eric Padmore* and *Will Colston*, consultants in the Fairfax Office. Eric and Will generated multiple breathtaking PowerPoint slide shows for the client that resulted in nicknames of "Slideboy" and "Junior Assistant Slideboy."

**Facility and Capital Asset Modeling**—Led by *Javier Iruegas* in 1993–1994 and 1995–1996, we have produced overwhelming evidence that it is Javier who is personally responsible for attracting the miserable snowstorms of '93-'94. On the other hand, the winter of '94-'95, during which Javier was not involved in the project, the Northeast had a mild winter with very little snow... draw your own conclusions.

Initially in 1993–1994, the team determined that a modest building addition at one site was necessary to meet the consolidated bed need and improved ambulatory service delivery. By 1996, Javier and *Bucky Knowles* were managing day-to-day relations, and it became clear that some of the projections made nearly three years earlier were coming true, but at a faster rate than originally expected. Bed need was decreasing, but at a rate in 1995 originally projected for 1998. We have since modified our recommendation (much to the architect's dismay) that any building addition be put on hold until the market stabilizes. Instead, the client is now focusing efforts on immediate and intermediate term core process redesign, renovations and service improvements... of course, with our assistance.

As an aside, I have acted throughout the effort as "Lead Senior Associate Digitboy" for the facilities planning segments of the project. I tried to live up to the example set by the "Slideboys" in 1995 at a major presentation, but with near disastrous results. Will and Eric had carefully prepared the slide presentation and placed all slides in a carousel assuring that all I had to do, once in Allentown, was to place the carousel on the slide projector and "let 'er rip." Five minutes before the group arrived,



Oops... "Lead Senior Associate Digitboy" (aka *Curtis Skolnick*) strikes again.

Skolnick fumbled the carousel. "Houston, we have a problem." The slides crashed to the floor and scattered like confetti. After a minute of what can best be described as "eyeing all possible exits and forming alternative career plans," I composed myself, reassembled the slides and carousel before the first guest arrived, and helped conduct the presentation without a flaw—(right)!

Lehigh Valley Hospital continues to be a milestone client for Hamilton•KSA. Seldom does a consultant get the opportunity to attack all aspects of a complex problem on all fronts simultaneously to deliver quality results. The client has been pleased with our creative approach, methodologies, and solutions and continues to engage us and give outstanding references. They like us, they really like us! We look forward to assisting Lehigh Valley Hospital well into the future.

### The KSA Observer

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# “If they’d just stay little ’til we finish this project”

by Clay Parnell

KSA's work at The William Carter Company in Griffin, Georgia, started with an Information Technology Strategy, conducted by *Joe Irastorza*, *Joanie Gross*, and *Bruce Seeber*, which was completed in April of 1993. We quickly kicked off a Package Selection Project involving three areas: Wholesale, Retail, and Financials.

Following the package selections, and some brief prototyping sessions on the Wholesale side, the implementation project started in January, 1994. Joanie was the overall manager, I managed the Wholesale side, Bruce managed the Retail project, and *Rebecca Howe* managed the Financials project. *Bob Copeland* was the first staff consultant. In February, Joanie decided to leave KSA, and I took over project management in addition to Wholesale. Soon after that, Carter's VP of MIS resigned, and the thin line between opportunities and challenges narrowed significantly. This was not “kid's stuff.” Luckily, *Joe Irastorza* continued on as overall engagement manager, and his input and advice proved invaluable throughout the project.

The challenge of the project was awesome. Over the last 20 – 30 years, Carter's built a tangled web of different platforms, software, and interfaces. They operated a Data General, a Bull/Honeywell, a McDonnell-Douglas (no I am not kidding), an S/38, and a myriad of PC Lan systems. Some of their applications were 20 – 25 years old, having been converted from card systems sometime in the last 10 years. The MIS infrastructure was extremely weak, and the quality of information available to the user community was terrible.

Following the CIO's exit, a number of other key MIS resources left for one reason or another. This, coupled with the fact that the new CIO was trying to build a true IS organiza-

**William Carter, who founded the company in Needham, Mass., was a U.S. Senator who cast the deciding vote in the passing of the Women's Suffrage Bill.**

tion, meant that Carter's was dealing with an influx of many new people, each with learning curves. Of a total MIS organization of 30 people, two thirds was not at Carter's when we started the project.

Bruce and Rebecca did a super job on the Retail and Financial projects, so my real involvement in those pieces was minimal. Bruce spent much of his time at Carter's retail offices in Shelton, Connecticut. Rebecca also spent some time in Shelton, where Carter's Financial

offices are located, helping them prepare for the CA system implementation.

A number of KSAers have joined us in Griffin at some time over the last two years. *Cbris Catron* joined the project for a brief stint before receiving a one-way ticket to scenic Bridgewater, New Jersey, home of Phillips-VanHeusen. In late 1994, *Paul Winer*, former KSAer and full time associate, joined the project for a four-month assignment to ensure that we accounted for and replaced all necessary functions and reports. In mid-1995, *David Sauls* joined the project to add a resource to the work that Bob and I were doing, and Dave continues to be a valuable asset to the project. Early this year, *Sberry Jordan* joined the project for a whirlwind three-week assignment to get our multi-project task schedule up to date, and to develop a detailed test plan for one of the modules.

The STS Retail system went live in late 1994. The Financials went live in early 1995. At this point in the Wholesale project, we have implemented a full Merchandising and Product Development System, Purchasing, MRP, and some additional Planning tools and functions. We will implement Cost Accounting in July, and Manufacturing WIP Tracking this summer. The Manufacturing piece will start first in Thomaston, Georgia, then spread to the other Georgia plants, move to the other domestic plants in Mississippi and Texas, and

then finally reach the off-shore plants in Costa Rica and the Dominican Republic.

