

# The Observer

July 1997

A publication by and for the employees of Kurt Salmon Associates

## Inventory Effectiveness—an Integrated Approach

by Steve Nevill

Over the last year, a steady stream of retail executives has approached KSA. They ask different questions and have different issues, but always seem to converge on a common theme. "We have an aged inventory problem," states one CEO. Another asks, "How can I improve my turn another quarter point?" A Merchandising VP says, "If we can only allocate our merchandise more precisely, I know we can reduce our markdowns."

Retailers come to KSA based on our reputation as inventory specialists, thought leaders, and solution providers. For years KSA has performed projects focused on inventory management and related processes. Our leadership in areas such as EDI, ECR, and VICs has given the firm international credentials in this area. However, most of the work has been done with manufacturers or grocery retailers. To provide leading-edge ideas and solutions to hardline and softline retailers, a new set of structures and materials was needed.

John Champion gave the General Merchandise and Apparel CST members the task of defining a new service line for "Inventory Effectiveness," since most client issues centered on the planning, purchasing, and placement of inventory. The key goals for the new service offering were:

**Results-Driven.** The emphasis is always on improving the retailer's bottom line. This may be achieved by increasing sales, reducing markdowns, improving turns, reducing inventory carrying costs, or any number of other key indicators.

**Integrated.** Instead of just focusing on one area to optimize (e.g., planning), the service offering provides a framework to review and improve all inventory-related processes.

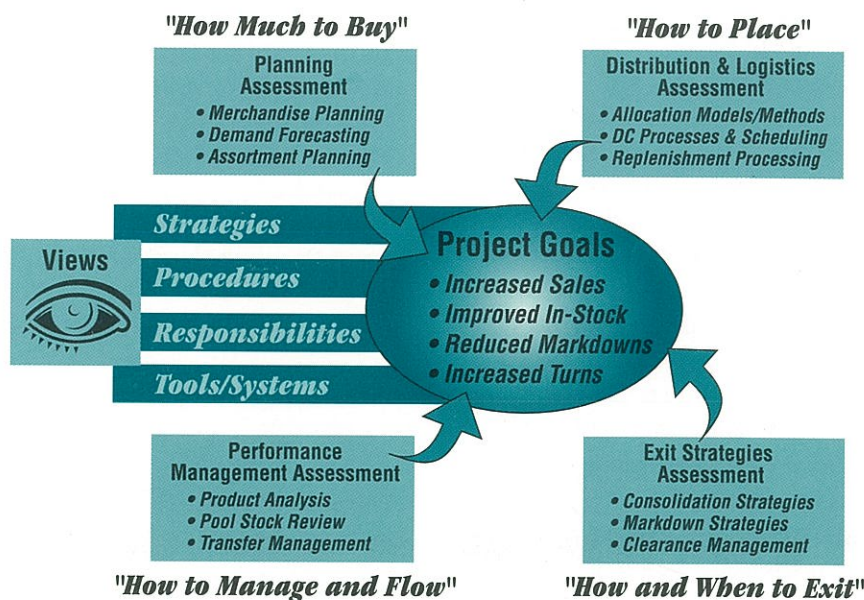
**Solution Focused.** The service offering provides specific examples and models demonstrating "best practices."

Bob Smith and Jana Miles took the lead in developing the new service. Building on successful projects with The Athlete's Foot, Claire's, Talbots, JumboSports, etc., the team gathered materials to create an "Inventory Effectiveness" body-of-knowledge. Project structures, methodologies, models, examples, proposals, and presentations were all used as input to this process. The result was a generic set of materials that can be cus-

tomized for each client situation.

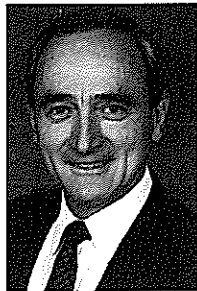
In a complete inventory effectiveness project, a series of assessments are performed. These assessments help answer the overall inventory questions of "how much to buy," "how to place," "how to manage and flow," and "how and when to exit." KSA has developed a set of proprietary models that perform statistical and quantitative analysis. Coupled with qualitative assessments from senior KSA consultants, the client receives a balanced appraisal of where it stands on inventory issues. KSA then works with the client to develop a more optimized vision of inventory-related processes. These are developed in "solution workshops" where we share and tailor our "best practices" examples and models to the client's specific environment.

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# From the Chairman

## "Some Questions"



by Dave Cole

Recently, colleagues have asked inter-related questions of broad interest.

*1. How can we maintain the unique KSA culture in an era of rapid growth/expansion?*

This question has been with us for some time. When I joined our firm, 13 of our current 18 offices did not exist... nor did much of our current market/service mix and client base. Our training room was two desks in Kurt's basement in Washington. My class of three colleagues debated if the culture could be maintained with such a "large" group. We overcame that challenge as classes grew to 10 ... 20 ... 40 ... 80. Our culture is not a function of size, but rather how we deal with our clients, colleagues and opportunities. We can replicate our culture in a large or small office, in England or Japan ... Miami or San Francisco, provided we ground all actions on constants we have held dear for years ... Integrity, Quality, Innovation, Specialization, Respect, Results.

*2. Acquisitions and joint ventures seem to be the order of the day ... are we moving away from organic growth?*

Our strategic framework targets our growth at 75% recruiting/internal development to build on our solid foundation and 25% acquisitions/mergers/joint ventures to rapidly expand into new services, markets, and geographic areas.

Our history includes the U.K. practice starting as a joint venture with a local firm in the 1960s. The N.A. Health Care practice was initiated by acquisition and expanded to national prominence by merging with Hamilton Associates.

Due to our strengths in culture, capital, global network, reputation and internal ownership, we are very attractive for a smaller firm to join.

To stay focused to our strategy, build upon our culture and add shareholder value, our decision hierarchy is sequential. We ask if the opportunity is:

- Strategically Compelling
- Culturally Compatible
- Financially Viable

Like the fairy tale, in recruiting or mergers, one must kiss many toads in order to find a prince or princess.

*3. Why must we grow ... how will we grow?*

To achieve our core objective of the World's Best Consulting Firm, we must sustain:

- A unique internal culture and external position
- A focus on client results
- Growth and profitability

The growth imperative is externally driven to achieve breadth and depth to serve leadership clients with high impact projects. Internally, growth is key to an exciting professional environment, career development opportunities and rewards for all members of the firm.

KSA's '94 Global Strategic Review targeted 1,000-plus consultants worldwide by 2004 to properly serve clients. Finding and integrating the additional qualified resources into KSA is a key operational challenge. Our target is to add over 100 per year up to 2000 and over 200 per year after the turn of the century. For 1995 - 1997 to date, we have:

- Individually recruited in excess of 200 people into KSA worldwide
- Completed three mergers into KSA (SBS, LKA, HMC)
- Made two equity investments (Cleversys and Waterfield)
- Formed a joint venture with KSA•Technopak in India

Similar initiatives are currently being pursued.

*4. When will we add new markets?*

Our current markets are: the Global

Consumer Products value chains from supply through retail for Softgoods, General Merchandise and Food; and the N.A. Health Care market for providers and ultimately suppliers. These markets represent 30 - 40% of GDP in many countries and provide a huge platform for growth.

Our differentiated competitive position results from the specific value chain focus. We serve complex, changing, intensely competitive markets transformed by technology—all the earmarks of a rich consulting environment.

*5. Why did we reorganize?*

When receiving this question, I must ask, "Which reorganization?" Organizations must constantly respond to their environment. Like turning a plant to the light in a window, we must grow to the sun and the sun is moving.

The reorganization in recent years in Europe responds to the Europeanization of the marketplace. Last year's reorganization in North America followed a decade devoted to building world class services in each functional area. Integrating services—for the client—is now a focal point of our efforts.

*6. Are any of our 6 core values more important than the others?*

All are important. For example, without *Integrity*, nothing else matters. Without *Results* for clients, a key differentiator is lost.

In a time of significant numbers of new colleagues, it is well to elaborate on our view of *Respect*.

Respect means dealing with our clients and colleagues as we would like to be dealt with. It means recognizing the overwhelming advantage of diverse experiences, points of view, genders, ethnic origins and religions. We have and must continue to respect each individual for his or her ability to contribute to KSA. We must provide mutual support to maximize that contribution, which means total cooperation internally and fierce competition externally.

Today's column reminds me of a comment by Albert Einstein, "The main thing is to not stop questioning."

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## Professional Development in Mexico

by Jose A. Del Angel

For a week, beginning March 31, 14 KSA-Americas consultants added to their current knowledge about KSA services. The first two days were dedicated to learning more about KSA services, garment construction, operation sequences, and production standards. *Don Burkhalter* led the sessions and we learned a great deal from his more than 30 years of KSA consulting experience.

During the last three days we received L.E.T. training. This group consisted of 12 KSA-Americas consultants and 11 production managers from Vanity Fair Intimates, a major client in Latin America. The instructor was Rogelio de los Santos, who works for Effectiveness Training, Inc. and who made the official translation of the L.E.T. book.

We all agreed it was an excellent experience and an opportunity to meet most of the KSA-Americas consultants and develop strong client relationships. ♦

## Inventory Effectiveness cont'd from page 1

The team also created a marketing presentation and mini-project structure that could be proactively sold. This document allows KSA to approach potential clients and explain the ideas behind the new service. It also describes a short "diagnostic" project that quickly demonstrates KSA expertise and provides immediate value to the client. The diagnostic project is designed to move directly to larger KSA-led projects.

While the marketing of the service is just beginning, the new service materials have already been leveraged into new projects (see sidebar at right). This is clearly a hot area in retail and an exciting opportunity for KSA. Also, portions of the new service are directly applicable to consumer products manufacturers. So next time you hear an executive mention an inventory-related issue, remember the KSA Inventory Effectiveness service offering as a potential solution. ♦

## KSA Pushes New Technology into Retail

As a result of a steady stream of successful projects at JumboSports, KSA was recently asked to lead the development of a client/server-based fashion allocation system. *Dave Rush*, *Steve Nevill*, and *Chris Port* had previously designed and developed a prototype system in Powerbuilder (an object-oriented programming environment) that demonstrated "best practices" in allocation techniques and concepts.

