

PUBLISHED BY AND FOR THE EMPLOYEES OF KURT SALMON ASSOCIATES

Aloha! KSA's new organization is thriving in Hawaii

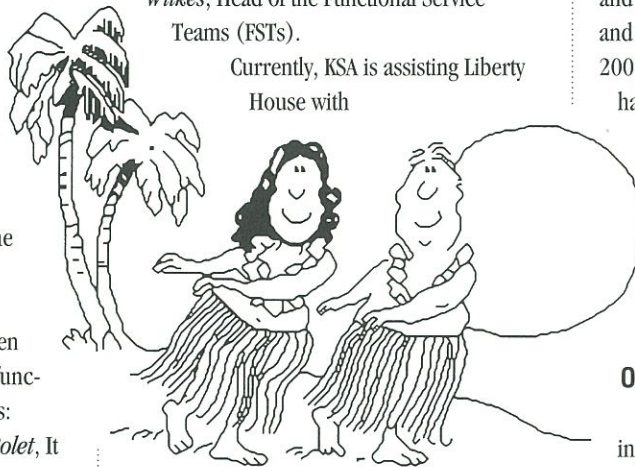
by Bruce Seeber and Jeff DeRuiter

It has been about a year since KSA North America adopted the new FST/CST organization and while we (all of KSA) are still fine-tuning the new organizational structure, we (on the Liberty House Project) are here to tell you that the "New Look KSA" is alive and well in Hawaii. The Liberty House Project is another example of the cross-functional synergy that the new organization structure allows KSA to achieve. To date, Liberty House has been fortunate enough to receive the cross-functional talents from the following KSAers:

Thomas Bokowy, Logistics FST; *Al Bolet*, IT Development; *Neysa Colizzi*, Logistics FST; *Scott Daughdril*, Retail FST; *Jeff DeRuiter*, Logistics FST; *Tim Henderson*, IT Development; *Frank Pelzer*, Retail FST; *Ed Ross*, IT Development; *Dorothy Sadd*, West Coast; *Bruce Seeber*, Retail General Merchandise and

Apparel; *Amin Shabidi*, Advanced Technology Group; *Lynn Spubler*, West Coast CST; *Ken Wilkes*, Head of the Functional Service Teams (FSTs).

Currently, KSA is assisting Liberty House with



two separate, but integrated, projects. We are in the process of wrapping up an IT Strategy, which will dove-tail into an RFP for new Merchandising and Financial Systems. Concurrent to the IT project is a multi-phased Logistics Project that addresses the entire Vendor-to-Store Supply Chain and Base Plus®.

On the IT Side:

IT Strategy assessed Liberty House's Information Systems from a Functional, Technical, and Year 2000 perspective. The IT Strategy revealed that the current legacy systems do not support top management's vision of the future. KSA developed a three-year migration plan which will position Liberty House for its vision of the new millennium. The migration plan, the result of a compre-

hensive cost benefit analysis, encompasses future market expansion plans, functional and business process requirements, technical and infrastructure requirements and Year 2000 issues. With a scope this broad, it is not hard to imagine why the IT Project Team needed to tap the cross-functional knowledge of so many KSAers. The plans are to complete the RFP for new Merchandising and Financial Systems (the first phase of the migration plan) around the end of 1996.

On the Logistics Side:

One of the key components to improving Liberty House's vendor-to-store supply chain is the recent establishment of a Quick Response Team. The team has representatives from the Distribution Center, Information Services, Buying/Merchandising, Store Operations, and KSA. The coordinated effort of each team member allows Liberty House to effectively tackle key cross-functional opportunities. KSA's new organizational structure adds to this synergy by providing expertise across all these functional areas. For example, Liberty House is on a big push to cross reference its SKUs to the vendors' UPCs. A KSA team investigated the opportunity to improve the cross referencing process from a Merchandising and Informational System's point of view. Additionally, other KSA members and the Quick Response Team are prioritizing the cross referencing efforts to have

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From the Chairman

1996—It seems as if this year just began. The rate of new initiatives in our practice makes time move quickly. We are concluding a year of growth and solid profitability as we pursue our strategy of being the premier global consulting firm serving the Retail, Consumer Products, and Health Care markets.



Europe

Europe is in the midst of an exciting transition in services, markets, clients and project size. Our priorities were to: achieve revenue and profit budget, transition managing director responsibilities, continue Pan-Europeanizing resources, build a practice in Italy, enter France, and to finalize the joint venture company in India. Our service and client objectives included expanding our IT practice and serving leadership clients in retail, consumer products, and softgoods.

Key objectives for the year were met, with the exception of entering France and IT expansion. The former may occur shortly; the latter is receiving renewed attention.

Europe-wide revenues will be 130% of last year, with profitability at 106% of budget. We have a significant increase in Pan European project teams. The client mix is now about 50% consumer products/retail and 50% softgoods, including leaders in retail, pharmaceuticals, food/beverages, apparel and textiles.

For 1997, the objective is to continue to transition the practice and also build backlogs in order to enter 1998 on a continued growth path.

Asia and India

Some call the coming millennium the "Asian century." Whether that is true or not, Asia is vitally important to many of our clients and to us. We now have three offices.

India — New Delhi. We completed the joint venture agreement earlier this fall to

form KSA-Technopak. We are transferring capacity to assist in integration and the practice is growing rapidly, serving leading companies in India and globally.

Greater China — Hong Kong. Our objectives to reestablish market presence, recruit locally for senior and junior personnel, and complete a government-sponsored study on the future of the Hong Kong industry have been met. We did not meet budget nor generate as many projects in the North American and European client base as we intended. That is receiving renewed emphasis as is the focus of our services. The current inquiry/opportunity flow is quite good.

Japan — Tokyo. Our objectives were to test the potential for a partnership with an indigenous consulting firm, recruit locally, and continue to enhance and establish our market position. Those objectives have been met and the outlook is very positive for 1997.

We also have a team based in Singapore, serving a major global client. Similarly, we will have teams in other countries in the region as major opportunities arise.

The Americas

Overall priorities included: achieving revenue and profit budget, implementing a new organization to focus on major target clients, expanding the retail/consumer products practice, supporting the practices in Asia, and capitalizing on the changes in the health care market.

In total, we had a good year and met most objectives. We did not meet budget; however, revenues are in line with 1995, which is a significant accomplishment, given the requirement to replace large projects that were being wrapped up over the past year. Profitability is good, at about 95% of budget. The reorganization to client and functional teams is bearing fruit. The North American-led effort to improve our infrastructure is progressing well, as are initiatives to strengthen human resource approaches.

It has been a remarkable decade in the Americas as we have averaged approximate-

ly 24% per annum growth from 1990 through 1996.

For 1997, we will continue to support new initiatives and add key resources. Work remains to be done in refining the organization, as we strengthen our efforts with target clients.

Global Clients

The retailing and consumer products markets are moving relentlessly to a global trading system. To be the leader in our markets, we must serve clients globally.

Recently we reviewed our work with our 18 largest clients worldwide, each of which authorized in excess of \$1 million in KSA professional services in 1996. A few observations on the top 18:

- Fifty percent retail, consumer products, healthcare ... 50% in softgoods.
- Sixty percent clients of long-standing, some as long as 40 plus years ... 40% new clients in the past 2 – 3 years.
- Fifty percent receiving some or all of the service outside the U.S.A. ... with 40% receiving services in two or more regions of the world.

- The three largest apparel firms in the world and the largest firms in home improvement, entertainment, and health maintenance.

This list of leadership companies represents a healthy client base in tune with changes in the market. We have many opportunities before us. Consulting demand is strong. Our challenge is to pursue the right opportunities relentlessly, and deliver exceptional quality work as our highest priority.

Thank you for all your contributions in 1996 and all the best for a healthy and prosperous 1997.

—Dave Cole

Notable Quote

Duty, then, is the sublimest word in our language. Do your duty in all things. You cannot do more. You should never wish to do less.

—Robert E. Lee

From the archives

A letter from Kurt Salmon

(Excerpts from a letter, written by Kurt Salmon at the end of 1943, reminds us that even though many things have changed, in the last 53 years, our vision has remained the same.)

Dear All:

This past year has seen a number of interesting developments in our organization which it may be well, as has become our custom, to reflect on at this time:

First of all, there is Baby Civitts, the only addition on the Junior Production Front, as against four the year before. We lost Dick Hall to the Navy, where he is currently undergoing an indoctrination course as Ensign in the Ordnance Department. John (Rube) Milholland, meanwhile, was advanced to the rank of Captain and is now stationed in Ireland. He sent a nice Christmas Card, which is being circulated now to all who remember him.

We are continuing our efforts to attract additional people of the right type in line with the Postwar expansion plans formulated some time ago. This also applies to related types of activities, such as Personnel Work and Cost Accounting, which we feel will round out our Industrial Engineering work properly, if creditably done—and you know that we know no other way to do it.

We are better known than ever in the Industry, more in demand than ever and there is much work to be done! Besides, we are just finishing our first Underwear installation, with the entire Industry yet to be done and are also just starting our first job in an Amalgamated Clothing Workers' Shop. If done in a manner to suit not only the client but also the Union—which, needless to say, we shall try our best to do—it should open the way for many a Unionshop installation, coming to us "the easy way," the way our open shop jobs have come in the past.

So, while I do not think I am any more psychic than reckless, I believe you will agree with me that we will have no worries about "future work," so long—and that is always the one thing we must guard—as we continue to do our jobs well and do not start coasting on our reputation.