This project has seemed slow and painful at times, but when we reflect on how far Carter's has come in the last two years, it really is satisfying. The results have been tremendous, and that is, after all, what it is all about.

## Easley named top alumnus

For plowing through professional and social challenges in much the same way he used to plow through defensive lines on the football field, *Chuck Easley* was named the Georgia Tech Alumni Association's 1995 Young Alumnus of the Year.

The KSA Principal and former Yellow Jacket fullback received the honor for his contributions to the Atlanta community through a variety of programs, for his outstanding professional achievement in management consulting, for the work he's done through his church and for his support of Georgia Tech.

Chuck serves on the Atlanta committee of the UNICEF Board of Directors and also on the Olympic Aid committee. He is on the National Board of Directors for Presbyterian Men and the Coordinating Committee for Men's Ministries in the national Presbyterian Church.

At Georgia Tech, he served as Roll Call chair and participated on the Executive Steering Committee of the Ivan Allen College of Management. He also supports the Athletic Association through the Letterwinners' Club and has spoken at a number of conferences on student leadership.

Easley owes much to his father, who raised him when his mother died while Easley was in high school, and to his sister, *Tammy*. He focuses on encouraging people to recognize the helping hands in their lives.



# Principal Appointments

## Jerry T. Black

Jerry has an extensive background in both consulting and retail executive management. He was a senior manager at Ernst & Young and Vice President of Inventory Management and Logistics for both Best Products and Northern Automotive Corporation. His experience includes merchandising, planning, buying, Quick Response, EDI, demand forecasting, replenishment, and product allocation. In retailing, Jerry has been responsible for hundreds of millions of dollars of inventory, implementation of merchandise planning systems, and reengineering of buying systems. As consultant, Jerry's experience includes BPR, activity-based costing, information systems planning and implementation, inventory management, site analysis, financial restructuring and bankruptcy engagements.

Jerry is currently leading our efforts to expand into the Japanese market. He is living in Tokyo and has conducted several initial projects for some of the world's largest companies in strategy, benchmarking, and product sourcing. He is now beginning an ECR project and agent selection project. He has been a frequent speaker in Japan, has been published in Japanese periodicals and was recently interviewed on Japanese television.

Jerry is spending a great deal of time enhancing his already amazing command of Japanese.

## Glenn Hershey

Glenn Hershey has joined KSA as an IT Principal in the West Region. Glenn is based in Los Angeles and is a key member of the West Region CST.

Glenn spent 14 years with Anderson Consulting, where he was the Partner responsible for Consumer Goods Manufacturing, Food and Package Goods clients. Among his long list of client engagements are Nestle and Hunt Wesson. Glenn brings a wealth of experience in business reengineering and systems implementation in manufacturing, distribution systems, and logistics. He has managed projects with as many as sixty-plus client and consultant personnel.

Glenn and his wife, *Bev*, and their two children, *Keith* and *Jeffrey*, live in North Hills, California. (Photo not available.)

## Shawne C. Mastronardi

Shawne has become a specialist in the development and implementation of consumer-focused marketing and brand strategies for leading retail and consumer products

clients. She has conducted numerous in-depth analyses of consumer preferences and needs, in order to gain insights into buying behaviors as a foundation for innovative marketing strategies. Additional client work includes: general corporate strategy, implementation assistance in business process reengineering, and organizational development. Shawne's diverse client list includes work with Oxford Shirts, R.H. Macy & Co., Polo/Ralph Lauren, Levi Strauss & Co., Sara Lee Corporation, Eastman Kodak Company, Coca Cola and others. She directs KSA's published annual Consumer Pulse Survey and bi-annual Branding Report.

Shawne is also the Director of Retail/Consumer Marketing Services. In this role, she is responsible for the continuing expansion and development of KSA's consulting services to retailers and consumer products companies.

Prior to obtaining her MBA and joining KSA, Shawne worked at Morgan Stanley in mergers and acquisitions and at Clairrol in product management.

Shawne has a BA from Smith College and an MBA from the Wharton School of the University of Pennsylvania. She is based in KSA's New York office and she resides in

Westchester, New York with her husband *Ed* and newly arrived daughter, *Celeste Marie*.

## David L. Whelan

Dave's background in health care covers twenty plus years and includes consulting, development at Charter Medical, and starting a major health care management company and taking it public. His undergraduate education was at Georgia Tech, and he has an MBA from Harvard.

Dave's experience in health care financing, strategy formation for health care entities, and information technology was immediately put to extensive use. This expertise, plus interest in developing large client

*cont'd on page 22*



Black



Mastronardi



Whelan

## Catching up with KSA Alumni

# Becca McClendon

Has it really been four years since I left KSA? It doesn't seem like that much time has passed as I continue to see *Randy Nord*, *Butch Price*, *Tony DeMaria*, *Dave Rush*, and *Jeff Butler* periodically in the halls of the office. That is, the halls of L.L. Bean. The difference is that I see them in wool suits and sweaters rather than the khakis and golf shirt attire of Atlanta. In fact, now that I think about it, I see KSAers now more than I ever did when I worked for KSA. Funny how that happens!

I am enjoying my new career as Vice President of Manufacturing for L.L. Bean and life off the road—although I do miss all of the frequent flyer miles.

For those who may not be familiar with L.L. Bean Manufacturing, I describe it as a self-contained experiment in the latest and greatest manufacturing practices—a true model vendor. Most of us would see it as a small manufacturer, yet quite sophisticated. We occupy a modern facility of 130,000 square feet in Brunswick, Maine and employ between 350 and 500, depending on the year and season. We have seven production lines, each producing significantly different products. There are the craft skills of hand-sewn footwear, the Mod's of Maine Hunting Shoes, flannel sleepwear (our first apparel line), dog beds, soft-sided luggage processed on Gerber's beta Unit Production System, and the famous Boat and Tote bags. All of the merchandise we make is sold to L.L. Bean for catalogue distribution. We manage our business utilizing an MRP system that has taken over five years to implement, with three major attempts. Talk about organizational resistance! In addition, we have all business functions, except legal, as part of our organization. Most of our organization structure is team-based and reflects a flat organizational chart. Our most prestigious accomplishment during my leadership has been winning three major quality practice awards—the Maine State Quality Award, PMA's Leadership award,

and an AIM All-Star award.