JumboSports was impressed with KSA's knowledge and capability to develop state-of-the-art systems, and asked KSA to turn the prototype into a production system. The result was a chance to add another working example to our Inventory Effectiveness toolkit. *Kumar Alwar*, *David Birdsall*, and *Steve* are now developing the production system, which will be completed soon.

## Another Win at Crown Books

Crown Books, a national bookstore chain based in Baltimore, recently sought consulting assistance for two critical projects: define an inventory strategy and potential improvement techniques and solutions, and implement centralized replenishment processing. In 1996, KSA assisted Crown Books in selecting and implementing the Intrepid integrated retail system. Based on the quality of our previous work, KSA was asked to propose on the projects.

*Joe Irastorza*, *Dennis Blankenship*, and *Steve Nevill* used portions of KSA's new Inventory Effectiveness service offering, and designed a new methodology for replenishment implementation. KSA beat out the competition and was awarded both projects. We were able to sell a new service offering to an existing client based on cross-group communication and cooperation. The project began in May, and will take approximately 15 weeks to complete. *Andy Dickinson* is working on the project full-time through its completion.

## Talbots Selects KSA for Inventory Effectiveness Project

Last year, Talbots hired a big six consulting firm to review why its comp store sales were decreasing. The study pointed out several issues centered on product presentation, planning, allocation, and store selling techniques. Based on KSA's reputation as a true "hands-on" solution provider (earned from multiple projects KSA has performed for Talbots over the last four years), KSA was asked to propose on the project.

*Phil Kowalczyk* and *Steve Nevill* customized relevant sections of KSA's Inventory Effectiveness methodology to create a proposal for Talbots. The project goal is to develop detailed strategic, operational, and technical solutions for the issues identified in the previous study. Talbots was pleased with the proposal, and awarded the first phase of the project to KSA. *Doug Ford* will lead the project with *Chris Port*, *Steve*, and *Phil* comprising the project team. The first phase will be completed in mid-June, with a significant potential for follow-up work.

## Something Old is New Again

When Southern States Cooperative (SSC), a billion dollar retailer and wholesaler, called *Dave Rush* to ask for assistance in implementing UPC scanning, the retail group had to reach back 8 – 10 years to find similar project proposals. Luckily, *Randy Nord*, having led a similar implementation for The Home Depot, was able to respond. Teamed with *Pat Jones*, *Sarah Davis*, and *Steve Nevill*, KSA constructed a comprehensive response that covered the strategic, operational, and technical aspects of implementing UPCs. KSA is currently creating a business case for senior management. *Andrew Zgutowicz* has added his store operations experience from JumboSports to this new project. SSC, headquartered in Richmond, operates over 300 stores in six states. The project team plans to have UPC scanning fully implemented in a pilot store by early August.



# The Future of the Grocery Industry—Ten Predictions

Excerpted from a speech by Peter Harding at the 3rd Annual Efficient Consumer Response (ECR) Conference in Atlanta.

Keynote speaker, Drayton McLane former chairman of McLane's Wholesale Foods and Houston Astros owner, credited Peter Harding and KSA as the first to tread on uncharted ground—efficient practices in the food and grocery business. Mr. McLane said KSA's leadership was responsible for bringing the food and grocery industry back from the brink of disaster through Peter's identification of, and insistence on, the industry's use of 15 best practices (such as category management, efficient promotion, etc.) that make up the whole strategy of ECR.

During the conference, Peter presented another groundbreaking thesis on the 10 Futures for the food and grocery industry. Here are the highlights:

## Consumers and technology driving change.

Two factors—consumers and technology—are driving change in our lives. Consumer needs can be categorized into the following:

**Immediacy**—"I want it now. I don't want to wait to get it." One-third of consumers in KSA's Consumer Pulse said they would be willing to exchange more time for some of their income.

**Intimacy**—"Prove you know me and respect my needs." The consumer does not want to be treated as just a member of a mass community. Focus your marketing efforts on specific items the consumers need.

**Enjoyment**—"I want shopping to be fun, not painful." The traditional grocery store layout, with everything on the perimeter, may not be the best layout in the future, in terms of enjoying the experience of shopping.

**Informed**—"Don't insult me." The consumer is informed, knowledgeable and cynical.

**Inexpensive**—"I want to feel I've gotten my money's worth." Consumers are value



**Technology gives us the capability to actually lower the cost, improve the variety, assortment, quality, service, convenience, and experience the consumer receives.**

conscious and will not buy items they feel are not worth the money.

## Technology drives change.

Technology gives us the capability to actually lower the cost, improve the variety, assortment, quality, service, convenience, and experience the consumer receives.

As we think about what has happened over the past 10 years, and recognize that technology is going to enable us to do more, at a dramatic rate of change, we can see how some of the following best practices may occur.

## 10 Futures—tomorrow's best practices

### 1. Hudson Goes High-Tech\*

Technology is enabling us to move into the 21st Century, to achieve, on a mass scale, a quality of life that only the rich of the early 20th Century were able to maintain. The rich had a housekeeper, a cook and a butler who cleaned, cooked and

\*For the uninformed, Hudson is the butler in the PBS series, "Upstairs, Downstairs."

shopped for them. We will soon have technology to enable consumers, using voice-recognition, to plan menus and communicate that to various vendors who will provide anything from raw ingredients to prepared meals.

### 2. Home Delivery Premium = \$0

The cost for home delivery of product will drop to \$0 within 10 years. In KSA's models, we believe if a retailer or supplier can achieve a penetration of 20% – 25% of the households in a neighborhood and capture half of the weekly grocery shopping from that group, the retailer can deliver groceries at no additional cost. If customers prefer to shop from home for basic items, the retailer must go to them.

Retailers need to recognize that their business is not operating stores, but serving customers.

### 3. Super Service Market

The supermarket will shift from a place that sells products to a service-oriented environment. Twenty five percent of its revenues and 50% – 70% of its profits must come from services such as catering, dietetic planning, nutritional counseling, banking, video rental, etc.

### 4. Information—The New Profit Source

Information about who the customer is and what his/her preferences are, will become the most powerful tool that exists in the industry. The retailer that owns this information will make the money.

### 5. Virtual Supply Chain

The virtual supply chain means that all users (manufacturer, supplier, distributor, etc.) will have access to one database for all relevant information. Stores will focus on what product is selling, determining the demand and providing forecasts to the ven-

cont'd on page 24



## ECR in Italy—Development of an efficient promotions project

by Roberto Santoro

After a long period of tough competition against the largest Italian consulting companies, such as McKinsey, BCG and Andersen Consulting, and after about a year of presentations, negotiations with the client, and tons of slides, KSA Italy finally signed in March a contract with ECR Italy for the study and development of an efficient promotions process, used by manufacturers and retailers.

ECR Italy is a non-profit association of manufacturers and retailers operating in the fast moving consumer goods sector. The goal of the association in Italy is to develop projects/solutions to improve business process efficiency, in terms of cost-reduction, between manufacturers and retailers with reference to both the supply side and the demand side activities.

The scope of the project is to define the

best practice approach to the promotions activities, with the intent of reducing the cost of inefficiency in the actual process.

The new model, which must be developed by the representatives of the firms participating in ECR Italy activities with supervision by KSA, should become the reference document for the definition and implementation of a common promotions plan between manufacturers and retailers.

KSA will act as process consultant. We will define the project architecture and schedule and we must ensure the group achieves the objective on time and on budget. To do that, we will provide all the methodological support to build-up the team work and to facilitate the sometimes very sharp discussion within the group. Moreover, we will define a manufacturers/retailers-shared system to measure the effectiveness of a promotion, by

identifying a common set of key performance indicators. Even though the project is quite small, it is very strategic for KSA Italy since it gives us the chance to network with the top managers (mainly "sales directors") of about 40 Italian firms.

So far we have completed the mapping of the actual process ("As Is model") and identified the most common issues related to the current model and improvement areas. The next step is to start the design of a new process ("To Be model") and identify the potential savings.

It is exciting to manage a group of executives with different backgrounds, ages, responsibilities and expectations. This project gives KSA Italy a chance to continue to build our credibility and presence in the Italian fast moving consumer goods market. ♦

## KSA Forum in Germany—Customer Satisfaction and ECR

by Dagmar Domke

On February 19, KSA held its annual forum at the Arabella Airport Hotel in Düsseldorf, Germany. This year's topic was customer satisfaction and ECR. Attendance grew to 130 participants—up from about 35 last year. This all-day event, featured a number of industry and KSA speakers.

Senior executives spoke on ECR and Category Management. A speaker from Esprit gave an overview of its new customer satisfaction concept. An executive from Karstadt, the leading German department store chain, introduced its new on-line Internet shopping services. Marc Bauwens, Managing Director of Marks & Spencer in Germany and Holland, spoke about the initial results of their entry into the German market. Marks & Spencer is one of the world's leading department store chains, and dominates the UK market. Their entry into Germany is a subject of great interest in the industry, and this was the Managing Director's first public presentation since the store opening.

The speech *Michael Kunkel* and *Heiner Spalink* gave was a kind of role play: Michael was "Mr. Retail," Heiner "Mr. Supplier." It was fun to listen to their verbal exchange and at the same time to learn about the obstacles in implementing ECR

and how to overcome them. *Christoph Robe* moderated the conference, including the lively discussions after each speech.

All in all, we think this event was a great marketing success for KSA. ♦



Lively discussions during the breaks



# Lights, camera, floor-ready!

KSA's *Karl Swensen* recently served as producer and director for a scintillating video about Hagggar Clothing Company's new Customer Service Center (CSC) in Fort Worth, Texas. Highlighting KSA's logistics abilities in Distribution Center (DC) design, implementation, and warehouse management systems (with DCMS®—KSA's Distribution Center Management System being one of the featured stars), Karl weaved a story of despair to triumph in true Francis Ford Coppola style.