We have to do a lot of improvising and deliberately sloppy work these days, what with contract schedules being more important than the nth degree, etc. That is expected by everyone. Just let's don't get in the habit and let us go back to being the perfectionists we were in pre-war days; for, that's how our early reputation was built!

When I sit back and recall the first bunch in 1938, how this thing started on a shoe-string, guts and luck and then compare our progress as an organization as well as our prospects with that, it does make me a bit proud and apt to want to preach about it.

At the same time, I realize that, besides the three ingredients mentioned above, which it was my privilege to contribute, together perhaps with one or two more—a great deal of hard and conscientious plugging on the part of you went into the effort that built up our outfit and made it what it is today. I want you to know that I am keenly aware of this. I appreciate it and want to express my thanks for your loyal devotion.

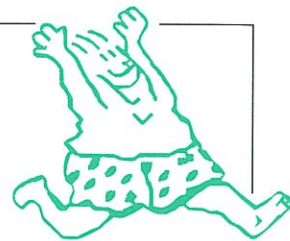
My specific wishes for 1944, I should like to leave with you in the following form:

"Our wish for 1944"

*May your dear ones stay well, Your troubles diminish,
May your health be the best, And the coming year finish
The fighting and killing—Destruction shall cease!
And may we hope that return will ETERNAL PEACE!*

—Kurt Salmon

In brief...



The Franklin Mint

by Neil Buck

KSA recently implemented the EXCEL (EXCelleNce at Every Level) or BasePlus® program for The Franklin Mint. The scope of this project focused on four main fulfillment functions:

- Customer Service,
- Telemarketing (inbound and outbound),
- Collections, and
- Mail Order and Payment Processing.

Project work began in August, 1995, and wrapped up in July, 1996. The project team of *Vic Bhargava* (on-site), *Neil Buck* (on-site), *Paul Dixon* (Project / Client Manager) and *Ken Walker* (Account Executive) placed 300+ employees on-standard utilizing traditional time and quality goals. It creatively implemented other goals, such as additional sales specifically for the phone operations. Significant additional features were added and modified to Control Plus by *Barbara Byrnes* and *Denise Trostle*. Total benefits for The Franklin Mint (labor savings and additional revenue) are in excess of \$1 million annually.

Due to the impressive results and strong client relationship, a second EXCEL program was begun immediately on the heels of the first. *Jennifer VanBuskirk* (formerly *Mennell*) has joined Neil and Paul in the ongoing effort at The Franklin Mint. The scope of this project, which was started in July, 1996, and will wrap up in February, 1997, is focused on the following fulfillment functions:

- promotional mailing,
- receiving,
- order picking,
- packaging, and
- customer returns.

Between the two projects, The Franklin Mint can expect to reap \$1.45 million in annual benefits.

Fasten your seat belt and pull it tight

by Barry Moore

KSA, and all of consulting, are in for a very interesting next several years. We are set for a fast and exciting drive on a winding and slippery road. Fortunately, we have a great car and are well prepared for the trip.

The face of consulting is changing rapidly. The demand for consulting services is growing at a rate that has not been seen since the late '60s. Our clients have streamlined, eliminated internal staffs as competitors for consulting work, and are hungry for new technologies, strategies, and processes. However, at the same time, our clients are becoming more sophisticated buyers of consulting services and demanding more value from the consultants that they utilize. In order to meet these client needs, our traditional competitors are consolidating at a rapid rate. At the same time, new ones are being created and are growing rapidly. As a result of these changes, we can expect several years of strong consulting growth, increasingly sophisticated buyers, and intensifying competition. It will be a fun and rewarding time to be part of a premier consulting firm.

Fortunately, at KSA, we have anticipated these future directions and have been positioning ourselves to benefit from them. As examples, we have:

- Strengthened our global capabilities in Europe, Latin America, and Hong Kong as well as added healthy practices in India and Japan.
- Adjusted our organization structure to focus on and develop long term relationships with leadership clients. As a result, we continue to increase each year the proportion of our fees that are with target clients.
- Developed more sophisticated services, that often combine several core competencies, to provide value to more demanding clients. Examples are in full life cycle IT development (in both HSD and CPD), BPR, Organization Development, full service logistics, IT technology, managed care, etc.
- Continued to recruit the brightest and best and given them the opportunity to develop to their fullest potential by focusing externally on clients and the value that they pro-

vide to clients on each engagement.

Professional Development opportunities have been greatly expanded.

- Addressed, as identified in the most recent strategy audit, our internal processes. (Who says the shoemaker's children are always barefooted?) Strides are being made in the areas of infrastructure, human resource systems, methodologies, and body of knowledge. There is still much to be done, but a repetition of the progress made over the last two years for a few more years will solidify us as a leader in internal processes among consulting firms.

These actions are all important and should be continued and expanded into the future. However, the greatest assurance of future success for KSA and all of us as individuals rests upon preserving and strengthening the core values that have stood KSA in such good stead for the last 60 years. Particularly, we should focus on:

- Putting the clients interests first. All of us see too many cases in which our competitors put their short-term financial interests ahead of what is right for the client. We do not ever want to do that, whatever the cost to us.
- Focusing on the value of the individual within KSA by respecting the rights of everyone and providing outstanding opportunities for each of us to develop our full professional capability.
- Providing leadership to our clients and the industries we serve. We must be sure that we play a role in helping industries and clients serve society better. By doing so, we can be sure that we are providing value as a consulting firm.

We should all be pleased that there are significant changes occurring in the consulting industry. Changes create opportunity. KSA, with a sound strategy, outstanding people, great resources, and time proven values, will flourish, while others try to find their way. Let's all commit to playing our part in this successful future. Thanks for doing so much to get us prepared.

Liberty House

cont'd from page 1

the largest impact on the Distribution Center and Stores. Our ability to contribute diverse knowledge to Liberty House's challenges has increased the value we are providing.

This knowledge has even spilled over to the Base Plus® project. Difficult changes are made easier when one has "friends" at the Buying offices and Informational Services. Unfortunately, the Logistics consultants' bid to have some of the IT and Retail consultants do some time study work was unsuccessful. Go figure!

For those of you who were fortunate enough to have read the last Pulitzer-nominated *Observer* article entitled, "Bill'em Dano," as promised, here are the

"Top Fifteen Things We Hate About Hawaii"

15. You can't get a decent can of processed pineapple around here.
14. Business attire is aloha shirts, muumuu's and flip flops.
13. That darn sand gets everywhere, if you know what I mean.
12. A hula skirt cut may have surpassed the paper cut as "The most painful there is."
11. Mandatory Luau Luncheon every Friday.
10. The only cars you can rent are convertibles.
9. I never get to wear my favorite sweater.
8. NO shirt, NO shoes, ... NO PROBLEM.
7. I never lose feeling in my limbs when I'm in the ocean; in fact, I never seem to get cold.
6. There are so many things to do here I can never decide.
5. Quality time with the client involves hanging out at the beach and surfing.
4. Having to watch the beautiful sunrises on the ocean and having to watch the beautiful sunsets on the ocean.
3. The temperature drops almost 5 degrees in winter!
2. Tough to train for that life long goal of competing in the Iditerod.
1. When the locals keep referring to you as being "Hula Challenged"!

What is Changing at Pfaltzgraff? *Everything!*

by *Imtiaz Patel & Britton Russell*

When KSA's team first went to Pfaltzgraff, a brand name casual dinnerware manufacturer, the expectation was that opportunities existed for improvement. What Pfaltzgraff may not have realized is that telling the KSA team to help design its future organization is much like telling an architect on a home remodeling job: you can change anything. The KSA team members included *Shaz Kabng, Andrew Zgutowicz, Peter Harding, Norman McClave, and Tom Agan.*

What emerged from the first phase of the reengineering project at Pfaltzgraff was a recommendation for an enterprise-wide reengineering implementation. In English, it means that *everything* currently done today within the company *will be done differently* in the future. This includes everything from how Pfaltzgraff measures its performance, to how it develops and ships new products, to potentially the organization structure. The second phase of the project was launched in July with a modified team of KSAers (subtract Andrew, Norman, and Tom who moved on to other pastures and add *Imtiaz Patel and Britton Russell*). The goal of the reengineering project, called Quantum Leap, is to substantially increase Pfaltzgraff's profitability overall and its competitiveness in core processes.

The implementation phase of the project is organized into four main areas, each dealing with a core process:

1. Analyze performance/Set direction—set strategic direction for the company, communicate it to the entire organization, set actionable goals, monitor performance against goals and take corrective action early on.
2. Develop consumer-driven offering—develop a new product offering that is timely, and meets consumer needs and profitability targets.
3. Market to consumer/manage partner relationships—manage relationships with retailers, including retail outlets and catalog operations, to reach target consumers effectively.
4. Make/Buy/Fulfill—Manufacture product

efficiently, reduce inventory levels and fulfill customer orders correctly and on-time.

The second phase of the project is scheduled to last approximately two years. Three areas are scheduled to begin implementation in July, 1997: Analyze Performance, Consumer-Driven Offering, and Market to Consumer. Make/Buy/Fulfill is scheduled to begin implementation in late '97.