In my role as Vice President, I not only oversee this business unit, but work closely with my colleagues in Inventory and Production Management to look for ways to improve L.L. Bean as **Mercer and Caroline** a business partner in the consumer goods pipeline. Such improvements include our methods of planning and communicating our merchandise purchases, our methods of assuring quality merchandise to the customer, time-based improvements in the logistics of getting merchandise to the consumers, and how we utilize integrated technology.

Beyond these efforts, in the few years I have been at Bean's, I have had the pleasure of being a practitioner of many of the concepts I was engaged in during my last few years at KSA. Product development engineering, team-based performance management systems, Quick Response, vendor managed inventories, and time-based strategies are just a few of the many endeavors I have been "sponsoring." Equally, I have learned a heck of a lot about being a sponsor versus an advocate, and have had enormous opportunities to apply the skills I acquired in MOC, LET, and SPIN selling. No matter what side of the desk you sit on, the skills are applicable.

The question I am most frequently asked is, "How do you live in Maine? How do you stand the winters?" Since we moved here in 1992, we have experienced over 400 inches of snowfall—though I'm not counting. This past winter was a record, with over 100 inches. In fact, it snowed again on April 2.

My answer, to those who ask, is that we are just two hours away from great downhill skiing, we can cross country ski out our back



**Mercer and Caroline**



**Frank and Becca**

door, and we are getting ready to put a skating pond in our yard for the kids. This year, we experimented with snow shoeing, and next year it will probably be tobogganing. During the summer, we enjoy going to the mountains and to the beaches, all within two hours of our home. It really is a great place to raise kids and enjoy every aspect of mother nature without the heat and humidity.

I mentioned kids. Our family has expanded by one since leaving KSA. Our second daughter, *Caroline*, was born December 21 in the midst of a 14 incher. (That's snow-storm talk.) *Mercer*, our five-year-old, will begin kindergarten in August, and has already had us in the emergency room at least four times! Heaven knows what it will be like when she gets involved in school sports! My husband, *Frank*, continues to enjoy his work trading bond futures from home. We are having a great time with our work, our parenting role, and our new home. Life in Maine is great and we hope you will let us know when you are visiting. We'll treat you to lobster and steamed clams!

## New Principals

*cont'd from page 21*

accounts, allowed him to help develop both Bowman Gray School of Medicine/North Carolina Baptist and Promina into big accounts, thus providing a variety of projects during the last 18 months. He has played an active role in developing client service team planning methodology.

Dave's interests include keen interest in wines, travel (believe it or not), and information technology.

# Where are they now?

*Bob Saunders* (with KSA from 1968 – 82) and wife, *Sibyl*, live on Johns Island in South Carolina. He writes, "Our three daughters, *Elizabeth*, *Maria*, and *Prudence* are happily married and have provided us with four grandchildren. Since retiring I have continued to have the opportunity of working for KSA from time to time, on an associate basis. I also edit a quarterly newsletter covering the international carpet industry. I continue to be

blessed in having the association I have had with KSA."

Robert J. Saunders  
3707 Bonita Court  
Johns Island, SC 29455

*Jim Hicks* (with KSA from 1972 – 81) and wife, *Fran*, live in New York, where Jim is Executive Vice President of Danskin, Inc. He writes, "Fran is VP of Hilfiger Golf; Son, *Jason*, is a senior at Auburn; daughter, *Diana*, is in the 9th grade. We just took up

sailing and hope to retire in Naples, Florida in 15 years."

James M. Hicks  
210 E. 73rd Street, #7A  
New York, NY 10021

*Ted Horsley* (with KSA from 1970 – 77) and wife, *Susan*, live in Hartwell, Georgia, where Ted is President and CEO of Hartwell Sports, Inc. He writes about his children and grandchildren, "*Todd* is 28; *Lynn*, 26; *Susan*, 24; *Julie*, 22; one grandchild named *Morgan*; another on the way."

T.W. Horsley  
8680 Reed Creek Road  
Hartwell, GA 30643

*Arnulf Fleischer* (with KSA from 1981 – 94) and wife, *Monika*, live in Neuss, Germany, where Arnulf is with Droege & Comp., Düsseldorf (D & C) Internationale Unternehmerberatung. D & C is a fast-growing German Consulting Company (1988 fee income was D.M.\$5 million; 1995 fee income was D.M.\$42 million).

Dr. Arnulf Fleischer  
Wahlenstr. 13b  
D-41468  
Neuss, Germany

*Jim Kirby* (with KSA from 1977 – 89) and wife, *Jayne*, live in Roswell, Georgia, where Jim is a managing principal at Management Recruiters of Marietta. Jayne is a colleague in the practice. Jim writes, "I'm busy enjoying my 'new career' as well as the opportunity to be involved in community activities (e.g., Rotary; coaching youth basketball) that were sometimes hard to accommodate while I was traveling as a consultant. Son, *Jim*, 16, is a sophomore at Roswell High School, and son, *Price*, 10, is a 5th grader at Roswell North Elementary."