KSA and Hagggar, manufacturer of men's casual wear and creator of the term, *slacks*, for casual pants, have been working together on logistics issues since 1993. In fact, Hagggar was one of the original manufacturing participants in the Floor-Ready Merchandise (FRM) committee of manufacturers and retailers convened by *Dave Cole*, *Tony DeMaria*, and others in 1993.

(For the uninitiated, Floor-Ready Merchandise means the manufacturer ships "floor-ready" merchandise to stores for immediate placement on the sales floor. If the retail customer wants product pre-ticketed, bagged, on hangers or any variation of these, a manufacturer with floor-ready capabilities can meet the need.)

In 1993, Hagggar and KSA began a project to develop a new distribution/logistics strategy. At that time, Hagggar had multiple distribution facilities for their men's bottoms business throughout the Dallas/Fort Worth area as well as jacket distribution from "the valley." (PEG folks aren't the only ones who know "the valley!")

Analysis revealed Hagggar could save significant expense and serve its customers better if the company consolidated all bottoms distribution activity at one facility (the CSC) and used this as the only point for orders consisting of both jackets and bottoms.

In designing the new facility, Hagggar and KSA focused on the following three goals:

- 1) Reduce the time to ship an order to customers to 24 hours or less,
- 2) Provide the ability to ship merchandise "floor-ready" to all customers, whatever their



Karl Swensen, left, and Distribution Center Manager, Lloyd Davis, in the beautiful Hagggar Customer Service Center (CSC).

needs, and

- 3) Reduce the cost per unit to process and ship merchandise.

To provide a bird's eye view of the scope of Hagggar's operation, consider this:

- Formerly spread out in four distribution centers, the new Customer Service Center consolidates all activities into one 626,000 square foot facility.

- More than 30 manufacturing facilities and vendors from the US, Mexico, the Caribbean, and Asia, ship merchandise to Hagggar's CSC.

- Each of these 30 manu-

facturing facilities sends an Advance Ship Notice (ASN) to Hagggar's business system to provide detail about contents. The business system passes the ASN to KSA's Distribution Center Management System (DCMS®).

- The building boasts state-of-the-art equipment and information systems, and has kept the human element in its design. Thanks to Tony DeMaria, who suggested the addition, expansive windows provide a view of the Fort Worth landscape to enable associates on the main floor as well as those on the mezzanine to look outside. Bigger-than-life-sized ad posters of models wearing Hagggar products are mounted throughout the building.

- The procedures and systems provide for extremely high shipment accuracy. Every pair of slacks has two bar codes. By scanning both bar codes at the customer service module where merchandise is made floor-



A delightful birthday custom in Mexico is to give the honoree a dollar bill on her/his special day. Karl Swensen chats with a CSC employee as the photographer tries to count the dollars.

ready and packed, Hagggar is able to ship product with a 100% accuracy rate. Understandably, most retailers rank Hagggar as their most accurate vendor. Over the last several years, many KSA consultants have contributed to the success of this project:

*Curt Bonsib, Bill Cobb, Ashley Deaton, Tony DeMaria, Vish Ganapathy, Smita Gogia, Poornima Kaddi, Mark Messinger, Enrique Morales, Bob Roge, Dave Rush, Karl Swensen, Scott Vifquain, Rod West, and Brad Whicker.*

The completed 11-minute video tells a fast-paced story of the success of Hagggar's Customer Service Center. The video made its debut, to great reviews, at the IQ '97 Conference where KSA shared the stage with Hagggar. Contact Karl to get a copy to show your client—or just to get yourself up to speed. ♦



# The cutting edge

by Brian Medley and Janet Greer

Imagine a project . . .

. . .with over 75 years of consulting experience . . .

. . .that combines consultants from PEG-Operations, KSA Americas, Vertical/Non-vertical West Coast CST, Vertical Soft Goods CST, PEG-Soft Goods, and ATG expertise . . .

. . .that radically expands from the conventional mold of a manufacturing environment by breaking new ground with technology . . .

. . .that involves a snowed-in plant in the desert during the first week of implementation . . .

. . .where client personnel think they are lucky to have KSA on board because KSA moves at 100 mph while the client's internal restructuring effort is stuck at 1 mph . . .

We have just described the MU/Cutting Room Project for Levi Strauss & Co. (LS&Co.) in El Paso, Texas.

Starting just after the first of the year, *Nort Eberly*, *Jerry Armfield*, *Paul Raines*, *Brian Medley*, *Janet Greer*, and *Ernesto Quintanilla* spent four months on a project in LS&Co.'s centralized cutting facility on the East Side of El Paso. The initial focus of the project was on material utilization, though the scope quickly expanded to include productivity, asset utilization, machine downtime, and quality.

The team worked closely with LS&Co.'s employees and plant management to implement more efficient tracking procedures. Auditors on each shift were trained to perform spread-loss audits to track how much material was wasted in the spreading process. The team created a new machine downtime tracking and reporting mechanism that helped identify bottlenecks in mechanic response time due to a lack of preventive maintenance. A machine utilization tracking procedure was implemented to ensure that shift supervisors could effectively measure the automatic cutting operators' asset productivity. With the goal of keeping the machines running as much as possible, the team started a break relief system, which staggered the

employees' breaks and used a relief team to fill in while each table was on break.

They also held changeover training to further improve productivity through fewer delays. For all three shifts, a printing press exercise was used to demonstrate the importance of minimizing changeover times. Then they focused on categorizing the activities into internal and external elements, and the employees brainstormed how to make internal elements external. After applying the same concepts to cutting denim in the plant, the employees realized a 40% reduction in their changeover times, significantly reducing the amount of non-value added time during which the machines are not running.

The Access-based MU application was transformed into the Cutting Room Management System<sup>SM</sup> (CRMS)<sup>SM</sup> to incorporate all of these focus areas. By combining Nort Eberly's 30 plus years of expertise and some training and foundation by KSA's Advanced Technologies Group (ATG), we were able to bring an IT solution into the operations world—an application that is used to track and report all the key areas of the cutting room. The CRMS<sup>SM</sup> calculates, tracks and reports material utilization, mill performance, spreader performance, fabric quality, production attainment, GerberCutter productivity, mechanical downtime, and identifies opportunities for improvement. Currently, the system operates on LS&Co.'s intranet in its El Paso facility, but plans are in process to incorporate the CRMS<sup>SM</sup> into an LS&Co. seconds reporting system and roll this out across LS&Co. operations.

*A marketing note about CRMS<sup>SM</sup>:*

*CRMS<sup>SM</sup> has been service-marked by KSA as a service to manage cutting rooms more efficiently. CRMS<sup>SM</sup>:*

*1) helps manage, track, and report cutting room information on a real-time, historic basis,*

*2) provides a useful tool to follow up with specific performance improvement, not just data, to focus on how to reduce downtime and increase productivity,*

*3) holds employees accountable for their progress and rewards those who have shown improvement. ♦*

## Milestones

Congratulations to:

*Eric and Jan Hendrix* on the birth of a son, *Jonathan*, November 22.

*Jeff and Susan Boudreau* on the birth of a daughter, *Claire Marie*, March 18.

*Chris Mazzei and Maura Michelle Powers*, married March 22.

*Jerry Schwartz and Evy Randy*, married March 23.

*Allen Glenn and Jennifer Robinson*, married April 5.

*Michael and Jerre Barnes* on the birth of a daughter, *Katie Ann*, April 11.

*Anne Marie and Mike Sims* on the birth of a son, *Shane Michael*, May 23.

*Chuck Easley and Shawn Garrison*, married May 30.

*Eduardo and Kaory Araiza* on the birth of a daughter, *Kaory Araiza Yesaki*, June 7.

## Tax Tips

*reprinted from The Kiplinger Washington Editors, Inc.*

You should keep copies of tax returns for at least three years. That's how long the IRS can take to audit you. However, the time limit extends to six years if you failed to report income equal to 25% or more of the gross income you did report, and there's no limit if the IRS can prove you committed fraud.

Other tax records that deserve attention:

- Brokerage and mutual-fund statements, including statements showing dividend reinvestments, will be needed to establish tax basis when you sell. Keep them until three years after you sell the investments.

- Forms 2119 on which you rolled the profit from the sale of one home into the purchase of another.

- Tax returns and Forms 8606 from years you made nondeductible IRA contributions and Forms 5498 showing how much you've withdrawn from IRAs. Keep those until three years after your IRAs are empty. ♦



# Granarolo Project Update

by Duilio Matrullo/Italy

Antonella Altavilla, Francesca Toja and I recently completed the second phase of a project at Granarolo Felsinea S.p.A. Granarolo is the third largest Italian manufacturer in the dairy products market (milk, yogurt, cheese, cream). Its mission is to be a leader in offering fresh milk, cheese, and other high quality products to the consumer. Through its logistics structure of 35 Regional Distribution Centers (RDC), Granarolo distributes daily all products to normal trade, national chains, bars and catering. The project objective is to optimize the Supply Chain, with a specific focus on the re-design of the distribution network to reduce the logistics costs of \$4 million and improve service.

## Project Methodology

The project was divided into three phases:

- Phase I: analyzed the current business processes, calculated the related costs and emphasized the weak and the strong areas.
- Phase II: identified new solutions, working as a team with the client, proposing projects with the identification of the savings, benefits, action plan and time schedule. The total saving projected is \$6 million.
- Phase III: implementation of the projects approved by the client.

## The output of Phase II

During Phase II the KSA/Granarolo team focused its efforts on five different projects:

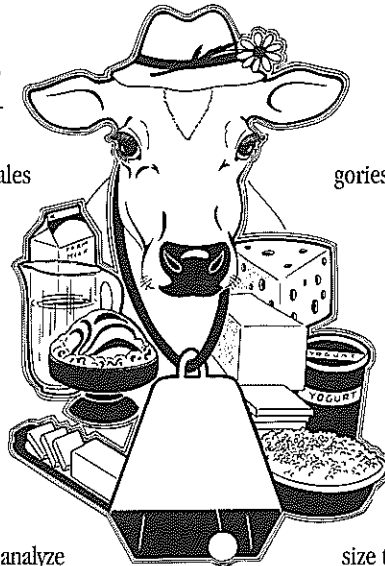
1. Distribution Network—outsourcing picking and delivery process to multi-producer perishables platforms;
2. Products Portfolio—Identify product categories generating profit per single Regional Distribution Center (RDC) and suggest actions for the unprofitable categories/RDC;
3. Reordering Processes—Continuous Replenishment Programs;
4. Centralization of Administration Activities—build-up of a centralized Customer Service Dept.; and
5. Returns Management—process to define an agreement with key Retailers.