Some of the tools currently being developed are:

- *Process scorecards* that measure the key processes and supporting functions of each process and provide feedback on performance. The process scorecards will be linked to the corporate scorecard to ensure consistency of direction throughout the organization. The scorecard is based on the concept of the balanced scorecard—a first for KSA.
- *Product filters* to be used in developing new products that narrow the number of products that are developed to only those that meet with Pfaltzgraff's strategy and have the greatest chances of success.
- *Manufacturing programs* focused on reducing the time it takes to change from making one product to the next, improving the consistency of Pfaltzgraff's quality using statistical process control, and improving productivity by eliminating non-value added steps.
- A *consumer model* that provides a framework for understanding how consumers purchase products for their tabletops (dinnerware, flatware, and glasses), their individual needs and how Pfaltzgraff and its competitors fit within that framework. The model will take an approach to segmenting consumers on benefits sought.
- *Category management tools* that will analyze Pfaltzgraff's current assortment at retailers and help pro-

vide suggestions about pricing and the number of products.

Britton and Imtiaz have finally become acclimated to their new client location: York, Pennsylvania. For Britton, after spending a year and half in Vidalia, Georgia, York seems like New York. And for Imtiaz, who has spent most of his time with KSA in New York, York seems like Vidalia.

Thank God I'm a D'rect Marketeer

by *Doug Ford*

(with apologies to John Denver and the English language)

Well, life on a CST, it's kinda new
Never knowing who to tell what I'm gonna do
I keep it kinda of simple by just yelling "Yo!"
Thank God I'm a D'rect Marketeer

Well, I got me a fine wife, I got me old 'puter
When the sun's goin' down I got planes to run to
Life ain't nothin' but a funny, funny riddle
Thank *Dave* I'm a D'rect Marketeer

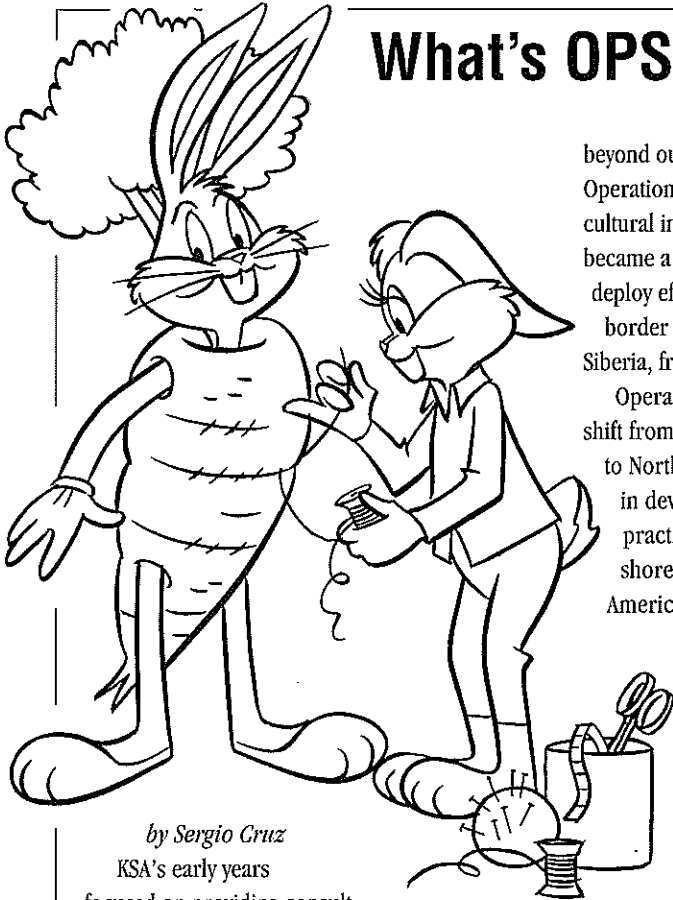
Well, I work all day, billing whoever
Then think of target clients when I'm in the shower
I still haven't figured it out, but nothin's a matter
Thank God I'm a D'rect Marketeer

Well, I got me a fine fine wife, I got me old 'puter
When the sun's coming up, I got planes to run to
Life ain't nothin' but an org. chart to be put on
Thank *Barry* I'm a D'rect Marketeer

Todd, Doug, and Chris, they are my team-mates
We hardly see each other, so "What does it mean?"
No doubt one of these days we'll work it all out
Thank God I'm a D'rect Marketeer

Well, I got me a mad wife, I still got my 'puter
When the moon's full and rising, I got clients to run to
Life ain't nothing but a giant MOC simulation
Thank *Todd* I'm a D'rect Marketeer

Yee-haw, thank God I'm a D'rect Marketeer!



What's OPS, doc?

by Sergio Cruz

KSA's early years focused on providing consulting services to clients needing apparel manufacturing operations improvements. This focus on single-industry/single-service gave us a strong differentiating advantage over other generalist firms; KSA became known, worldwide, as the perfect specialist to the industry it chose to serve.

The apparel industry focus expanded into softgoods and consumer products; the single service specialization gave way to consulting services with deliverables that enhance all aspects of the markets we now serve. KSA effectively evolved into the premier firm it is today.

How OPS changed and contributed to KSA's growth and globalization

The Operations practice evolved in parallel to KSA's. Product knowledge provided a platform to vault into transferable process knowledge; personal expertise allowed development of effective transferable methodologies.

When the US apparel industry looked for offshore sourcing, Operations quickly developed a global mindset. Operations looked

beyond our borders and paradigms. Operations developed multi-lingual, multi-cultural implementation capacity, and became a versatile group with the ability to deploy effective resources from the Texas border to Patagonia, from Iberia to Siberia, from Mauritius to Hong Kong.

Operations anticipated the US market shift from an emphasis in East-West trade to North-South trade. Proactive thinking in developing an Operations-oriented practice, focusing on client needs offshore in the Americas, resulted in KSA Americas. The Operations delivery capabilities of KSA Americas are now unequaled, from Mexico to Argentina; the full-time utilization of its consulting resources have been unequaled in KSA. Proactivity in effective delivery of consulting services and in development of

business activity, through proximity to markets served, resulted in KSA Miami. KSA Miami is at the epicenter of the North-South trade, and poised to take advantage of domestic consulting opportunities to the North, as well as international consulting opportunities to the South. It is timely that we now further optimize our product and industry knowledge, our implementation skills, our process knowledge, our methodologies, and our collective know-how. It is time to optimize our cultural diversity and adaptability.

What OPS must do now

We must:

- strengthen the link of our traditional ability to deliver Operations services in the US, with our acquired ability to deliver Operations services offshore,
- seamlessly deliver comprehensive Operations services throughout the Americas, and
- take full advantage of market opportunities for Operations services throughout the world.

In addition, we must:

- balance our service development efforts with further improvements in our deliverables to clients
- establish or expand product sourcing capabilities offshore
- provide new creative solutions for clients with a market niche that requires optimal responsiveness and flexibility from their domestic sources.

What PEG is doing about it

Last year's business re-organization produced a Performance Enhancement FST encompassing Business Strategy, Sourcing Strategy, IT Strategy, and Business Process Improvement services, with implementation delivery capability in Market Improvement, Systems Development and Implementation, Supply Chain Management, and Operations Effectiveness. A traditional regional-focus structure for the Northeast, Southeast and Caribbean/Latin America was established. The regional-focus structure evolved into Northeast, Southeast and OPS. OPS, a virtual region without borders, with a global reach.

OPS has the responsibility to further develop a consulting practice that will serve KSA's client base throughout the Americas with effective, state-of-the-art, operations effectiveness improvement services. OPS has the responsibility to link business opportunities North with opportunities South, to those in the West and in the East, and in the Far East. OPS has the mission of contributing to keep KSA current, focused and differentiated well into the new millennium.

The data processing fad

"I have traveled the length and breadth of this country and talked with the best people, and I can assure you that data processing is a fad that won't last out the year."

—Editor in charge of business books for Prentice Hall, 1957

Millennium Management

or is the world coming to an end on 12/31/99?

by Albert J. Bolet

What exactly is the year 2000 problem? There is a time bomb ticking in most computer-based business systems today. Dates have always been entered and stored in mm/dd/yy formats in most computer applications to save space. So what happens when we start using "00" as the year and try to do date calculations? We get a lot of system crashes, and that means big trouble to most businesses.

I was aware that there was a problem with legacy computer systems and the year 2000. I probably contributed to this problem as a developer in my former life (prior to KSA), since conserving disk and memory resources had a much higher priority in those days than worrying about a potential problem that was 20 – 30 years away. None of the stuff we were developing then would be around by 2000, we thought. We were wrong! So it was with some trepidation that I accepted Ken Wilke's "invitation" to develop a new service to fix this problem for our clients.

Jana Miles Barbosa did an excellent job of sensitizing KSAers to the problem, and to frame the spin-off opportunities this type of work could create for our CPD practice. The next steps were to create a service offering, and develop a plan to market it to existing and potential clients. The core team that created the Millennium ManagementSM service consisted of Ed Ross, Steve Jeffries, Julie Gentry, Craig Zupan, Jana Barbosa and me. Tim Henderson and Joseph Browning added much substance to the earlier work done by the team. Our approach is based on three principles:

- Try to turn a sunk cost into an opportunity. Since the organization would have to spend money to repair the systems, why not replace them with new systems or packages if possible?
- The remediation must be professionally managed and thoroughly tested. Failure to do so would impact a company's ability to continue to operate.

- The key to success is found in Program Management—control all IT activities using management of change principles and institute a comprehensive system integration testing and software release program during the period when the systems are being repaired.

The year 2000 problem became a very hot item. A whole industry appeared out of nowhere to sell tools and services to correct the problem. Lawyers drooled as they estimated a trillion dollar litigation market. Articles appeared in *Fortune*, *The Wall Street Journal* and of course, every IT publication. We knew this was a main street item when it became the subject of several Dilbert comic strips.