James E. Kirby  
c/o Management Recruiters of Marietta, Inc.  
Suite C, 274 N. Marietta Parkway  
Marietta, GA 30060

cont'd on page 25

March 27, 1996

TO: KSA DC '96 Team  
Kurt Salmon Associates  
1355 Peachtree Street Northeast  
Atlanta, GA 30309

I am writing this note to tell you how pleased I am with KSA's performance on our DC'96 project and how well your company and L.L. Bean have partnered together to achieve what promises to be a great result—a new Distribution Center that is opening on time, within budget, with the potential to lower operating costs by 50 percent. In particular, your folks have been extremely "value-added" in the following areas:

- Development of the overall process and facility designs.
- Specification of systems requirements, and customization of KSA's warehouse system.
- Implementation and project management for the facilities, material handling equipment, and warehouse management systems.
- Logical and high-volume systems testing.
- Integration testing between the warehouse management systems, material handling equipment, and L.L. Bean's business system.

As you know, the most impressive part of our partnership is the way your personnel and ours work together—sleeves rolled up, seamlessly in a team effort. Somebody from the outside would not be able to tell who the consultants are and who are Bean employees.

If you ever need a reference from us, please use this note! I would also be happy to talk to anyone (who is not a competitor) personally.

Thanks again for your efforts.

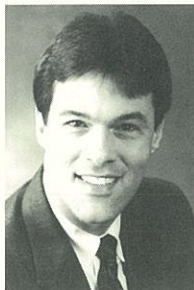
Sincerely,

Lou Zambello  
Senior Vice President, Operations  
L.L. Bean, Inc.

# Human Resources Corner

by Dan Sax

I joined KSA last December as the new Director of Personnel. Part of my role is to determine what Human Resources processes and issues should be addressed in the coming



year. To help with this process, I spent the last few months traveling to many of our offices and some project sites to gather feedback from staff on issues of importance. This feedback will help determine priorities and direction for the Personnel function. As part of my travels, I promised to get back to everyone on trends I saw and projects that would be spinning off as a result of your feedback. So, following is an update on HR projects and issues.

## Performance Evaluation and Feedback Process

KSA has some wonderful processes and forms in place, many of which have been developed and updated over the years. Different groups have altered and adapted the process to meet their unique needs. However, a recurring theme during my travels was the lack of more continuous feedback at all levels. Some staff viewed the process as more backwards looking with less emphasis on goal setting. Another gap was seen in goals setting with regard to Manager and Principal promotions. And finally, Analysts and some administrative staff appeared to have less involvement in performance evaluations than consultants. Processes involved with promotion to Manager and Principal are also expected to be reviewed and refined during 1996.

This is obviously a big project and will consume most of the year, encompassing all of our current practices and processes. Personnel will be looking for input from all levels along the way.

## Orientation Processes

This involves all the activities involved with

getting new employees on board after they have accepted our offer, from maintaining contact until their start date, to insuring offices and equipment are ready for the new employee, to handling benefit and new hire paperwork questions and issues. Specific feedback in this area has already resulted in changes in procedures for ordering computers for new employees to help assure they are ready when the employee arrives. In addition, we will create a "Survival Guide" to assist in their first few weeks at KSA.

## Diversity

Feedback here involves both inclusion of more women and minorities within our workforce as well as valuing and accepting all the diverse backgrounds and experiences our colleagues bring to KSA.

In the area of attracting more minorities to KSA, the firm has moved forward with the next phase of its partnership with INROADS, Inc., a national firm that assists in recruiting the top minority students for intern programs.

## Flexible Work

Several people throughout the firm have experimented with different flexible work options. However, in most cases, these have been one-of-a-kind situations. These "successes" have had little advertisement around the firm nor have many formalized processes or options been presented to staff. The challenge here is to maintain the flexibility to allow for unique situations and circumstances while ensuring overall consistency in handling flexible work options.

## Policy Manuals

Personnel's role with employee manuals is to help maintain and update them as the need arises. We are already doing this with updates on current policies (all staff should have received updates a few months

ago, some of this as a result of feedback from staff requesting some policy clarifications). In addition, there is a concern that the manuals for Analysts and Support Staff need considerable updates, above and beyond the normal revisions made to the Consultant's manual. We will be working on these manuals as well as assisting with transitioning these documents into alternate formats as determined by the BOK.

## Employee Relations

Wherever I traveled, there was a stated need for an impartial third party within the firm to assist with various employee relations issues. I have received numerous calls and e-mails from staff around the country as a result of my travels, and welcome these continued contacts. One of the most important functions of Personnel is to be available for staff, to listen to concerns, offer suggestions and ideas on possible solutions, and to lend an ear wherever it is needed. The staff of KSA are our customers, and our goal is to remain client-focused and responsive to your needs. Stay tuned for further updates in later issues of the *Observer*.



HELLO MA! THERE'S A NEW JOB IN NORTH CAROLINA, BUT I'M TENTATIVELY SCHEDULED FOR TEXAS, SO MORE THAN LIKELY I'LL BE IN WINDER WITHIN A WEEK.

(More vintage Giddings)



## Round the world or bust...a tale of personal ambition or lunacy?

About six months ago I saw an advertisement for people who wanted to sail around the world. "Sail around the world," I found out, means an around-the-world yacht race! I applied, and following an interview and three-day sailing assessment, I am on my way to fulfilling a personal ambition—to be part of a crew in a 'round-the-world yacht race! Here's what I'll be doing for 11 months, starting September 27.

Clipper '96 will cover over 29,000 nautical miles. The race is split into 16 legs of varying duration at sea, and boasts some major "firsts"—the first race to transit the Panama Canal (We miss Cape Horn—I'm not as mad as some of you may be thinking!), the first race to sail across the northern Pacific to Japan and the first race to sail to China. The race will also visit Hong Kong prior to the handover of the colony in 1997 and will follow the tea clipper trade routes back to the U.K.

The boats taking part in the race are currently under construction in the U.K.—the first launch will have taken place by the time you read this. They will be identical 60 ft. racing yachts, designed and build especially for this race. Because the boats will be identical (except for the nuts—sorry—crew members on board) the race will be straightforward: the first boat over the line for each leg wins the leg and the lowest total sailing time for all the legs wins the race—no need for any handicapping.