6. All these projects led to a sixth area of improvement, the Reorganization of the Sales Department, with the identification of a new organizational structure, and new roles and responsibilities.

## Tools

Some of the tools the KSA team used/ developed in the project are:

- *Flow Charting Model*: to analyze the current processes (As Is) and design the new model (To Be), in terms of activities and information and products flow,
- *Activity Mapping*: to identify the single activities performed in the RDC,
- *Activity-Based Costing Model*: Developed



during the project to identify the contribution of different categories of perishable products to the profit of the 35 Regional Distribution Centers, and

- *Organizational Performance Model (OP-Model) and Managing Organizational Change methodology (MOC)*: to emphasize the weak and strong areas

of the current organizational structure and to prepare for the management of major changes.

The implementation of pilot projects identified in Phase II took place during May . ♦

# Disney's Memphis distribution center

by Sharon Gavron

Steve Szilagyi, Steve Knapik, Chris Mazzei and I are helping The Disney Store implement its new Distribution Center in Memphis, Tennessee. The project began in 1995 as a logistics strategy study, performed by John Champion, Steve Szilagyi, and Steve Dahl. The conceptual design and system selection followed in 1996. The detail design took the form of design/build between Disney, KSA, Rapistan, Crisplant, PCS Technologies and the General Contractor. The final facility is 647,500 square feet and is designed to support 600 retail stores in a single shift.

Fast forward to June 1997: the building has now taken shape, and is filled with some of the following:

- A double Tilt Tray sorter theoretically capable of making 664 sorts/minute,
- The first magnetic switch divert slat sorter in North America (running 540 feet per minute),
- Over five miles of conveyor,
- Pallet rack with multi-colored levels,
- Space-age looking computer work sta-

tions (to Chris "When do we eat?" Mazzei, they look like barbecue grills).

- A light and bright atmosphere with white lights, walls and ceilings.
- An air conditioned processing area.
- A Warehouse Management System (WMS) that will revolutionize the way TDS does its distribution.
- A world class training program.

Now that the vendors' deliverables have arrived in Memphis, the only thing we have to do is MAKE IT WORK! Intense testing and training will last until August, with start-up scheduled for August 11.

The team is trying to stick to the old adage that when you work hard, you should play hard. So, while we are in Memphis, we are enjoying the Beal Street Music Festival, Memphis in May, rooftop parties at the Peabody, and gambling across the state line in Mississippi. Heck, we might even go see Elvis's place. So let the testing begin... stay tuned to your local Disney Channel... ♦

# Don Burkhalter, Bill Reed Cap Consulting Careers

Throughout its history, KSA's greatest competitive strength has been its specialized experience in soft goods. While expanding into other consumer product and service areas, KSA's position as a premier global consulting firm has been securely anchored by its depth of knowledge about apparel and textiles. At the core of that knowledge were people like *Don Burkhalter* and *Bill Reed*, both of whom retired this spring after 35-year careers with KSA.

Don and Bill served as key personnel in our core industries; experts whose hands-on experience made them invaluable "go to" resources for generations of KSA consultants. If you needed to know SAH/doz for a given garment in the Caribbean vs. Alabama, you called Don and got the answer to the fourth decimal place. If you needed to know the ratio of ringless spinning frames in Brazil to long staple cotton bales in the Nile Delta (never mind why) you would ask Bill and get an answer that would also include the best restaurants in downtown Cairo. Many KSA apparel and textile veterans have been known to double-check their data with Don and Bill just to be sure. That's why they were known as "go-to" people.

Don Burkhalter is a native of Macon, Georgia. He joined KSA in August, 1961, after Southern Tech, Mercer University, and four years of hands-on experience at Blue Ridge Garment Mfg. His years with KSA included projects from jeans to footwear, all of which he conducted with aplomb. Don's legacy to KSA includes the dozens of consultants he helped train and the excellent reputation we enjoy from the many facilities he helped to start and improve. His low-key affability is a trademark, threatened only occasionally by an unfair lie on one of the thousands of golf courses he insists on challenging. He and *Dolores* look forward to a leisurely retirement right here in Atlanta.

Bill Reed grew up in West Palm Beach, Florida, from whence he journeyed to North Ave., Atlanta, to earn BS and MS degrees in Industrial Engineering from Georgia Tech.

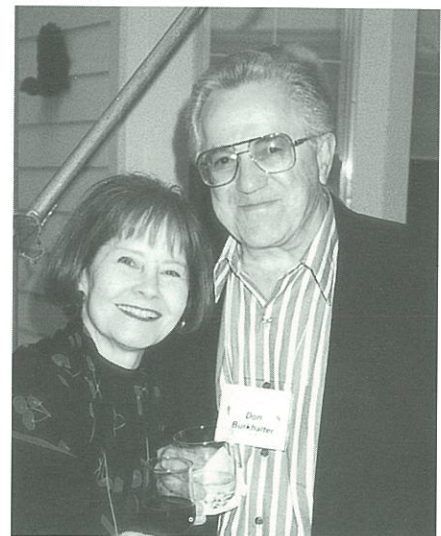


Fernando Silva, left, roasts Bill Reed while Kline looks on.

After Army service, a stint with DuPont, and teaching at Tech, Bill joined KSA in June, 1962. His early work was in process and quality control, but he went on to develop an interest in all facets of textile manufacturing. Fortunately, this matched his passion for visiting exotic places and cuisines; even when he dropped by the NY office, he eagerly shared his list of "really neat" restaurants on the Lower East Side of Manhattan.

He and *Kline* will cruise the inland channel of Alaska soon. Bill will continue his support of women's basketball at Georgia Tech, his work as Chairman of the Board of Theatre on the Square in Marietta, Georgia, and, given that serious cycling is among his many enthusiasms, it should surprise no one if Bill continues to ride circles around the rest of us.

—Joe Scheines



Dolores and Don Burkhalter

Ah, April in Atlanta—azaleas, dogwoods, warm days and mild evenings. To honor Bill and Don, Tony and Diane DeMaria decided on an alfresco dinner party. An excellent idea, until the weather turned... Here is a profile of the evening.

- Temperature: 45°, Wind chill: -2°
- Number of 7-foot propane, 45,000 BTU heaters: 5 (4 worked)
- Best (most effective) long underwear worn by attendee: Thermax Plus®
- Wine: 36 bottles of five kinds—Chardonnay – 1987, Cabernet Sauvignon Blanc Reserve – 1994, Markam Merlot – 1991, Fume Blanc – 1994, Italian Red – yesterday. (Contact Tony for purchase information.)
- Longest distance traveled to attend – Paul and Claudia (Larrondo) Raines – 2,336 miles (from San Francisco)
- Organizer/coordinator *extraordinaire* – Libby Morgan, of course



# Who is the “HMC” in Hamilton-HMC?

by Carol Greenwald

Healthcare Management Counselors (HMC) was well known as a health care information technology consulting firm that specialized in strategic IT planning, vendor selection and implementation project management. April 1st, HMC—all 34 of us—became the newest addition to KSA’s health care division. Adding HMC’s service capabilities to Hamilton’s strengths in health care business strategy, facilities and design, and IT implementation creates a broad continuum of services for our clients.

We, in HMC, wanted to join Hamilton because, like us, Hamilton has an outstanding reputation in the health care arena and an impeccable record for quality delivery of client service. We found a synergy based on professionalism, professional outlook and approach to clients.

Hamilton is part of a larger organization—KSA—with a premier reputation in the consumer products arena, a wealth of resources in compatible service areas, a cache of “best practices” in systems and process reengineering that we can’t wait to share with our health care clients. Almost immediately, we’ve drawn on KSA’s cutting edge resources such as the Millennium

Management Services<sup>SM</sup> Group with whom we are already working on joint proposals.

Together, Hamilton-HMC is a force with which to be reckoned. Adding in HMC’s professionals triples the number of senior professionals experienced in health care IT. Adding the two client bases together creates a combined client base of over 2,000 organizations and gives us a dominant market presence in New York City, where we work with almost all the major academic medical centers, and over half of the largest hospital network systems (as ranked by Crain’s New York Business, April 28, 1997). Internally, together we create great career opportunities for our professionals to grow and advance within the KSA culture.

The HMC group is led by *Peter Weil* who, as the IT FST leader, will head up all health care information technology services. *Marc Grossman*, *Elaine Remmlinger* and *Marilyn Wilson* join Hamilton-HMC as Principals, along with 15 other consultants. *Ken Fischer*, former Managing Partner of Richard A. Eisner & Company, LLP, accountants and consultants, and the person who orchestrated both the Eisner acquisition of HMC and its sale to KSA, has also joined KSA as a Vice President, responsible for national health care market development and Northeast

health care consulting services.

At the end of the summer, we will consolidate the two New York offices in one new location. We all look forward to a wonderful, exciting, rewarding future as a world class health care consulting practice. ♦

## A Bonding Experience

The consultants of HMC first met their HSD counterparts at HSD’s annual weekend retreat held this year at Atlanta’s Peachtree Executive Conference Center. (See photo spread at right.) In two action-packed days we heard an overview from Managing Director *Mark Wietecha*, were brought up to speed by FSTs, CSTs, and market directors on marketing initiatives and key client engagements, and then bonded for life in a series of team building exercises during which we led each other into and out of the woods, crossed “crocodile infested waters,” rescued Red Cross materials, and rowed across a burning river. By the time we had collaborated in overcoming these hazards, we were all Hamilton-HMCers.