Then we began marketing. Since we started late in the game, we enlisted the aid of the Client Service Teams and Functional Service Team leaders to identify potential target clients within and outside our client base. We developed a relationship with key Hamilton-KSA staff to market to HSD clients. We developed beautiful marketing brochures and presentations with the aid of Beth Souther, Elisa Martinez and Jon Amsler.

The MMS team of Tim Henderson, Ed Ross and I hit the road in September. The early results have been very promising. Here is the score card:

Home run at Stride Rite. Our first Millennium Management project started in November. Craig Zupan, Ken Coons and I staffed the initial KSA team. Thanks to the MMS team at Stride Rite: Ken Coons and Mike Barnes.

Still at bats. Presentations were made to

DILBERT



By Scott Adams

the following clients who are considering KSA as a partner in solving their millennium needs:

Levi Strauss & Co. We have been given an opportunity to present our offshore model to assist LS&Co. with its on-going project. Thanks to Ed Ross and Ken Wilkes for their help on this one.

Schering-Plough Pharmaceuticals. Kathryn Cullen introduced us to this account.

Liberty House. Presented to its MIS Manager, Carolyn Sakai, at the RICON show in Chicago. Thanks to the Liberty House team of Lynn Spubler, Amin Shabidi and Bruce Seeber for the introduction and opportunity to present.

Next at bats. Presentations are scheduled for the following clients:

Home Depot. Thanks to Barry Moore and Christian Borthbayre for their introduction to this account.

Liz Clairborne. Thanks to Randi Nolan for her introduction.

The GAP. Thanks to Dorothy Sadd and Cassandra Whitcomb for this opportunity.

Extra base opportunity. A two-day seminar is scheduled for Cook Family Hospital in Fort Worth, Texas. The objective is to help the client plan its millennium strategy and to try to obtain approval to kick off a Quick Assessment project. Thanks to Dennis Holz for the pre-sale and the opportunity to present. We would like to see more of these calls, which require a higher level of commitment from the client.

Other Millennium Activity this Period.

Phillips-Van Heusen. Thanks to Paul Schottmiller and Mike Barnes for their help on this one.

W. H. Smith. Thanks to Jim Horton for the opportunity to present.

If you would like to play for the winning team (MMS), call Tim Henderson or Al Bolet in Atlanta. We need a good center fielder. . .

Milestones

Congratulations to:

Louise Hutchings and *Daniel Nillson* on the birth of a daughter, *Sophie Claire Nillson*, October 11.

John and *Christina Thomson* on the birth of a daughter, *Jordan Carmichael*, October 3.

Smita Gogia and *Umesh Kinger* on the birth of a daughter, *Surabbi*, November 1.

Neil and *Traci Buck* on the birth of a daughter, *Kaitlyn Nicole*, November 4.

The KSA Observer

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Fran Preston, Debora Tucker

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The annual New York office summer picnic was held in September at *Peter Harding's* house in Darien, Connecticut. With much anticipation, the first official KSA tattoo was unveiled by *Cara SaoBento* and *Mike Barnes* to unanimous praise. No one, babies included, was permitted onto the Harding grounds without proudly wearing one. Activities included rowboats around the lake, bocci ball, outstanding food and drink as well as many reckless leaps into the lake and onto the food service tables by *Jeff Stiely's* energetic hound, "Digger." A good time was had by all. Many thanks to Peter and his family for a great day.

Top Ten Airline Travel Nightmares

by Paul Schottmiller

- #10 There are no direct flights to that airport. You have a _____ hour layover.
- #9 Your flight has been cancelled, or worse, your flight has been delayed indefinitely.
- #8 You are riding on a plane with fold-down seats and no flight attendant.
- #7 The jetway doors are closed, the plane is still there, and they won't let you on.
- #6 You have to go to Atlanta during the Olympics or Buffalo during winter.
- #5 By the time they get your plane de-iced they need to re-fuel.
- #4 You still haven't spotted the Statue of Liberty after the 43rd circle around Manhattan.
- #3 Your regularly scheduled programming is interrupted for a weather emergency report as you watch TV from your hotel the night before your flight.
- #2 You haven't eaten all day and there's no time to stop before boarding a "dinner" flight.
- #1 In your row—2-year-old twins—one adult.

Thanksgiving, KSA Style

by Carla Gabwiler

Turkey, ham, dressing, gravy, collard greens, squash casserole, corn pudding, pavola, vegetables pulao, salad chirazi, german red cabbage, gajar halwa, banana pudding, pecan pie, gulaab jamoon, and pumpkin pie. What kind of a feast is this? Why, a traditional Thanksgiving feast, of course.

In the true spirit of the original Thanksgiving, KSA Atlanta brought together a variety of cuisines from the diverse backgrounds of the many KSAers who gathered on the Monday before Thanksgiving. Bill



Beckemeyer highlighted the meaning behind the holiday, and then folks piled their plates high with old and new favorites. KSA provided the turkey, ham and "traditional" Thanksgiving dishes, and (*how many?*) KSA employees provided the vast array of Southern and Ethnic fare. Gradually, the din of chatter rose and the mounds on the plates diminished, and we loosened our belts and enjoyed the camaraderie. With the abundance of good food and good friends, KSA succeeded in illustrating the true concept of the original gathering for the giving of thanks.

Great work, great friends, great fun

By Renato Scaff, Jr.

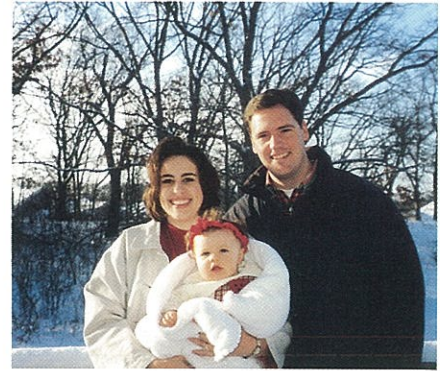
During October, Singapore lights up. It is the beginning of the holiday season, which lasts until February. It begins with Deepavali, the Hindu Festival of Lights, followed by Christmas, the Western New Year, Ramadan, Hari Raya, Thaipusam, and goes out with a bang during Chinese New Year. Throughout these five months, Singapore activates enough blinking lights to make Times Square envious. During the past few Octobers, however, a few extra lights have been shining in Singapore.

October, 1994, marked the dawn of the Levi Strauss Asia Pacific Division Customer Service Initiative (APD CSI). Alan Braithwaite, Brady Knight, Ing Chuan Kau, and Bryan O'Malley joined a team of LS&Co. employees on an exciting adventure that would span three years and four continents. It was the birth of the Design Team that would reengineer all facets of the LS&Co.'s

business in the Asia Pacific region. The lights of ingenuity and creativity began to burn bright as they redesigned product development, sourcing, customer relations and floor ready services.

With the beginning of another festive period, October 1995 marked the end of the design and the beginning of the implementation phase. It was time to transform theory to reality. The existing KSA team was joined by Alan Seelye-James, Brent Walker, Renato Scaff, and Allen Glenn, followed a few months later by Brad Morrison, and Molly and Tim Britt. Nineteen-ninety-six has been a hectic time of making the design work. It has required constant jetting between Japan, Australia and many countries in between. After many hours of hard work, we have seen the fruits of our labor. A Product Development Center has been established and is now operational in Tokyo, Japan. A sourcing strat-

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The View from Here

by Rob Hitchcock

The holiday season is usually fast-paced—filled with shopping, family gatherings and numerous social activities. It is also a wonderful opportunity to reflect on the past year's challenges and blessings, and to set resolutions for the new year.

During this holiday season, I have much to reflect upon and to be grateful for. Within the first four months of 1996, I accepted a position with Hamilton-KSA, moved to Minneapolis, Minnesota, and became a father. I can honestly say that I have never before had a year filled with such life-changing events.

The year began with my wife, Michelle, and I preparing to move to Minneapolis from Kalamazoo, Michigan. The big debate was whether or not we should move prior to the birth of our baby or after. Being anxious to start with Hamilton-KSA, we decided to move before the birth, so we left Kalamazoo on a brisk January day.

The end of January to the middle of February, 1996, was one of the coldest periods in recent memory. Our first experience with Minneapolis was the morning after we had arrived, when we checked out of the hotel and I went to pull up the car. As I stepped out into 30 below zero temperature (60 below zero with wind chill), my eyelids actually froze shut and breathing was painful. My first thought can't be printed here. My second thought was that I had made a serious mistake in navigation somewhere after Chicago and had somehow ended up in Siberia.

After trying to start my car for two minutes (I couldn't stay out any longer), I decided we

cont'd on page 17



"As our projects wind down, we drag our consultants to the top of Mt. Kinabalu and throw them off the edge. This keeps our consulting fees down." claims Rosemarie Whitley, Finance, LS&Co., Asia Pacific. "If they survive, they work a lot more weekends," stated Kimbrough Elstad, Human Resources, LS&Co., Asia Pacific. Fortunately, all the KSA consultants (Molly Britt, Tim Britt, Allen Glenn and Renato Scaff) and LS&Co. employees survived the climb up Mt. Kinabalu in East Malaysia (Borneo) on a break from their recent reengineering project.

Hands-on Volunteers

by Carla Gabwiler

(Editor's note: In the last Observer, Carla described her involvement with Hands on Atlanta, the largest volunteer organization in the city. After the article was published, Carla and Wendi Farris invited KSAers to participate in Hands on Atlanta Day, during which hundreds of volunteers converge on the city for a day of "sprucing up.")