Watch the *Observer* for more information as the departure date gets closer, but in the meantime, here are some provisional dates for your diary, when we will be visiting a port near you: London, 9/27/96; Plymouth, Massachusetts, 10/5/96 – 10/12/96; Fort Lauderdale, Florida, 11/19/96 – 11/29/96; Hong Kong, 3/30/97 – 4/15/97.

P.S. If you know of anybody who might be interested in sponsoring a race like this one, please let me know. There is a substantial financial commitment to taking part in the race!

—Andrew Gueterbock

## Where are they now? cont'd from page 23

*Bruce Kroeschell* (with KSA from 1985 – 93) and wife, *Susan*, live in Charlotte, North Carolina, where Bruce is an Operations Planning Manager for Black & Decker. They have a son, *Tyler*, 3, and are expecting another child in July.

Bruce Kroeschell  
10405 Providence Arbours Drive  
Charlotte, NC 28270

*Michael Chavez* (with KSA from 1992 – 94) lives in Atlanta and works as a strategic planning manager for Coca-Cola USA.

Michael Chavez  
One Coca-Cola Plaza USA 1635  
Atlanta, GA 30308

*Geoff Gibson* (with KSA from 1974 – 87) and wife, *Celia*, live in Marietta, Georgia, where Geoff is Vice President of Offshore Production for The William Carter Company. They have two sons, *Jonathan*, 15, and *Jay*, 11.

Geoff Gibson  
3621 Sope Creek Farm  
Marietta, GA 30067-5175  
770/612-0338

*Greg Murphy* (with KSA from 1963 – 87) lives in Oxford, Alabama, where he is in Corporate Engineering for Kellwood Company. His son, *Kevin*, is Director of Merchandising for the Tampa Bay Lightning NHL Hockey Team.

J.G. Murphy  
P.O. Box 248  
Heflin, AL 36264

*Lawrence Kallus* (with KSA from 1963 – 71), and wife, *Susan*, live in Anniston, Alabama, where Lawrence has been fully retired since 1989. He writes, "My first wife passed away after an eight-year illness. I subsequently remarried. Together we have eight children and six (going on seven) grandchildren. We spend about half the year at home in Alabama. The rest is travel, mainly in Europe, but occasionally in the Far East."

Lawrence Kallus  
4 Sunset Pass  
Anniston, AL 36207-6271

*Madison Riley* (with KSA from 1984 – 93), and wife, *Laura*, live in Wellesley, Massachusetts, where Madison is Vice President and General Manager of Stride Rite International Corp. He writes, "Laura continues her success as a Vice President of G.J. Sullivan & Co., a reinsurance brokerage house. We have three children: *Madison*, 6; *Gray*, 3; and *Sarah*, 1.

Madison Riley  
61 Livingston Road  
Wellesley, Mass 02181

*Toni Bruce Smith* (with KSA from 1988 – 92), and husband, *Bryan*, live in Cary, North Carolina, where Toni is an instructor/consultant for a leading software training firm in the RTP area in Raleigh—Computer Decisions. She writes, "Bryan is a self-employed Professional Engineer (P.E.) who works as a consultant for M.E. Design (Mechanical Engineering)—specifically HVAC design. No children yet! We recently moved into our first house, a 1949 fixer-upper!"

Toni Bruce Smith  
1306 N. Salem Street  
Apex, NC 27502  
919/303-0321

*Roberto Bequillard* (with KSA from 1979 – 85), and wife, *Grace*, live in Miami, Florida, where Roberto is President of Argus International, a company he founded five years ago with *Alfonso Hernandez*, another KSA alumnus. The company sources and manufactures apparel products in the Caribbean and Central America. Roberto and Grace have three children: *Roberto* (8), *Grace* (6), and *Andres* (3).

Roberto Bequillard  
9431 SW 119th Ct.  
Miami, FL 33186

# “It’s all in the doing”

Three KSA veterans—people who played key roles in fueling the company’s growth and shaping its culture during our adolescence—are retiring in 1996. *Freddie Wood* ends a 40-year career on his 65th birthday in June, *Jim Giddings* will complete 36 years with the firm in July, and *Randy Nord* left in February after 34 years.

Their total of 110 years doesn’t begin to express the qualitative impact that these three had on KSA. In addition to their work with clients, and building new markets for KSA, they developed teams of younger consultants who expanded upon their initial efforts and are running key sectors of the company today.

An interesting sidelight: with the exception of military service, Freddie and Randy worked only for KSA, and Jim joined the company after four years with another employer. In these impermanent times, the idea of three people holding only four jobs in 110 years is a quaint anachronism. When they were reminded of this, all expressed some degree of surprise, but then slipped into consultant-talk: “It all depends on how you look at it...”

For the true consultant, every new assignment is a different job with its own special challenges, frustrations, and satisfactions. In that sense, and being true consultants,

Freddie, Jim, and Randy have actually held hundreds of jobs during their careers with KSA, enjoyed most of them, and are now set to enjoy their retirement years even more (see below). However interpreted, their KSA careers add up to something more than numbers. KSA will always be a special place—thanks in no small part to people like Freddie Wood, Jim Giddings, and Randy Nord.

—*Joe Scheines*

## About Freddie Wood...

Born Milledgeville, Georgia ... Graduated Georgia Tech in 1954 with an IE in textiles. After Army, joined KSA in 1956 and worked in apparel (cutting rooms, necktie plants, etc.) for over five years... Served two overseas hitches, first as head of KSA’s U.K. operation, and later as Director of KSA/Europe ... Returned to U.S. in 1966 and took over fledgling textile practice, growing it from three to 17 consultants... After that, headed KSA’s Human Resources Development services for a time before being named Senior VP for textiles, home furnishings, carpets, and furniture... Following another reorganization, the multi-faceted Mr. Wood took over management of KSA’s strategic planning services in all markets while remaining active in textile consulting.