Mark led off the more serious part of the conference with HSD’s vision:

- work with leadership clients on multi-disciplinary, cutting edge projects for integrated delivery systems and hospitals seeking enterprise-wide solutions;
- offer clients both facilitation services as they move through the politics of change and tangible results so they realize the value of our participation; and
- become the workplace of choice, a people-oriented meritocracy, where people want to work.

He said we will offer an integrated suite of services from our three functional service areas—strategy, process design and information technology. The challenge is to know who does what best and bring the services together for the client’s advantage and our own. We will begin an awareness campaign for Hamilton-HMC, maximizing the current market potential of our names, and moving toward one worldwide image as KSA. —CG

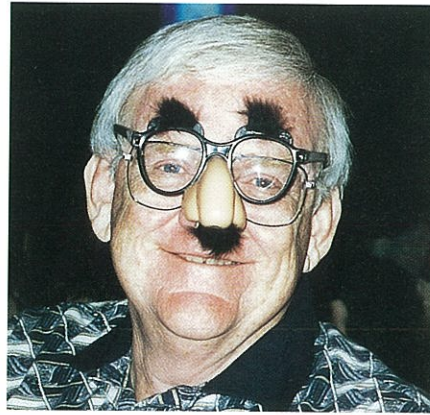


The weekly luncheon in KSA’s New York office served as the perfect background for KSAers and HMCers to meet and greet around the best theme of all—FOOD. L to R: Background: Kelly Nemer, Mark Grossman, Jessica Low, Karen O’Connor. Front row: Linda Ortwein, Jean Rebunski, Ken Fischer, and Peter Cunningham.

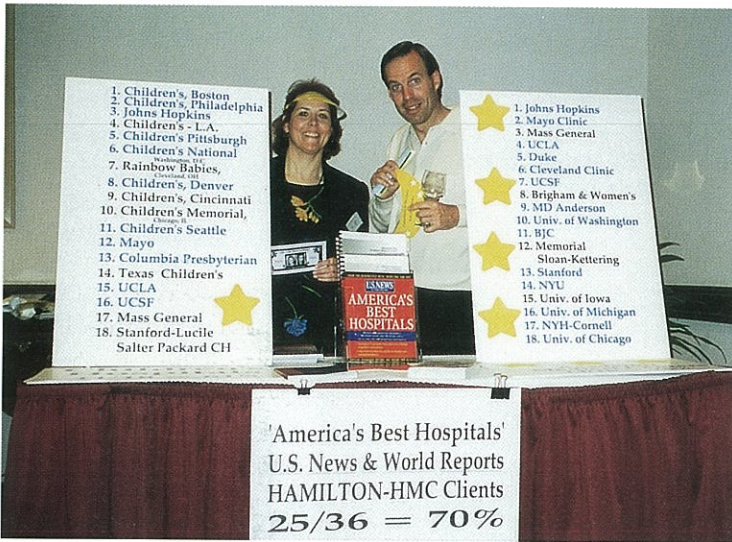




Mingling over cocktails are: Jim Vogel, Jim Giordano, and Peter Cunningham.



Who is that glassed man? Barry Moore was one of seven judges of the best skit contest at the Hamilton-HMC weekend. For the judges' safety, disguises were provided.



Tracy Kulik and Mark Wietecha are proud to stand behind posters that illustrate Hamilton-KSA's and HMC's impressive client roster. *U.S. News & World Report* publishes an annual list of *America's Best Hospitals*. Hamilton-HMC works for 70% of the hospitals on the list.



Team building exercises encourage trust as you fall off your perch. L to R: Molly Acton, (leg of) Brett Turner, Peter Weil on perch, Ross Hooper (in background), Scott Walters (in background), and Scott Leavell.



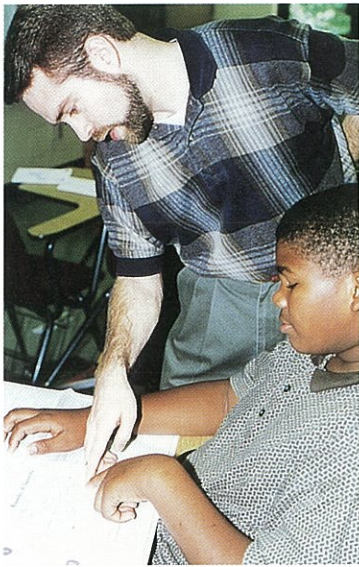
Backs of: Ross Hooper, Vivek Taneja, Sherry Peterson (Faces of) Jo Hershkowitz, Peter Weil, Dean Vlahakis, (head only) Scott Leavell, (hair only) Brett Turner, and Susan Hann.



The forest green team: Back row: Megan Hanley, Scot Latimer, Mark Grossman, Erik LaValle, John Winkleman. Front row: Jim Orchison, Laura Collins, Sandy Smith, Andy Bachrodt, Neil Chaffee, Jim Vogel.



# Junior Achievement Update

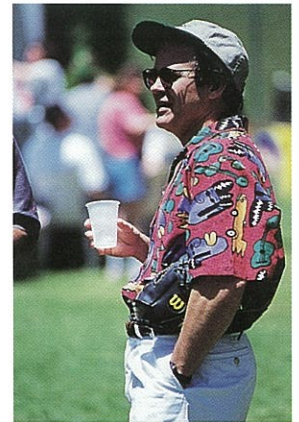
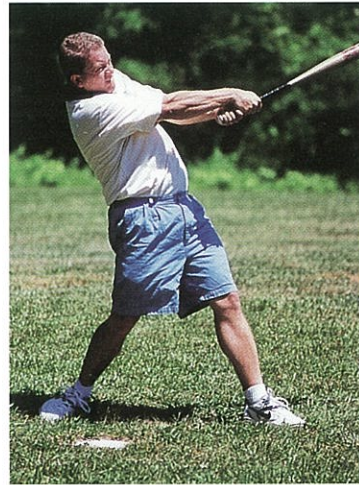


Left: Tom Clement helps a student. Above: the KSA Bowl-A-Thon team: Joe Guith, PEG; Eric Wilkerson, PEG; Michael Watkins, PEG; Sherry Peterson, Dept. T; Jacqui Gray, Dept. T.

On Saturday, April 5, KSA participated in the annual Junior Achievement Bowl-A-Thon in Atlanta. This year's five-person team willingly volunteered their Saturday afternoon to promote Junior Achievement and KSA:

The goal of the squad was three-fold: 1) Raise at least \$500 in support of the Junior Achievement vision that strives to educate young Americans about the values of education and the role of capitalism in today's global economy, 2) further the already established presence of KSA as an active participant and leader in the local and state community, and 3) have fun doing #1 and #2 above.

All three goals were accomplished with contributions totalling \$555. Thanks to all who made this another successful KSA-sponsored event. ♦



## KSA Atlanta Picnic





# Change in the air for Blockbuster

by Chris Dowd

Jana Hughes, Scott Sangrey, Brad Jenkins, and I have been working on a Base Plus® project for Blockbuster Entertainment in Dallas since September. *Melisa Olson* was part of the team until April, when she moved to the Nike project in Memphis.

Blockbuster is in the midst of radical change. In October, it brought video store replenishment in-house, eliminating all distribution outsourcing. It will combine the operations of seven separate buildings across two functional areas (music and video) into one facility by early 1998. Also, it is adding merchandise for the soon-to-be-opened Viacom store, with such disparate products as Star Trek trading cards and Nickelodeon's Rugrats plush dolls. Corporate headquarters is moving from Fort Lauderdale to Dallas. And as if that wasn't enough change, KSA is implementing an incentive program! All this makes for a dynamic and energizing project environment.

The B.E.A.T. (Blockbuster Entertainment Awards Teamwork) program is on track to save Blockbuster close to \$2 million by the end of 1997. Largely as a consequence of the positive work completed thus far, KSA has sold three additional projects: further work within the current Base Plus® project, which will bring the total number of people on the program to almost 1,000; a transportation study completed by *Gabrielle Pyle, Faith Cox, AE Randy Moore*, and project man-

ager *Raj Kumar*; and the layout of an additional interim building to tide them over until the new facility is complete. Blockbuster is now a million dollar client, and the team is having a great time nurturing the start of this long-term relationship! If all goes well, more KSAers will be able to enjoy the great Southwest! ♦



The Blockbuster project team on the B.E.A.T. Left to right, front row: Chris Dowd, Brad Jenkins. Back row: Jana Hughes, Jenny Mortenson (Blockbuster), Terry Poteet (Blockbuster), Scott Sangrey.

# KSA helps Wentex start T-shirt factory in Brazil

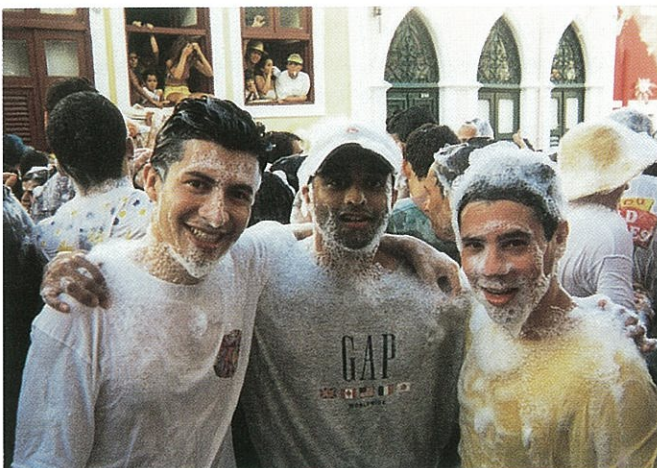
by Felipe Olivares

KSA is currently assisting Wentex Textile with the startup of a T-shirt and Polo shirt factory in Brazil. *Kedar Nadkarni, Julio Heinze* and *Ricardo Umana* are the leading consultants on-site, with *Bill Williams* as the project director. The factory is located at Natal, Brazil.

From cutting the fabric with state-of-the-art cutting machines to packing the shirts in some of the most sophisticated automatic folders, KSA has been involved in all aspects of this startup, our largest startup to date.