We arrived at Toomer Elementary School on a cold Saturday morning, bundled up against the winter-like chill. We began with great determination, some picking up litter and broken glass, while others removed weeds that had grown up through the pavement. We cut back menacing vines and bushes that towered over and covered the fence, and planted brightly colored flowers around the school sign. The principal and several children who attend Toomer Elementary were there, working alongside the volunteers who had come to help clean up their school. Everybody pitched in and worked hard, and soon nearly all of the vines had been removed, the weeds were gone, trees and bushes were mulched, and we had begun painting the weed-free pavement of the playground. Several bags of trash collected around the school were carted off to the dumpster.

We ate lunch on the grass, fighting off bees and surveying our handiwork. The project coordinator announced that we had completed the work on the agenda for the day; it was time to celebrate. We, along with hundreds of other volunteers, were treated to thank-you speeches from Mayor Bill



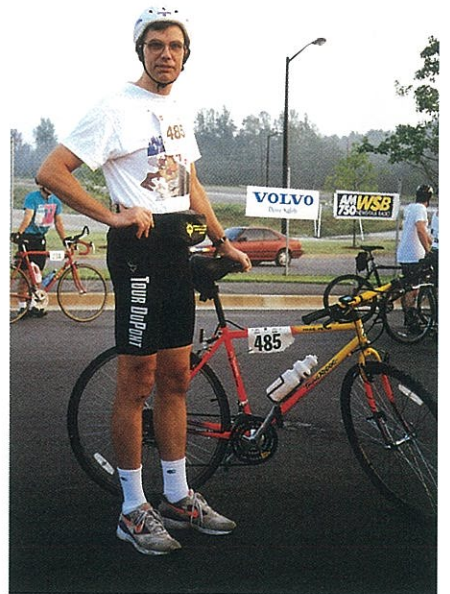
Fran Preston and Penelope Malone take a break from clearing weeds to remind John Champion: "The paint goes on the pavement, not the shirt!"

Campbell and Senator Sam Nunn, followed by live music and dancing on the hay-strewn lawn. We worked hard, played hard, and we're ready to do it again.

We will return to Toomer Elementary soon to paint a map of the United States on the freshly painted playground area. We will also meet on a regular basis to continue to make a difference. The volunteers who participated in Hands On Atlanta Day included *Lisa Hall, Lindsey Hall, Valyn Hall, Donna Simmons, Douglas Simmons, Denise Trostle, Matt Prevost, Ed Childers, CeCe Cubitt, Tina Knight, Melanie Knight, Lisa Knight, Kathleen Scanlon, Kimberly Zink, Jamie Brooks, Ron Lau, Charlotte Cudlip, Tom Sims, Stephanie Sims, David Sims, Eleanor Bryant, Beverly Bostick, Wendi Farris, Neal Farris, Craig Savage, Cameron Savage, Fran Preston, Carla Gabwiler, Stephanie O'Neal, John Champion, and Penelope Malone.*

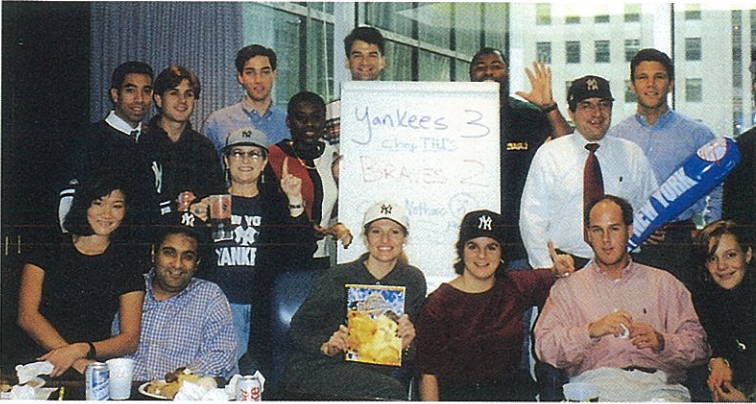


KSA's hard-working crew enjoys a photo opportunity before returning to some of the hundreds of "chores" that volunteers finished during the one-day cleanup marathon.



Peter Voget recently completed a 77-mile bike race to benefit Multiple Sclerosis research. The two-day race wound through south Georgia. Peter netted \$400 in contributions for his efforts. Next year, his 14-year-old daughter, Wendy, plans to join him.

Yankee Lunch—Southern Style



Clockwise from L to R: *Domingo Lee, Peter King, Norm McClave, Dave Melnick, Jesse Hill, Mike Barnes, Bill Murphy, Jim Neal (wrong office), Catherine Shin, Imtiaz Patel, Diane Wright, Janet Lewis, Claudia Geiger, Adelle Kirk, Mark Reda, Amy Todd.* Photo by *Cara SaoBento.*

In a tall building on 12 East 49th Street, right in the heart of Manhattan, on the 14th Floor, tucked away in the southern corner of the KSA office, is a small conference room where people sometimes gather for lunch, and of course, an occasional meeting. These group lunches happen on Fridays and attendance can be sparse, as there are clients to see, deals to be made and articles to be written. However, on Friday, November 8, 1996, during the feeding hour, there was not an extra seat in the house. The New York office, thanks to the hospitality of our southern colleagues in Atlanta, was celebrating the victory of the New York Yankees over the Atlanta Braves in the 1996 World Series Championship.

Despite complaints launched by *Cara SaoBento* about the lack of diet food options, lunch was great and enjoyed by all. The only sound to be heard above the din of constant chewing was the occasional, "Chop this," yelled by *Diane Wright*. We feasted on a melange of fried chicken, cornbread, fried okra, collard greens and kale, and for many of us, it was a novel experience. So novel in fact, that we ignored our body's pleas to stop and continued stuffing food in our mouths until a few people fell into comatose states. So what, we all figured, everyone overeats now and then. Well, judging from the audible stomach gurgles resonating through the office later that day, this was no ordinary occasion, and we finally understood why that food was sent to us.

During lunch, we gloated for the requisite amount of time, posed for a group photo, and made a group phone call to *Butch Price*, who, incidentally, was a fabulous sport.

(Butch and *John Champion* accepted the wager, on behalf of the Atlanta office, of "a selection of regional food items from the losing city" from *Mike Barnes*. They



"All right, everyone, lunch is over. Now back to work!"

e-mailed good-natured barbs to each other and the rest of us during the World Series.) So the lunch-hour of November 8th was a lunchtime well spent and we send a heartfelt thanks to all of you in Atlanta, as well as a very loud, "Better luck next year!"

Publisher's note: It was our pleasure to provide a decent, well-prepared meal for our malnourished Yankee colleagues.

KSA accepts the challenge

On September 12th, KSA joined 20,000 runners and walkers in the streets of Atlanta for the Office Depot Corporate Challenge. KSA was one of 199 new companies participating in the 5K race. Including volunteers, we had a KSA turn out of about 30 people. (See photo showing some of the KSA participants.) Some walked, others ran, and a few helped organize; above all, everyone had fun and enjoyed the camaraderie of the event.

The Corporate Challenge is geared around the promotion of a healthy lifestyle in the workplace and at the same time provides charitable contributions to several Atlanta youth charities. We are hoping that this event will snowball in KSA attendance over the next few years. Special thanks to all that participated and helped arrange the event.



First row, (l to r): *Kristin Ryer, Matt Prevost, Mona Clifton, Bill Cobb.* Second row: *Linda Price, Butch Price, Libby Morgan, Dave Rush, Brad Humphries.* Third row: *Janice Ryer, Wendi Farris, Carla Gahwiler, Laura Collins, Stephanie O'Neal, Anne Marie Singh-Brooks, Dave Cole.* Back row: *Ike Myers, John Lyons, Andy Dickinson.*

Alumni focus—Dick Sawyer

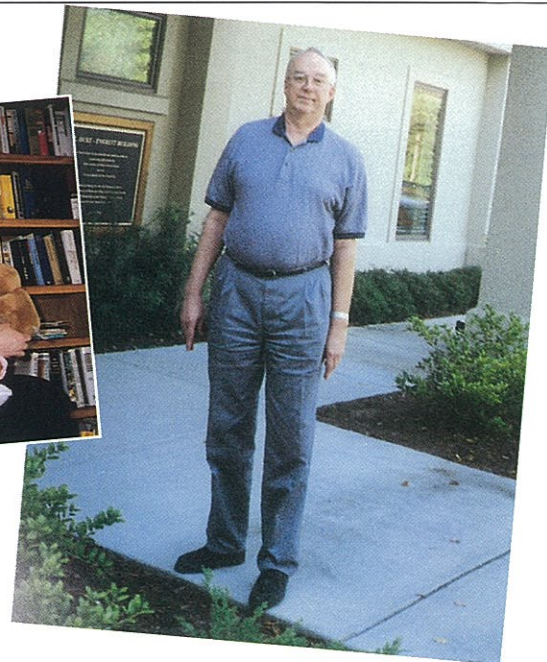
About Dick Sawyer: Dick headed his own health care consulting firm when Hamilton Associates acquired his company in 1975. An efficient, effective consultant, Dick was the top biller in KSA the first year after Hamilton and KSA merged in 1986. During his career, he completed assignments in both facilities and strategy for organizations that ranged from small community hospitals to Geisinger, the leading integrated delivery system in Pennsylvania. While consulting at Geisinger, Dick and wife, Janet's, oldest son, Charles, graduated from medical school and joined the staff of Geisinger.