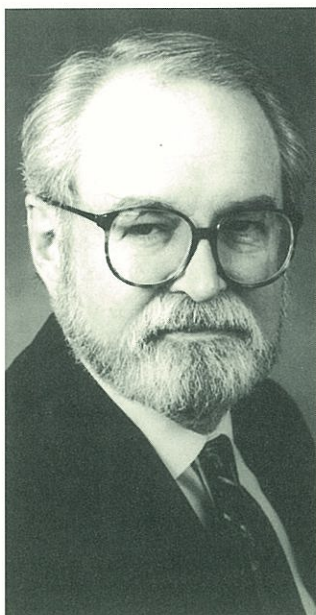
Freddie (not Frederick, not Fred) Haas Wood, Jr., has always had a philosophical, inquiring, wide open turn of mind. This not only made him an effective facilitator in brainstorming retreats for client companies, but enabled him to come up with just the right answer when asked to comment on the end of his long career with KSA. “The end is nothing; getting here was everything. It’s all in the doing...” And he plans to continue doing and enjoying in retirement—painting watercolors up in the hills with wife, *Jarnetta*, studying Spanish and philosophy, traveling, and keeping his beard in trim. Enjoy, Freddie!

## About Randy Nord...

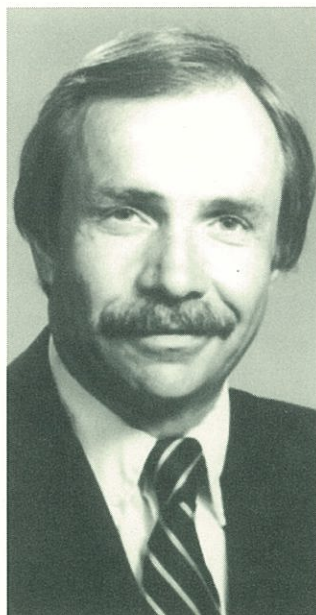
Born Jamestown, New York... Studied economic geography at Dartmouth, earned MBA at Wharton, and then joined KSA in 1962... After training at Roydon Wear in McRae, Georgia, spent three years on apparel sewing, cutting, and distribution projects before switching to management systems... Randy specialized in MIS for over two decades. With *Mike Barnes*, *Joe Irastorza*, and others, he helped to expand this important service from a narrow focus on payroll and standard cost accounting to sophisticated inventory management and forecasting for the entire enterprise. He used his manufacturing experience to come up with systems solutions that worked in the real world... KSA made good use of his implementation skills

when it came time to turn Quick Response theories into everyday results for apparel manufacturers. Through his client work, and as Chairman of the AAMA’s Management Systems Committee, Randell K. Nord became a leader in the industry’s efforts to make QR a reality... In 1988, KSA “brought him in from the cold” by naming Randy head of its Professional Development activities. His no-nonsense approach and empathy made him a successful Human Resources Director for KSA, while his varied experience was still tapped for major consulting projects.

Randy has been working as



Wood



Nord



Giddings

an Associate since February, mainly on QR implementation projects. He and *Betty Lou* divide their time between Atlanta and Amelia Island, Florida. . . Immediate retirement plans include serving on the Olympics Sailing Race Committee off Savannah. After he dries off, Randy plans to travel and "read books too heavy to carry on a plane."

### About Jim Giddings...

Also from Milledgeville (it's the water), Jim followed FHW to Georgia Tech, where he received his IE in 1958. . . spent four years in the Materials Handling Division of Yale & Towne before coming to senses and joining KSA in 1960. . . Chronicles indicate he never engineered a sewing room or doffed a creel, but did serve as a "warehousing and shipping" specialist from the start. When that service was upgraded to Physical Distribution in the mid-Sixties, Jim became its manager. . . named a Vice President in 1969. . . Distribution was KSA's entry into retailing; our first retail clients were recommended by vendors who had used our distribution services. . . After a few years managing both distribution and retailing for KSA, Jim handed off the former to *Tony DeMaria* and a well-developed staff of PD (now Logistics) specialists, and concentrated full time on building KSA's emerging retail practice. The rest is history. . .

James Irwin Giddings left the Small Town Down South years ago, and has been a genuine New Yorker (Upper West Side, no less!) as well as a part-timer on the Maine coast, for more than two decades. Even so, his accent and behavior have lost none of their Southern charm. . . A talented cartoonist, JIG added humorous and wickedly accurate drawings to KSA slide presentations long before computerized sketchpads were invented. No electronic substitute has yet come close to this original.

The "opportunity to invent something" for clients in new areas proved most exciting for Jim during his consulting career, and he plans to pursue inventing in retirement. Also on his to-do list: more cartoons and painting; reviving a long dormant golf game; helping wife, *Kay* (if asked), in her business (competitive intelligence research); and contributing time to worthy causes.

## Paul Tsang: KSA's Far East maven

We have never needed to make a "cold call" in Hong Kong, was my reply to a colleague when asked had we contacted companies who are not aware of KSA. I explained that Paul Tsang, with his 35 years experience in the textiles and apparel industry, knows everybody who is worth knowing. Paul's extensive acquaintance with the key players in the industry is not just based on continuous networking at lunches, industry association meetings, and Saturday tennis tournaments, but is very much a result of his long involvement in the industry. Like the Hong Kong industry itself, Paul has moved through the soft goods value chain and is now part of the world's most knowledgeable and effective soft goods supply complex, with a keen understanding of each of its marketing, manufacturing, trading and retailing components.