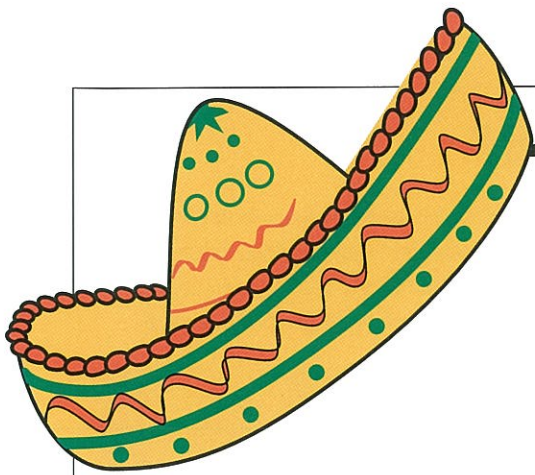
Wentex is known as the "75 cents per T-shirt plant." That beats even the Chinese manufacturers, the world's most competitive producers of T-shirts. All this, in one of Latin America's countries with the highest cost of living.

The factory startup at Wentex is attracting a lot of attention (a local news cast taped Felipe Olivares teaching an AAMT class). Thanks to all this optimism and media attention, Wentex stock has soared since its initial public offering on the Brazilian stock market, which helps Wentex management meet their goal of shaping this unknown player in the apparel arena into a world-class manufacturer. With KSA's help, you bet they will! ♦



Felipe Olivares, Kedar Nadkarni, and Julio Heinze, covered with beer foam, join in the Carnaval de Olinda festivities. While the streets are packed, a giant can of beer on top of a house spews foam over everyone while they dance. The Carnaval de Olinda kicks off each February and is the third best carnival in Brazil, topped only by Rio and Bahia.





# Two gringos in paradise

by Colin McGranahan

On a quiet evening six weeks ago, I set off for the Atlanta Airport with ticket and passport in hand. I was going to Mexico. Since my Spanish was about good enough to get me to the men's room with the help of a few internationally recognized hand gestures, I was approaching the trip and the ensuing project with a bit of trepidation. Luckily, I was meeting *Bill White*, a new KSA colleague from the New York office, at the hotel in Mexico City. Bill White, AKA "Guillermo Blanco," has over a year's in-country experience in Mexico City for Marithe & Francois Girbaud, and knows a phrase or two in Español. Guillermo and I were about to kick off a project for CIPSA, Compañia Industrial de Parras, S.A. de C.V., the largest producer of denim in Mexico. After a bit of initial difficulty, I realized that almost everyone in Mexico City speaks English. With Guillermo as a ready translator when needed, we tackled the intricacies of the Mexico denim and jeanswear market.

## The client

Our client has the advantage of being the leader in a market poised to grow at 8 – 10% a year for the next five to ten years. Mexico is now the largest exporter of denim apparel to the USA, having displaced Hong Kong in 1996. Currently, the majority of these apparel exports originate in the US as cut parts of US denim fabric under the 807/807A regime. As duties on denim apparel imports are eliminated by 1999, the effect will be twofold. First, the *maquiladores* (that's *manufacturers*, Gringos) who were *assembling* garments under the 807 rules, will shift to producing "full packages" for US retailers

and branded jeanswear companies. Second, US contractors and jeanswear companies will be able to produce in Mexico as easily as in North Carolina, except at a fraction of the cost. Clearly, the denim apparel trade deficit between the USA and Mexico will increase greatly over the next several years. As these shifts take place, Mexican jeanswear manufacturers will increasingly turn to Mexican denim fabric due to shortened lead time, greater responsiveness, and, if the exchange rate cooperates, lower cost. Clearly, this is good news for our client.

However, our client has not been the only one to notice the vast growth opportunity in the Mexican denim market. Anxious competitors have gone on a building spree in the last two years. Denim production capacity in Mexico will nearly double from 1995 to 1998. Additionally, the US producers have not sat idly by while denim apparel production shifted south. Mills on both sides of the border have aggressively pursued partnerships, built vertically integrated capabilities, and bolstered service offerings to customers. All the while dropping prices faster than Fuzzy Zoeller's credibility. Clearly this is bad news for our client.

With so much going on in the market place, CIPSA undertook a strategy development project with KSA. To gather information on the markets, the competitive situation, opportunities, threats, and possible strategic options, Guillermo and I hit the road to meet with the leading jeanswear producers in Mexico.

## Hot water?

At this point in the project, my Spanish had improved enough to get me to the bathroom with just one hand gesture. With much trepidation, Guillermo and I boarded a plane for a whirlwind tour of Mexico. First stop—

Aguascalientes. A quick look in my phrase book provided the translation: "Hot Water." Hmmmm, somehow that seemed appropriate . . . .

However, for our Mexico tour, Guillermo and I had brought along a secret weapon, Arturo Bernat, the head of sales for CIPSA in Mexico. (For those of you at KSA who think you travel a lot, consider Arturo's schedule: he lives in Guadalajara, has an office in Mexico City, and meets with customers each week in each of the five major apparel manufacturing regions around Mexico.) Arturo tried to assuage our fears about the back country of Mexico and promised us a wonderful evening at a charming hotel in Aguascalientes. We had our doubts.

Arriving late to the airport, we chased a few chickens out of the way (I am not kidding), held off a throng of children attempting to "help" us with our bags, and stumbled into a non-air-conditioned 1970's Chevy Malibu. I was beginning to think that Hot Water may be the name of the city, but was probably unlikely in the hotel the next morning. As the cab pulled up in front of the hotel, I thought for sure we had the wrong address. Softly lit by floodlights was a beautiful hacienda-style building that looked like a Hollywood set. We walked into the cobbled lobby and were greeted by several staff armed with champagne for arriving guests. While they took care of getting our rooms, Guillermo, Arturo and I wandered through the French doors to the reflecting pools in the grand courtyard. Classical music played everywhere in the manicured grounds. We spent a wonderful evening at La Quinta Real, probably the finest hotel I have ever visited. . . . and for US\$55 a night!

The rest of the week was entertaining, enlightening, and valuable to the project as we met with fifteen major jeanswear producers. And the only time we got into hot water was in the shower at the La Quinta Real. ♦



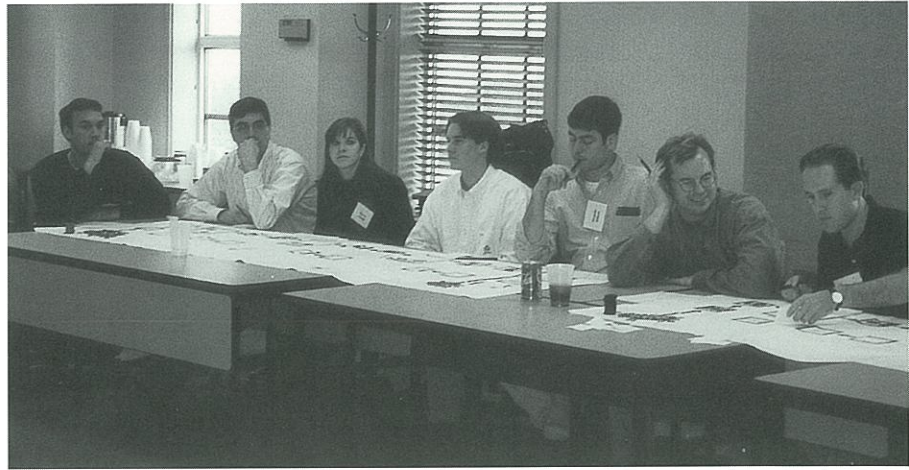
# PEG orientation

by Michael Watkins

During the week of April 28, approximately 18 PEGees (an affectionately used term describing members of the Performance Enhancement Group) attended the first week of a two-week orientation session aimed at strengthening and broadening the skill sets of members of KSA's largest functional service group. The week's agenda consisted of a unique mix of class exercises, case studies, and a lecture by Brad Morrison. Members were divided into four teams, providing the opportunity for friendly competition and humorous bantering.

The week's lessons were based on case studies and class presentations, including a current Business Process Reengineering (BPR) project, a plant start-up, and numerous class exercises that provided ample opportunity to learn about the importance of group dynamics and team problem-solving. The BPR project was presented by Britton Russell and Imtiaz Patel based on their current project work at Pfaltzgraff in York, Pennsylvania. The factory start-up exercises were overseen by Alan Seelye-James, who adeptly disseminated his knowledge to the attending PEGees. On Friday, individuals went to their core competency groups (to sound like a consultant), for more focused training.

In the evenings, activities included dinner



PEGees at work, from L to R: Bill White, Richard Ruffo, Sherry Jordan, Rich McGinnis, Ricardo Villeda, Oliver Baran, Eric Wilkerson

and drinks at the Peachtree Club and a wonderful dinner at the home of Joe Irastorza.

Of the week, one consultant, Syed Hoda, said, "This has been an outstanding week in terms of learning, having fun, and meeting new people. This class is a great example of KSA's interest in building the skills of the firm as well as sharing its culture with new employees." ♦

## Notable Quotes

"Don't kill your listener with bullets."

*Chambers & Asher Speechworks*

"In communication it's connection... not perfection." *Chambers & Asher Speechworks*

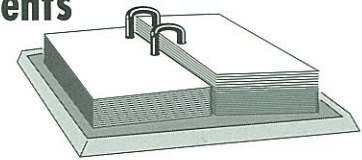
"The mind is a wonderful thing. It starts working the minute you're born and never stops until you get up to speak in public."

*Roscoe Drummond*

## C. Robert "Bob" Larson

A friend and colleague of many within HSD, Bob Larson passed away on April 23. Bob joined Hamilton in 1969 in the facilities practice and rose through the ranks to a partner. He retired from Hamilton-KSA in 1994. Bob assisted many of the staff in their professional development, was a valued colleague and true friend.