Dick's gregarious nature and extensive health care contacts made him indispensable at conferences and the AHA Convention where he was busy with appointments and luncheons from the moment the show opened until it closed. He held the coveted position as chief registrar and T-shirt dispenser at Hamilton-KSA's Fun Run for eight years.

—Bruce Miller



Janet, with the Sawyer's youngest granddaughter, Jennifer Coffin.



Dick, outside the Volunteers in Medicine Clinic, where he and Janet do volunteer work.

Dateline: Hilton Head Island, South Carolina—Retirement doesn't always work out exactly the way it is planned. In our case, Janet and I laid some of the groundwork over a period of several years. First, we decided the Minneapolis climate was something we could live without. That was underscored when I fell on the ice

and tore up my knee several years ago. With this in mind (and with a little extra money in the pocket after the kids were out of college), we purchased a villa (coastal-speak for town house) in Sea Pines Plantation on Hilton Head

Retirement keeps Hamilton-KSA alumna on her toes

Since retiring from Hamilton-KSA's Minneapolis office, *Boya Polymeros* has joined the *Satin Dolls*, a senior tap dance and variety acts performing group. The *Satin Dolls* are all volunteers—all donations received for their performances are used only for gas mileage to the shows, costumes, dance instructor fees, and music equipment. The rest is donated to the senior community center where they rehearse and hold meetings.

The *Satin Dolls* receive numerous referrals and have performed several times at the Mall of America, and also at churches and synagogues, nursing homes, retirement and class reunion parties, holiday shows, state and county fairs, and various organizations such as Lion's Club, Shriner's, country clubs)

Boya writes, "So here I am, wearing fishnet hose, tap shoes, glitzy costumes, feathers, boas, and stage makeup. It's quite a change from my conservative and professional working

wardrobe while employed at Hamilton-KSA! My two daughters were very supportive and encouraged me to 'Go for it, Mom!' My husband, *Don*, wasn't too keen on the idea at first but has since become a fan."

"On a different note, Don and I observed our 50th wedding anniversary this year."

Boya also mentioned that her oldest daughter, *Kassandra*, is a TWA international flight attendant with 30 years seniority. She knew 21 of the TWA employees who perished in the crash near New York in July. She flies that same route routinely and the loss of so many co-workers and friends has been, and continues to be, a very traumatic and heart-wrenching experience for her.

Boya's address is:
6635 Newton Avenue, So.
Richfield, Minnesota 55423-2135
USA



Boya Polymeros (right) and friend, Shala Fitzsimmons.

Island. We rented it full-time for several years, and made the decision to abandon Minneapolis about the end of 1994.

When we arrived here, one of the first things we noticed was how much smaller our housing here is than it was in Minneapolis. When we unpacked and placed all the furniture, there were still boxes and furniture that didn't fit. We organized a small expansion by enclosing part of a deck, and acquired an area to use as a dining room. That, and the redecorating which preceded it, consumed much of our first year. Of course, lack of basement and attic storage doesn't help me deal with my infamous packrat tendencies (*I would rather say New England thrifty heritage!*)

Our other pre-retirement acquisition was a 30-foot motor home, which we did use, prior to our move, for vacations. Since we arrived here, we have added a towed car to provide transportation when we arrive at our destination. Last summer, we visited family in Washington, DC; Smithtown, Long Island; Manchester, Connecticut; Webster, New Hampshire (where the 200-year old family homestead is located); Lewisburg, Pennsylvania; and Allentown, Pennsylvania.

The retirement process really started during our last year in Minneapolis. Janet had one hip replaced in June, and decided eventually to retire from her job as medical records administrator from Fairview Southdale, a 400-bed hospital in Edina, Minnesota. My last major project involvements were those for the Aga Khan Hospital in Tanzania, the Saudi Arabian Oil Company's health system, and the Detroit Medical Center master plan. The first two were completed during 1994, and I was happy to lose the long-distance travel. Detroit was of a particular interest because it included one of the first clients I served as a consultant in 1968, and with which I had continued an association during most of my consulting career. Returning to find that some of the people I had known were still involved with the Medical Center was a real pleasure. This tapering-off certainly made retirement easier than a precipitous change.

In addition, I have been working occasionally with some consulting colleagues I met during projects at Pitt County Memorial Hospital and East Carolina University in

Greenville, North Carolina. They were awarded one of the Veteran's Administration facility development plan sequences, and I was able to help them with the work at several locations in Pennsylvania and West Virginia. The work produced several additional assignments, and my dilemma of the moment is whether traveling and 12-hour workdays should be a thing of the past.

I thought that volunteer work in the local hospital here might be interesting. By the time we arrived, however, the hospital was converted to a for-profit status and a majority interest was sold to one of the national hospital chains. Somehow, the thought of volunteering to help increase someone else's profit hasn't motivated either of us to do volunteer work for the hospital.

Instead, we found a clinic called "Volunteers in Medicine," which offers free services to poor and /or uninsured people who reside or work on Hilton Head Island. Only a limited number of staff are paid; most of the direct care is given by retired physicians, nurses, and dentists, and the administrative work, such as appointments, medical records, and eligibility is all done by volunteers. Both Janet and I have served there regularly over the past year. This fall, I became chairperson of the annual fund-raising effort, working with some very energetic and dedicated volunteers, to attempt to provide money for next year's expenses.

The other task we have now is generally recognized as one of life's more rewarding ones—that of being grandparents. Our three children, *Charles*, *Carol*, and *Douglas*, have presented us with five grandchildren—two this year! We now have four girls and one boy in that generation. Since they all live at a distance, we are counting on the attractions of Hilton Head to bring them here on vacation from time to time.

Our next plans are for golf lessons. After all, our children would be happy to be our guests on any of the local courses (which could get the grandchildren here more often).

What kind of advice would we have for those contemplating retirement? Be sure you have plenty to do! It isn't hard—I am sure that we have barely scratched the surface of

what is available. And be sure that you find others to enjoy working with, just as we enjoyed those with whom we worked during our employment. In our case, a volunteer organization with a health care objective suits very well.

We both miss our former colleagues and the work we did. At the same time, it is rewarding to have time for activities that are new and lead us to new friendships. We hope you all are as fortunate when your time arrives.

*Dick's address is:
3429 Carolina Place
Hilton Head Island, SC 29928
USA*

Lee Pritchard moves "across the pond"

Lee Pritchard writes that he is now Deputy Distribution Director at Harrods of Knightsbridge in the UK. In addition to managing the distribution resources for the most famous retail establishment in the world, he is also involved in the development of a fledgling direct mail business, as well as other retail venues in the electronic arena (teleshopping, internet, and other electronic media). Life in the UK has been a real change from Atlanta, and the proximity to so many new and exciting travel destinations should be enough to keep Lee entertained for years!

*You can write to Lee at:
Harrods Distribution and
Administrative Centre
Grant Way off Syon Lane
Isleworth, Middlesex TW7 5QD
United Kingdom*

Notable Quotes

Fear not that thy life shall come to an end, but rather fear that it shall never have a beginning.

—*John Henry Cardinal Newman*

Have you got a problem? Do what you can where you are with what you've got.

—*Theodore Roosevelt*

Horace Small Manufacturing Company

Better, Faster, Cheaper

by Keith Richards

Nashville, Tennessee—With the battle cry, “better, faster, cheaper,” Horace Small Apparel Co. (HSAC) set out in early 1995 to improve its worldwide sourcing strategy. Rising domestic production costs, coupled with contractual requirements to produce a significant portion of product in the US, were cutting deeply into HSAC profits. To further compound the situation, long through-put times in HSAC manufacturing were making it necessary to hold large finished goods inventories to meet service levels with existing customer contracts. After several quarters of getting pinched between rising costs, stable prices and an increasingly tougher marketplace, HSAC decided to review its sourcing practices. KSA was invited to develop a strategy to increase HSAC’s return on assets, to improve in-stock service levels, and to reduce order fulfillment time.

Several of the key questions raised during the process of strategy development included:

- What are our costs in outsourcing the production of goods?
- What are our current manufacturing costs for the goods we produce?
- What is our internal production capacity under current production methods?
- What are our demanded levels of each product type and how are they changing?
- What are our current inventory levels: raw, work-in-process, and finished goods?
- What are our current in-stock service levels?
- What is our order fulfillment time?

To understand the answers to these questions we needed a marketplace knowledge of the environment for uniform manufacturers. KSA conducted a benchmark study and compared these benchmarks with HSAC’s performance to give us a starting point for setting priorities.

Priority One was determining aggressive, but realistic ROA and in-stock service goals. ROA levels were set for both the Wholesale

and National Accounts groups. (Wholesale included the manufacturing group, which required greater assets than National Accounts.) Wholesale’s ROA goal was set at 20%; National Accounts goal was 25%. Both SBU’s in-stock service levels were set at 95%.

Answering these questions and setting these goals required a great deal of business “soul searching.” Each time we dug in to understand the deeper financial and operational sides of these questions, we uncovered the conflicting relationship between improved ROA and improved service levels—as finished goods inventories increase to improve service levels, assets increase and lower the ROA.

To overcome this conflict, we had to:

- decrease the time it takes to fill an order from the manufacturing floor rather than finished goods inventory.
- reduce manufacturing costs.
- increase production and sourcing capacity to meet the growing demand.