Paul started his soft goods career with South Seas Textiles, KSA's (and *Bill Reed's*) first client in Hong Kong. South Seas and the Tang family, with its three generations of MIT alumni, were one of the Shanghai textile firms who founded Hong Kong's cotton-spinning and weaving industry. They integrated forward into apparel manufacturing through a joint venture, which helped Levi Strauss & Company become established in Hong Kong. Paul followed this path by becoming a key member of the new team at Levi Strauss Far East. His important involvement in building the Asia Pacific Division into the largest apparel brand in the region is appreciated in LS&Co. but perhaps is less well known within KSA. I am continually reminded of this fact when visiting LS&Co. locations.

After leaving LS&Co., and learning how to run a high-fashion jeans designer brand operation at Gloria Vanderbilt, Paul was identified by Harry Lee, the CEO of TAL Apparel, KSA's largest Hong

Kong client, as the man to help the start-up of our Hong Kong practice. Paul, *Butch Price* and KSA alumnus *Jim Trautman* opened the first office in Jordan House on Kowloon in 1983. Their early projects for Smart Shirts (Kellwood) and TAL Apparel resulted in these companies becoming benchmarks for the Far East apparel manufacturing industry and helped them establish their dominant (20%) share of the North American dress shirt market.

In 1987, Paul helped the Cheng family acquire apparel manufacturing assets in Hong Kong, which made them the largest employer in the Hong Kong industry. Christopher Cheng recognized that he needed Paul's talent to make these assets profitable and persuaded us to "lend" them Paul for a few years. Under Paul's leadership, Unimix shifted to more profitable customers, established factories in China, Malaysia and Burma, and became a major source of profits for the Cheng family. His job at Unimix successfully completed, Paul returned to KSA in 1993.

Those of us that have had the pleasure of working with Paul appreciate three key strengths:

- the ability, in a 15 minute conversation, to provide a detailed history of a potential client before a meeting;
- the way he establishes credibility in a

*cont'd on next page*



Paul Tsang, left, and family with the Waldrop and Price families in 1984.

first meeting with a client by demonstrating his (and KSA's) in-depth knowledge of the industry and its key players;

- his understanding of the differing cultures of Asia Pacific and his skill at relating to Japanese, Korean, Thai, as well as Chinese clients.

We are relying on Paul to continue to be a key player in KSA's Far East practice as he transitions to a lower level of activity. Paul is looking forward to traveling and seeing his many friends, spending more time in his second home in Canada, and working with *Guido Schild* and the Hong Kong team on a part-time basis. We never want to make that

cold call in Hong Kong.

—*Alan Braithwaite*

*Additional notes from Butch Price:*

Paul's uncanny ability to "read" people and situations, along with his knowledge of Hong Kong's unique culture, have been an invaluable asset to our Far East practice. When we needed to create an appropriate Chinese translation for KSA's name, Paul drafted an initial version and then consulted several of our existing and potential clients to gain their input. The resulting translation was well worth this extra effort—and helped strengthen our relationship to several firms

who were part of our "birth." Without Paul, this opportunity to link with our clients would have been missed.

Paul is more than just a colleague to me and my family. Our lives have been enriched through knowing Paul, his wife *Diana*, and their children, *Stephen* and *Cindy*. Numerous "one of a kind" dinners, weekend trips to Macao, and Chinese New Year's celebrations spent watching fireworks on the harbor are treasured memories of times we spent with Paul and his family. We're looking forward to more of these memories once Paul has a bit more free time!

## KSA Italy presents ECR survey results

On February 15, KSA/Italy organized a major event to present the results of the ECR Europe State of the Art Survey to the managers of the most important Italian companies in the FMCG market.

Held in the wonderful setting of Palazzo Visconti (a XVII century palace in Milan) the event was attended by about 80 decision-makers in the FMCG industry, representing most of our current and potential clients in that market.

The Milan office was out in force, together with most European principals and *Dave Cole*, to introduce and underline KSA's presence as a major player in the ECR consulting services. Response from attending executives was extremely positive.

In brief, the points made during *Massimo Visconti's* presentation were:

- Commitment to ECR projects is lower in Europe in general but growing steadily.
- Implementation status is higher for retailers than for manufacturers.
- There is a significant increase in investment in ECR programs.



**Dave Cole illustrates KSA's background and knowledge on ECR during the ECR Italian Market Results convention.**

- Companies are more advanced than the European average in Continuous Replenishment Programs and EDLC buying arrangements, but are behind in Joint Category Management Programs. These results show clearly the need for support for companies deploying ECR programs in both demand and supply sides.

After the presentation, Massimo chaired a question and answer session between the audience and a panel composed by Enrico Toja (Vice President of Johnson & Johnson Europe), Manuel Gonzales Valdeolivas (Sales

Director for Barilla, Italian leader in the pasta market), and Vincenzo Tassinari (President of Co-op Italia, the largest Italian food and grocery retailer). All three are strong supporters of ECR and highlighted the importance of implementing ECR programs for both manufacturers and retailers.

It was an excellent marketing event that more than compensated for the efforts made by all involved in the preparation, and one that we hope we will be able to replicate in the years to come.

From the Chairman

## Congratulations...and... what's next?



What a year it was...many stimulating opportunities, challenges and new colleagues worldwide. We achieved extraordinarily positive results in projects for clients and began an exciting list of

new initiatives to continue to position us in the market for the future. We strengthened our internal capabilities to respond and posted record results.

Clearly, 1995 was a year for the record books. It begs the question...what next?

That can be addressed in the context of some of the highlights of '95.

Our primary accomplishment in 1995 was continued aggressive pursuit of our core *mission, vision, and strategy*.

**Our Mission...** "To enable our clients to develop and sustain outstanding performance by delivering innovative, high value services." and "To provide our colleagues with superior opportunities to fully develop their capabilities and achieve professional and financial rewards."