## 1997-98 KSA Calendar of Events



### August, 1997

24 - 28: SAPPHIRE—SAP Users Conference, Orlando (Mohsen Moazami)

### September, 1997

22: CEO Briefing—Atlanta  
23 - 26: Bobbin '97—Atlanta (TAC Breakfast speakers—Sergio Cruz, Butch Price)

### October, 1997

5 - 8: Council of Logistics Mgmt. Annual Conference, Chicago (Bob Smith, Raj Kumar)  
5 - 8: RISON '97—Philadelphia (Dennis Blankenship)  
16 - 24: IHFM Furniture Market—High Point, NC (Mac Ryland)  
17 - 19: SGMA Annual Meeting—Turnberry Resort, Florida  
22: CEO Briefing—New York  
28: CEO Briefing—Greensboro

### November, 1997

17 - 20: Fall Comdex—Las Vegas

### December, 1997

11: AAMA Outlook Seminar—New York

### January, 1998

6 - 9: IMRA Logistics Conference—Phoenix (John Champion)  
18 - 21: NRF Convention and EXPO—Javits Convention Center, New York City

### March, 1998

3 - 5: Apparel Research Conference—Atlanta  
18 - 20: Apparel Show of the Americas—Miami Beach Convention Center, Miami (Sergio Cruz)



# KSAers on the Podium

*"Can you get me on one of those panel shows?"*

—Herbert Stempel, in the movie *Quiz Show*

KSA consultants have appeared on many "panel shows" lately, serving as the moderator of choice at major forums—both public and client-specific. Leading panel discussions positions KSA as a leader in strategic thinking, and supports our relationships with panel members who are leaders in the industries we serve.

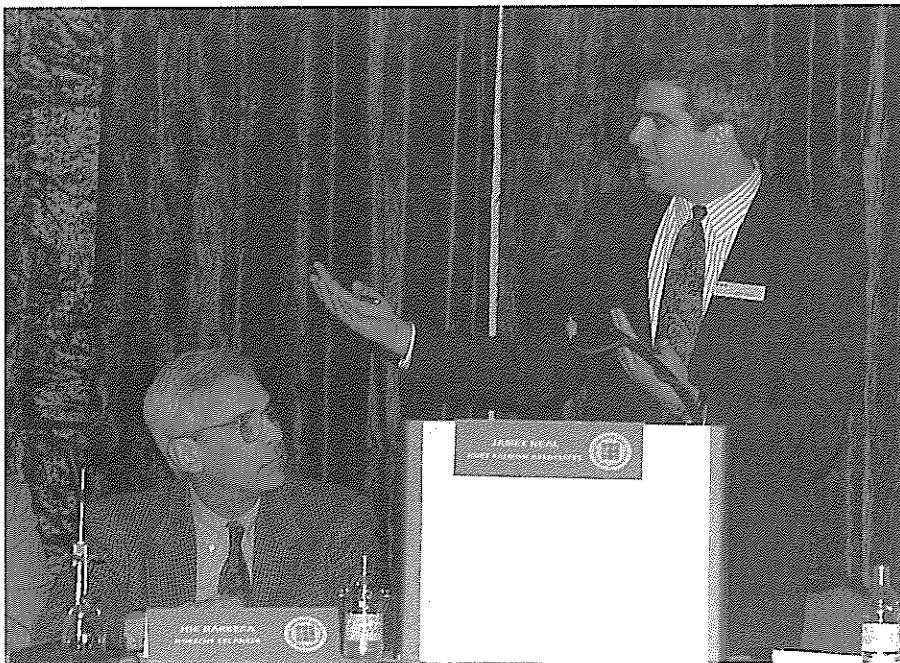
Fellow panelists have included representatives from World Wide Web powerhouse Netscape; celebrity Elsa Klensch, CNN style editor; and CEOs/senior executives of companies throughout the consumer products supply pipeline: Allen Questrom of Federated Department Stores; Bobby Martin of Wal-Mart; Bob Mettler of Sears; Paul Charron of Liz Claiborne; Jeff Toonkel of Burlington Industries; and Al Restaino of DuPont, just to name a few.

In past months, KSAers have led panel discussions at elite industry functions. They include: WWD's CEO Summit, which brought together Chairman, President, and CEO titles

of suppliers and customers in the women's wear arena, Apparel Industry Magazine (AIM) Executive Forum, Apparel Research Conference (ARC), International Mass Retail Association (IMRA), IQ '97 (the Quick Response conference), RISCOON '96, and the Super Show. ♦

### A moderator must be able to:

1. think on his or her feet;
2. listen well;
3. keep a straight face;
4. spot raised hands, and re-state or re-phrase questions;
5. distribute the wealth—make sure all panelists get some air time;
6. remember panelists' names (very embarrassing if you draw a blank); and
7. control perspiration on upper lip, forehead, and through clothes.



*On the other hand...Jim Neal moderates a panel at the Super Show.*

# Notes from Japan

by Steve Jeffries

As a part of KSA's "Become a Consultant and See the World" program, I had the opportunity to manage a four-month project in Japan. The project involved developing an Efficient Consumer Response (ECR) supply chain strategy for three Japanese grocery industry partners. The category management, joint product development, and continuous replenishment process designs developed by the client teams are expected to serve as models for the Japanese grocery industry. Our success resulted from the hard work of a KSA project team that included the entire Tokyo Office (*Jerry Black, Gaku Wakabayashi, David Hamaty, Keiko Inuzuka, and Rieko Psuboyama*) as well as support from the US (*Jim Horton, Shaz Kabng, Glen Hershey, and KSA alum Bettina Neumaier*).

The project itself was fascinating, but even more fascinating was the experience of living in Japan. The cultural differences I experienced and the cultural faux-pax's I committed are too numerous to completely describe in this article. (I asked to have this edition of the Observer solely dedicated to "Steve's Tales of the Orient," but for some reason I was turned down . . .) Therefore, I will share just a few examples.

### The Seating Ceremony

Here's the basic idea. The most honorable seat is the one farthest from the door. This is based on tradition, and has something to do with Samurai in olden days rushing into rooms and killing the first person they reached. In such situations the seat next to the door was to be avoided.

In semi-formal settings, this translates into "The Seating Ceremony:"

- 1) Host offers the seat farthest from the door to the Most Honored of the Guests.
- 2) Most Honored of the Guests declines and insists that the Host takes that seat.
- 3) Host insists more adamantly that the Most Honored of the Guests take the seat.

- 4) Having put up enough of a courtesy fight, Most Honored of the Guests finally agrees to take the seat so that everyone can get on with the rest of the event.
- 5) Host assigns seats to the rest of the group, depending on their rank and with whom he wants to sit.

In formal settings (like a steering committee with three company presidents) this translates into much work and worry by the poor person who has to straighten this all out. For our meeting of 26 people, this task fell to one of our client project managers (I was “the” project manager, but far too ignorant to be trusted to such matters. It never would have occurred to me to work on a seating chart for the meeting.)

The first draft of the seating chart was only moderately difficult because, at that time, we only had two presidents attending. Easy solution. The two presidents sat side by side at the end of the table farthest away from the door. My assigned seat? Let’s just say I was serious Samurai bait.

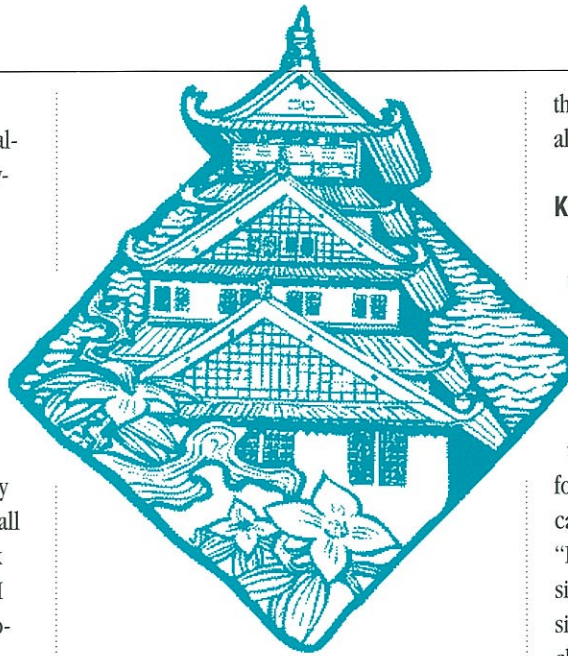
Things became more complicated with the addition of the third president and his entourage. The final resolution is a bit difficult to explain. I became less Samurai bait, but definitely because of some maneuvering convenience and not because of any elevation in my rank.

### The Business Card Ceremony

Business cards are serious business in Japan. I quickly learned to scurry for my business cards whenever a new Japanese person arrived to take part in the “Business Card Exchange Ceremony.”

1. Person presenting card holds it with two hands as it is presented and bows slightly as they introduce themselves.
2. Person accepting the card bows slightly, grasps card with two hands, and visibly reads the card (even if it is only in Japanese and you don’t read Japanese characters).
3. Switch roles and repeat steps 1 and 2.

Before receiving my Japanese language



business cards, I added my own Step 4 at the end of the process: “apologize for my cards only being in English.”

Early in the project, David took me to a department at the client site to borrow a printer. The manager of the department recognized David and came over to introduce himself to me, which started the “Business Card Exchange Ceremony.” Luckily, I had two cards on me at the time. Then he introduced one member of his staff to me—last card gone. Then the entire department came over to introduce themselves. Ten more people were arranged in a semi-circle bowing and presenting their cards and speaking no English. I bowed and tried to repeat their names and repeated Step 4 ten times.

Later in the week, we were invited to a reception held by a Japanese firm for its staff at a local hotel. I felt confident going into the encounter because by now I had plenty of experience in the Business Card Exchange Ceremony and I had received my Japanese language business cards the previous day. I strategically placed a stack of business cards in my shirt pocket for easy access before leaving the office. I was ready.

Unfortunately for them, half of the people at the reception were not ready. This was an internal party, and they had not expected to meet anyone. I quickly whipped out my business card upon meeting them, and the unprepared V.P. or Manager hustled off to retrieve a business card. As they left, they would have

that same look on their faces I’m sure I had all week . . . .

### Karaoke Champs

At the same reception the hosts had set up a Karaoke machine. Turns out that they were holding a Karaoke contest, and we knew that KSA would be expected to participate. As members of the host company got up and sang sweet Japanese ballads, we thumbed through the song list, looking for something that would not require us to carry a tune. We finally settled on the Beatles’ “I Saw Her Standing There,” with Jerry singing lead and David, Bettina, and me singing backup. The song was definitely a change of pace from everything that was played before or after us. We screamed our way through it, and several of our ever-polite hosts got up and started dancing.