To decrease the manufacturing time required for each garment, KSA recommended a partial conversion of current domestic manufacturing to small-batch, responsive manufacturing. We also recommended the development of a sourcing organization within HSAC to improve the costs and delivery times on outsourced goods. While most responsive manufacturing projects are designed to reduce work-in-process inventory, we wanted to capture the benefits of reducing all types of inventory. Driving down total inventory allowed HSAC to spread its sales over a smaller asset base.

Reducing manufacturing costs is always difficult under rising domestic labor costs. While many companies look solely offshore to reduce labor costs, KSA recommended a combination of new domestic and international responsive production to combat high labor costs. Driving down costs will allow profits to grow under sluggish price increases.

To meet growing demand, KSA recom-

mended new capacity be built in phases to follow the rising product demand curves. By blending costs, HSAC could realize improved margins and maintain its responsive manufacturing capabilities while increasing capacity.

In answering these questions, KSA helped HSAC gain a better understanding of its needs. Once costs and capacities were determined, product demand forecasts were developed, inventory levels and costs were understood, and order fulfillment times were calculated, a financial relationship was established that related each of these together. The financial relationship related the ROA goals to the responsive manufacturing and reduced inventory levels, while calculating new service levels.

The strategy called for aggressive growth in responsive manufacturing, new domestic and off-shore responsive manufacturing facilities, centralized sourcing organization, centralized cutting and distribution facilities, and enhanced systems to support the strategy. The strategy is designed to bring HSAC up to a 95% in-stock service level and exceed the ROA goals. Implementation of this strategy is under way in Bassfield, Mississippi at an HSAC manufacturing facility and site selection is under way for a new domestic facility.

This project benefited from many years of KSA experience. The project team included both past and present KSAers: *Butch Price*, *Damon Shuman*, and *Keith Richards* made up the current KSA portion; *Frank Armistead* and *John Caldwell* were the KSA alumni. Together, over 80 years of KSA experience!

Holiday Card Fund Smashes Record!



Two hundred nineteen KSAers contributed over \$62,500 to the Holiday Card Fund this year.

That's the spirit!

Responsive Manufacturing, Mississippi Style

by Curt Clark

Just in time, quick response, value-added manufacturing, inventory reduction, shortening the process, reengineering, inventory reduction, crawfish, Abita Beer. For over a decade there have been mountains of books and papers written, and hours of seminars and speeches given about these topics around the world. (The last two have only been local topics, which is too bad for the rest of the world.) The other ideas all arrive at similar conclusions—have a common sense manufacturing system. A modern manufacturing facility must continuously fulfill the needs of the customer, the company and the employees. The challenge, of course, is to do this with real people, real equipment and in the real world.

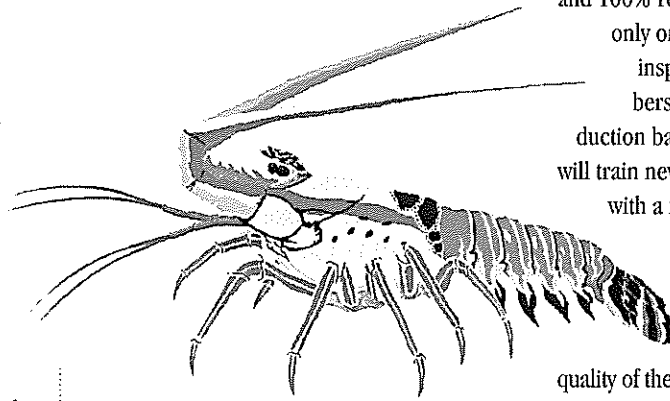
At Horace Small Apparel Company's (HSAC) plant in Bassfield, Mississippi, KSA is implementing a responsive manufacturing system with a common sense process. The goal is to reduce the manufacturing cycle (cut to ship) from 6 – 8 weeks to 5 days—without increasing cost or decreasing the quality of shipped goods.

Design and Preparation

The project began in March with a Design and Preparation phase. Activities during this phase included the following:

Analyzing The Products Produced

The products at Bassfield are uniform shirts with large amounts of standard labor. The shirt styles have two major categories; stock for HSAC stores and specials for national and government accounts. HSAC makes dozens of specials for various police departments (NYPD), correctional facilities



(Georgia Corrections), government agencies (US Customs), corporations (American Airlines), and even Hollywood studios. In each category there are several hundred shirt styles having 40 – 50 operations per style with 23 – 28 Standard Allowed Minutes (SAMs). There are large amounts of low volume special operations due to the specials. Production has averaged 8080 shirts a week on an overall efficiency of 81%.

Designing The Manufacturing System

These facts limit the options for a responsive manufacturing system. KSA and HSAC management determined a sub-linked team manufacturing system would be optimum to meet the project's goals and budget. The 145 direct labor persons are in 16 teams of 8 to 12 people each.

Each team will have approximately 1.8 work stations per team member. This will allow the team to keep the work-in-process to 24 shirts between each operation and still keep every team member productive. To achieve this ratio we have ordered 118 work stations in addition to the 194 originally on hand.

Team Selection, Pay and Training

We selected team members on a sign-up-with-management-approval procedure. The team earns its pay as a team. Each team is paid on a split incentive (\$3.00/\$2.60) with a jump bonus (\$0.50) at 100% efficiency. There is an initial 8-week curve with a declining bonus as each team begins. Additional one-time bonuses of \$50 and \$100 per team member are paid when a team achieves 80%

and 100% respectively. The team receives pay only on the work that has passed inspection. Training of team members is focused on the basics of production balancing. The local training staff will train new employees on AAMT principles, with a focus on multiple skills rather than a single operation.

Quality Assurance

We have been checking the quality of the teams on a lot size based on two hours of production. The amount of production for two hours is the lot size. The lot size determines the sample size necessary for a statistical audit. When a great deal of work from a team fails an audit, the team must inspect and correct the entire lot for those deficiencies. The team then resubmits the lot for inspection by an auditor. Once the auditor passes the lot, it may then proceed to the next team.

Facilitator Selection

We have selected facilitators from current indirect labor staff. A facilitator focuses more on the support of the teams and less on production balance. Facility support requirements identified the need for two technical facilitators. HSAC hired one technical facilitator from outside the company and one from within the facility. They perform the functions of an engineering technician but spend the majority of their time on the plant floor with the teams. Technical facilitators identify production bottlenecks, interferences and loss to capacities.

Production Goals

We determine production goals for each team by adding up the SAMs for each operation in a particular style. We then remove the ticketing and bundle handling actions no longer performed in the team. We then have a team composite SAM. If an operation is no longer performed in the team we do not include its time in the team composite SAM. This team SAM for each style is assigned to each unit the team produces. If the team SAM is 5 minutes and there are 10 people on the team, the 100% production goal is 120 units per hour.

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New Principals

Clayton R. Parnell

Clay is a leader in the development and implementation of large scale IT solutions in complex manufacturing environments. He has led KSA teams in full life-cycle projects ranging from Requirements Definition to Design, Package Selection and Implementation. Functionally, his breadth of experience runs from Forecasting, Planning, Scheduling, and Inventory Systems to Cost Systems and Financial Systems.

Clay has focused his KSA career on vertically integrated manufacturing companies in apparel, home furnishings and textiles. Clay's clients make a multitude of consumer products such as baby clothes, sheets and towels, T-shirts—and they often start their manufacturing processes with cotton as the raw material. These multiple-process manufacturing companies present very unique Information Technology challenges in a quick response world! Clay's leadership in these industries has been recognized not only by his clients but also by his colleagues in organizations such as the American Production and Inventory Control Society, which represents over 100,000 members from all industries, and where Clay serves as Chairman of the Textile and Apparel Industry Specific Group.

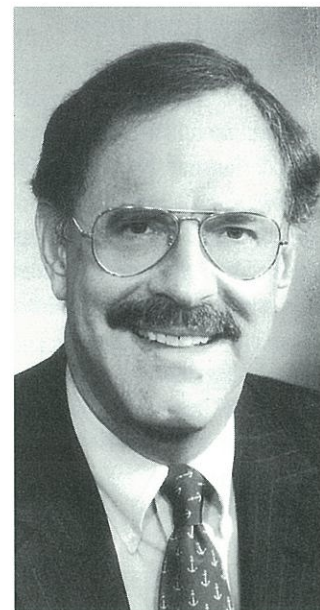
Clay's most recent clients have included Carter's, where he led various project teams over the past two years in the successful implementation of multiple business systems, and Delta Apparel, where KSA has just concluded a Requirements Definition and Package Selection phase that covered all major business systems.

Other major clients include Dundee Mills, Thomaston Mills, Barnhardt Manufacturing, and Forstmann. Curiously, all of these clients, including Carter's and Delta Apparel, are located within a two hour drive from Atlanta, so Clay may well have more auto miles and fewer airline miles than any other North America KSAer!

Clay's roots in Atlanta are firmly planted not only by the loyalty of his clients but also in his Georgia Tech education (where both Clay and Kathleen received their BIEs) and the fact that Clay, Kathleen and their daughters, Abby and Claire, live in the home where Clay grew up and which he bought from his parents when they retired to Florida. On a



Parnell



McAuley

recent vacation day, Clay and Kathleen kicked off a major basement renovation project which they plan to complete on their own!

P. Douglas McAuley

Doug McAuley joined the firm as a Principal in July to help build our practice in the packaged goods/grocery manufacturer segment. Doug is a member of the General Merchandise, Food & Drug Client Service Team and is based in the New York office.