An indicator of achievement of our external mission is the high performance level of many of our clients and the high regard they hold for the value of our services. Quality assurance feedback from our clients includes a 94% rating on "project has or will make a significant positive change in our business." Our largest clients are sustaining outstanding performances in their market sectors.

We have to be the consulting firm of choice among the market leaders in our industry. In 1995 we conducted projects with: Home Depot, the North American leader in the home improvement sector; Levi Strauss & Company, the global leader in apparel marketing; Kaiser-Permanente, the

leader in health care HMO's; Reebok in Europe, a global leader in athletic wear; Jusco, a leader in retailing in Japan; L. L. Bean, a leader in direct marketing; Sainsbury, a grocery leader in the U.K; plus Sara Lee, Kodak, IBM, Fruit of the Loom, Mayo Clinic, and many others.

Certainly, it was a good year for the development of our capabilities. Our 35% worldwide growth in 1995 stretched us all. Our outstanding profitability will yield appropriate financial rewards to go with the deep sense of satisfaction from work well done.

**Our Vision...** "To be the leading global management consulting firm producing high value results for our clients in the consumer products, retail, and health care sectors."

To further globalize our practice in '96, we:

- completed a worldwide strategy audit and began implementation in February of '95 with a series of task force initiatives,
- initiated a presence in Tokyo for the Japanese market,
- implemented Far East management rotation (Greater China market) and began a round of local recruiting,
- signed a joint venture agreement to form KSA/Technopak in India,
- transferred a number of key resources from Europe to North America and the Far East, and from North America to Europe and the Far East,
- initiated acquisition searches in some key markets where we are not yet represented,
- added a global perspective on our ECR leadership position for the food and grocery industry in North America, Europe, and Japan, and
- continued global professional development sessions for initial orientation, new managers, and new principals.

**Our Strategy...** is how we achieve our mission and vision. "To serve the needs

of leadership clients with high value services, proven methodology, and highly qualified professionals, always with the client's interest first."

We have a clear trend of concentration of our work with leadership clients. In North America, 74% of our work is with our top 50 clients, and 88% is with the top 100. Asia Pacific is similarly concentrated, and Europe is moving down that path with the continued evolution of organization and services.

To enhance work with leadership clients, KSA/North America initiated a major reorganization to form client service teams and functional service teams. The client service teams will stay in front of leading companies in our target markets. Functional service teams will ensure we have proven methodologies to deliver results. The new Pan European service groups will allow us to rationalize methodologies and consulting resources more effectively across Europe.

In 1995, we added over 120 new colleagues, worldwide, through recruiting. The SBS merger plus the KSA/Technopak joint venture added key resources. Hopefully, all will prove to be strong. Continued attention to recruiting and enhancement of management development are targeted to attracting and developing highly qualified professionals such as each of you.

Examples of key initiatives related to high value services include:

- the merger of Stanford Business Systems (SBS) with KSA to expand our client server technology capabilities,
- the decision to restructure the DCMS® platform,
- advances in store operations services for leading grocery retailers in the U.K.,
- the development and use of ECR readiness assessment for retailers globally,
- progress on merging BPR and information technology methodologies,
- heavy investment in our infrastructure project to enable sharing of best practices and body-of-knowledge, and,
- a focus on methodologies in each of our practice unit audits. (We typically conduct two significant audits each year.)

*cont'd on back*

I believe, at least in every instance that I am aware of, we continue to adhere to the anchor statement of our strategy... "always with the client's interest first."

We also spent time on initiatives in 1995 that were not successful. That will always be the case. If we became so conservative that we ceased pursuing initiatives that have risk, we would surely become lost in the sands of time. As Atlanta won the World Series in 1995 for the first time, I hope I am permitted a baseball analogy. The team batting average was .250. Every swing was not a home run or even a single. There were strike-outs. Winning comes from a team at the plate swinging, not from sitting in the dugout.

For 1996, we are continuing to aggressively implement our mission, vision, and strategy. Our core philosophy will continue to recognize the need for change—constant, incessant change—to lead the market as much as practical and respond to the market as required. Competition has never been as severe; yet, opportunities have never been so great. In the short term, there will be ups and downs to be sure. For the long term, consulting is a great profession. It has the core characteristics of successful enterprises of the New Millennium... knowledge work, meritocracy, teamwork... flexible and non-hierarchical, global, and focused.

To be sure, there are storm clouds on the horizon in '96. The economy is very soft in Germany—unemployment is at a record high. The remainder of Europe is spotty economically. In North America, the U.S. retail and consumer products market had its worst 4th quarter in perhaps the past 20 years. The economy in Mexico has been battered. In Asia Pacific, the economy in Japan remains very soft and the Hong Kong/China government transition presents challenges.

These issues mean we must keep our eyes firmly on the ball. Focused firms typically outperform the market in good and in soft times. That is our intent. The market will be what it will be. Our goal is to outperform it. Externally, we have a great reputation and a global client base. Internally, we have committed, highly skilled colleagues in a supportive professional culture.

In summary, worldwide, we will collectively stay at the plate as a team. We will keep swinging the bat. The market will occasionally throw us a curve and we will strike out on a given pitch... but we must collectively hit

our share of home runs.

Personally, I find it exciting to be associated with so many heavy hitters worldwide.

—Dave Cole

## Bob Frazier recovering from stroke

Unfortunately, Bob suffered a stroke just before Christmas. He was moved from ICU after the New Year, and then to the Rusk Institute Rehabilitation Center at New York University in Manhattan. He returned home in late February and is now up and walking. I've visited Bob several times since his stroke. He is in good spirits, considering the circumstances, and is making good progress on his recovery. We will know more later about the overall prognosis.

Bob and Bonnie's home address is:  
126 Waverly Place  
Apt. 2A  
New York, NY 10011



I'm sure they would appreciate a note from those who know them. I know you will join me with your wishes and/or prayers that Bob will have a speedy recovery. —DAC