Doug brings to KSA extensive experience in the consumer products industry. For the past five years he was with Gemini Consulting as a Vice President in the Consumer Products Practice. Prior to that, he was Group Vice President—U.S. Consumer Products for the Alberto-Culver Co. Doug has also held marketing positions with Anheuser-Busch, Vicks, and Saatchi & Saatchi Advertising, where he managed the Procter & Gamble account.

Doug lives in Chicago and is an avid Chicago Bulls fan. He earned his undergraduate degree in Economics at the University of Iowa and his MBA at the Harvard Business School.

RHYMES WITH ORANGE Hilary B. Price



New Managers

Chris Blanton

Chris has worked at Leslie Faye, Jones, and more recently has been involved in the Phillips-Van Heusen project. Chris, his wife, *Donna*, and their daughter, *Sarah*, live conveniently close to the PVH office in Bridgewater.

Norman Beerbohm

Norm joined KSA in December of 1991 when we were in the process of implementing DCMS® at Girbaud. He joined us after spending ten years in the software development field, which included a stint at IBM's Rochester, Minnesota laboratory, where they manufacture AS/400 computers. Since that time, Norm has been a key contributor in every DCMS® implementation, leading to his recent role as Outbound architect and development manager on the LLBean project. This was no small achievement since we rewrote virtually all picking and shipping transactions to accommodate the new facility! Norm is now developing a database of WMS packages, and is generally regarded as our expert in this area.

When Norm is not working on DCMS® and gathering intelligence about other WMS packages, he can usually be found on the tennis court, where he plays in the upper levels of ALTA, Atlanta's tennis league. Norm and his dog, *Cody*, have a house in the Atlanta suburbs. Norm seems to have a knack for picking interesting vacation spots: several years ago he vacationed in Thailand; this November he took a two-week jaunt into South America.

David Edwards

David joined KSA in early 1994, after nine years in various information systems manage-

ment positions. Upon coming here, he worked on the Haggar DCMS® implementation project until the LLBean requirements phase kicked off in late 1994. David has worked on LLBean ever since, all the way from requirements definition through start-up and the operational refinement stage that is still going on. Along the way, he worked closely with LLBean MIS personnel on interface issues and DC computer operations, as well as with all levels of client personnel on training, conversion, testing, and procedures. David is now managing the DCMS® support through peak season '96, and coordinating all enhancements that LLBean would like to make. (It's safe to say David understands the full project life cycle.)

David and his wife, *Jodi*, have three children. When David is not working around the house, spending time with his family, he packs up the whole crowd and goes camping. Those LLBean perks have certainly come in handy!

Bryan Eshelman

Bryan joined KSA in 1993 from the University of Virginia. He has been instrumental in a variety of projects with Jones Apparel Group. Those projects included the development of an event tracking system which significantly improved their on-time delivery as well as a major package implementation effort. Bryan has also worked at Stride Rite and Dan River and is currently at Kroger.

Bryan and his wife, *Elizabeth*, live in Newtown, Pennsylvania. Bryan enjoys cheering for the Virginia Wahoos, and skiing.

Mike Gregory

Mike joined KSA in 1993 after graduating from the U.S. Naval Academy and serving over seven years in the Navy. During his time with

KSA, Mike and his family have lived in Princeton; Gaithersburg, Maryland; Baltimore, and Boston while working on projects with Time Warner, National Geographic, Woodward & Lothrop, and Reebok.

Mike, his wife, *Jennifer*, and their two children now live in the Atlanta area. In his spare time, Mike, enjoys playing golf and bicycling.

Gary Megson

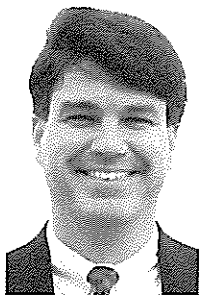
Gary has been with KSA since May of 1995. He is our resident CASE tool expert and Manager of the Logistics Systems Architecture Group. Gary spent a number of years prior to joining KSA designing and implementing software solutions in England, Bermuda (five tough years) and the US. Since joining KSA, he has participated in the LLBean, Lillian Vernon and UniFirst engagements and is currently heading our efforts to architect and implement DCMS® for the open systems environment (DCMS® Open).

Gary and his wife, *Anne*, and their two year old daughter, *Kayleigh*, reside in Stockbridge, Georgia. Gary is replacing his time at the Bermuda Yacht Club with cruises in his convertible Mustang while searching for the ultimate British pub. (Watch out when you travel with him—he has a knack for finding good pubs in any city.) Kayleigh occupies most of his spare time these days, but he also enjoys sharpening his pool game, surfing the web, and playing golf.

Doug Nagel

Doug joined KSA from Ernst & Young in 1994 and jumped right into the LS&Co. team in San Francisco. He worked on various projects before moving to the lead role in the IFSD/ConMan project. Since then, he has

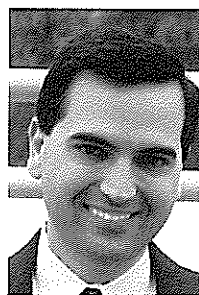
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Blanton



Beerbohm



Edwards



Eshelman



Gregory



Megson

worked on a variety of projects including Norm Thompson and a value-chain analysis for London Fog.

Doug is engaged to be married to *Jennifer Valentyn* in the fall of '97, and spends his free time wind surfing in the San Francisco Bay.

Bob Roge

Bob joined KSA in May of 1990. He was immediately assigned to the Polo project; during his eighteen month stint with the Polo team he authored much of the original Outbound DCMS® software, refined his system integration skills, and developed his MOC skills supporting the start-up of Polo's new facility. Bob had the opportunity to expand his system integration and MOC skills at DAP, where he acted as the systems integrator for expanding their operations in Baltimore. Since DAP, Bob has been working with Hagggar, first managing development of their enhancements to DCMS® Outbound and now managing the DCMS® implementation project.

Bob and wife, *Peggy*, have three children. They are currently "camping" with Peggy's parents while their new home is being constructed. Bob spends his spare time surfing the net with his new home computer, playing fantasy baseball, studying German, and overseeing the design and construction of his new home. He is also an accomplished wood-worker: he trimmed out his previous home and (for a short time) manufactured peg-boards for KSA when we had trouble finding a reliable vendor. As if that wasn't enough, Bob is learning the joys of Boy Scout camping with son, *Daniel*.



Nagel



Roge

New Staff

Beginning with this issue, new staff bios will still be included in the Observer, but pictures will be available for viewing on PracMan.

Sherry Peterson—Dept T, Data Entry. Sherry was raised in New Jersey and has lived in Georgia for 4-1/2 years. She is married with one son. She has attended DeKalb College and her goal is a degree in electronic technology.

Constance Wernersbach—Information Center, Atlanta. Constance joined the Information Center in September as the information and research specialist, which will allow *Helena Johnson* to concentrate on ready reference, resources, document management and subscriptions/periodicals throughout KSA.

Connie comes to KSA from the Atlanta Committee for the Olympic Games (ACOG), where she organized the library and performed all research. Her long research career includes stints at Georgia Pacific, Aaron/Smith Associates and Porex Technologies. She also speaks fluent German.

Connie spends her free time with her two children, *Gwendolyn* and *Sasha*, and enjoys skiing, karate and gardening.

Peter King—Information Administrator, New York. Peter has assumed all IS and infrastructure-related responsibilities, which includes computer maintenance and troubleshooting, e-mail administration for the New York office, hardware/software orders and follow-up with KSA Atlanta, liaison with KSA Atlanta Help Desk and Infrastructure group. He will also assist three consultants in the New York office.

Claudia Geiger—Assistant office Manager, New York. Claudia assists *Cara SaoBento* and three PEG consultants in the New York office.

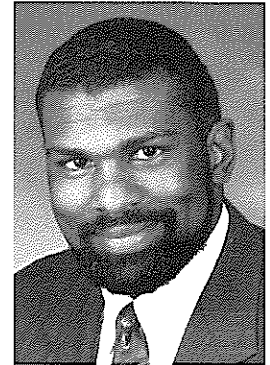
Amelia (Amy) Todd—Communications Assistant, New York. Amy replaces *Louise Hutchings*, who is on maternity leave.

Fernanda Ferreira—Recruiting Analyst, Atlanta office. Fernanda graduated in May from the University of Notre Dame with a degree in management. She is fluent in

Portuguese and expects her Spanish to improve rapidly, as one of her first responsibilities is to help coordinate the recruiting efforts for KSA Americas, including our new on-campus activities. She will also assist many of our non-campus efforts for North America.

Chuck Easley Stands Out

Chuck Easley has been named one of 10 Outstanding Young People of Atlanta for 1996. He was honored at the end of November in an impressive ceremony (the food



was great, too). The members of the advisory board who help select nominees are the top business and government leaders in Atlanta.

The award was created in 1968 when an organization was formed to recognize outstanding young people of Atlanta for their contributions to the betterment of the city. Since then, 10 young leaders have been cited each year for their careers and/or community service. Members hold key positions in business, the professions and politics as well as non-profit, volunteer and charitable efforts.

This award adds to Chuck's impressive list of honors: Georgia Tech Outstanding Young Alumni of the Year, Inroads Atlanta Alumnus of the Year, Leadership Atlanta, UNICEF letter of Commendation.

Active in many organizations, Chuck has a special affinity for young people's groups. He is active in the Atlanta Committee for UNICEF, Boys and Girls Clubs, and the Southside Youth Athletic Academic Association where he coaches kids in athletics and academics and often takes these teams to Georgia Tech football and basketball games. (Chuck will do anything to pump up those attendance figures at Georgia Tech events.) Congratulations, Chuck!