The contest ended, and our ever-polite hosts selected KSA the winners. Then several more people got up and sang more songs. Before the evening ended, the Chairman did a very nice job on a slow ballad. We had a hard time imagining our company officers singing so well, and told ourselves to remember to warn them to practice before their next trip to Japan (consider yourselves warned!).

That’s all I have room for now. My time in Japan has been the experience of a lifetime that I hope you will all have a chance to share someday. ♦

### The KSA Observer

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The KSA Observer is published by Kurt Salmon Associates, Inc., 1355 Peachtree Street, NE, Atlanta, Georgia 30309, solely for the use of its employees. It is not intended for general distribution.



# KSA GOES TO THE RODEO

by John Jantson

I was just off the plane fresh from Chicago when I got my first look at the Rocky Mountain Foothills. Snowcapped Pikes Peak stood like a silent sentinel over the city of Colorado Springs. I had flown out to join a KSA project team consisting of *Chris Dabm* and *Priscilla*

*Jorgensen*. Since this was my first week in the West, Priscilla and Chris decided that we should do something Western. As luck would have it, the Colorado Stock Show and Rodeo was being held that week in Denver.

The three of us piled into a rental car and headed up I-25 to the "Big City." I subjected my new coworkers to a painful John Wayne imitation. Since we were going to a rodeo, I thought the Duke was an appropriate person to emulate.

Although I tried to "talk the talk," I definitely couldn't "walk the walk." My first encounter with real life cowboys was impressive. Dressed from head to toe like Clint



Eastwood in a *Fistful of Dollars*, these Urban Cowboys strutted through the stock show with all the confidence of a KSA logistics consultant negotiating a new client's distribution center.

Wanting to blend into the local culture, Priscilla, Chris, and I started to sample the Western attire. We tried on ten-gallon hats, dusters, and the obligatory cowboy boots. We snapped a picture, quickly changed back into our "civilian" clothes and headed to the main attraction—the Rodeo.

The spectacle of bronco busting, roping, and bulldogging had me on the edge of my seat. I almost let out a "yeehaw," but stifled it before I got too carried away. The crowd's excitement grew with each hair-raising ride and death-defying feat. Bull riders held on for dear life as two tons of angry pot roast tossed



them around like rag dolls. Young women stood on the backs of galloping horses holding brilliantly colored streamers that fluttered behind them. The overall effect left the crowd dumbfounded.

Tired and happy, our project team piled into the rental car and headed back to Colorado Springs. Our trip to the "Big City" and the rodeo had been a big success. As I drifted off to sleep snug under the watchful eye of Pikes Peak, I knew I was going to enjoy living here. ♦



## Keeping Finances Simple Isn't Easy

### *But These Strategies Should Help*

from "Getting Going" by Jonathan Clements, Tuesday, June 3, 1997, Wall Street Journal

1. Make mutual funds the core of your portfolio, so that you don't have to keep tabs on a host of individual stocks and bonds.

2. "Rather than giving money to every charity that comes knocking, pick a couple of charities each year and give them a healthy sum," suggests Ross Levin, a financial planner in Minneapolis. "That way, it's easier to keep track of your charitable giving" for tax purposes.

3. Keep all your investments at one brokerage firm or mutual-fund company. Alternatively, if you own no-load funds from a bunch of fund companies, consider using one of the mutual fund marketplaces, such as those offered by Charles Schwab Corporation and Fidelity Investments' brokerage arm.

4. Avoid nondeductible contributions to your individual retirement account, thereby saving yourself from a lifetime of paperwork hassles.

5. Maintain just one money-market fund, brokerage account, checking account and credit card.

6. Everybody is inundated with information so it's easy to forget what's important," says John Cammack, a financial planner with Baltimore's T. Rowe Price Associates. "Twice a year, write down your investment goals and what strategy you will use to reach them. That will simplify your focus."

7. When you bail out of a stock or mutual fund in your taxable account, sell all your shares at once, so that it's easier to calculate your taxable gain or loss.

8. Pay ahead on smaller bills. My monthly gas bill comes to just \$10 or \$11, so I send off \$100 every nine or 10 months, thereby avoiding the hassle and postage that comes with paying the bill every month.

9. Consider index funds, which simply buy the stocks that constitute a market index in an effort to match the index's performance. With index funds, you never have to sell because the manager quits or the fund badly lags behind the market.

10. If you buy a vacation property in another state, put it in a revocable living trust, so that your estate won't end up going through probate in two different states.

11. Make an inventory of your household possessions, possibly using a camera or cam-



order, and keep it at the office or in your safe-deposit box. This inventory will bolster your insurance claim should your home be burgled or burn down.

12. Put your fund investing on auto pilot, by arranging for money to be yanked out of your bank account automatically every month and put directly in a mutual fund.

13. Keep good financial records.

14. If your heirs are likely to owe estate taxes on your assets, try sidestepping the problem by giving away money now. Each year, you can give \$10,000 to any other person without triggering the gift tax.

15. Use just one insurance agent and just one financial adviser.

16. Rather than owning everything jointly with your spouse, consider holding at least some assets separately. That will make it easier to set up a "bypass" trust, a common estate-planning tool that allows both you and your spouse to make full use of an exemption that permits \$600,000 in every estate to pass free of federal estate taxes.

Also, don't own assets jointly with your children. Why not? You may shortchange your other heirs, who could end up paying a disproportionate share of the estate taxes owed upon your death, says Jeffrey Cohen, an estate and financial planner in Elmsford, New York.

17. Try to confine your securities trading to a tax-deferred retirement plan. That way, you won't have to list your sales—and the resulting gains and losses—on next April's tax return.

18. Don't mess up your tax return by writing checks against your bond funds. ♦

*Tom Strong* (Logistics Systems) continued his theatrical activities with an appearance recently in Neil Simon's romantic comedy "Barefoot in the Park." He played the eccentric upstairs neighbor, Victor Velasco at Theater With A Mission in Marietta, Georgia.

"He's me. Velasco and I both approach life with the same enthusiasm," says Tom.

Tom has previously appeared at Roswell Village Playhouse, Stage Door Theater, and,

## Perspectives of a KSA Newcomer

by Pam Beckerman,  
Director of Personnel

I have survived my first few weeks in KSA's Atlanta office. Every day has been a learning experience. On my first day, I met 85 people. I only remembered about 20 of their names but that was a start! On the second day, I read six manuals (and remembered another 20 names). I now know KSA's mission, how to do a BI (I think), and where to find decent pizza (a necessity). On the fourth day, I memorized 4,000 acronyms (KSA = Knowledge-based workers Smitten with Acronyms).

I still get lost in the maze of cubicles. I have considered keeping a stash of bread-crumbs in my pocket to mark my way back to my office. An assortment of Infrastructure staff have streamed in and out of my office setting up a cornucopia of software. I felt empowered if not a bit overwhelmed. However, everyone I have met has been gracious, welcoming, bright, and interesting. *Fran Preston* and *Gigi Tindle* have patiently answered my endless list of questions and requests (they were supportive while allowing me to preserve my dignity).

I am the new Director of Personnel. My areas of responsibilities include performance development, employee relations, policy administration, and compliance monitoring. Contact me if you need help completing a per-



formance evaluation, resolving a conflict at work, requesting a leave of absence, or updating a policy. I am your internal human resources consultant. Call me if you need to blow off steam, dream, or build a team.

Most recently, I moved to Atlanta from California with my

husband, *Alan*, and two children, *Brandon* and *Jaimi*. I grew up in upstate New York and received a BS in Industrial and Labor Relations from Cornell University and an MA in Organizational Communication from The University of California at Santa Barbara. I have 18 years of personnel experience in education and finance. My previous experiences have centered on conflict management, process improvement teams, performance enhancement, professional development, and compensation. My personal mission is to unleash potential—in both individuals and organizations. I strive to create breakthroughs in performance, careers, and relationships. Please use me as a resource for solving communication problems and resolving work life issues.

My priorities for 1997 are to get to know people in all of KSA North American cities, increase the effectiveness of the performance management process, and promote coaching and mentoring activities. I also will be involved in exploring ways to create more diversity at KSA. As we prepare to serve the global customer, we need to enhance our communication skills and our ability to integrate multiple perspectives during problem solving and other activities. As I travel to the other KSA North American Offices (looking for the best pizza in town), I welcome your ideas and suggestions on how we can accomplish these goals together.

And now there are seven other US cities where I need to find a source of good pizza. Please E-mail recommendations! ♦

as Richard Noakes in Onstage Atlanta's critically acclaimed production of Tom Stoppard's *Arcadia*.

He also suggests that his acting has helped him at KSA: "I've been successfully playing the part of a consultant since August, 1995." ♦





# Infrastructure Update

As of this printing, your Infrastructure Team is piloting the new laptop and desktop software: Windows '95, Office '97, Exchange Mail and the document manager, PC DOCS. After the pilot each office will be converted separately to minimize disruption and compatibility issues. During the transition we will have to maintain expertise and compatibility between the different elements of the software. As an example, we will have two e-mail systems operating, the legacy MS Mail system and the new Exchange Mail. This will be necessary in order for those people who have not been converted to be able to communicate with those who are using Windows '95 and the new software. The conversion will begin as soon as the pilot is complete.

The new software rollout means significant change for each of us.

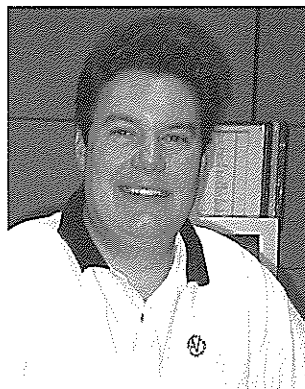
1. Operating systems will be more reliable,
2. Remote access will be easier with only one phone number needed to access the system, and
3. The new software will change the way we work.

To help you use these new programs, the Infrastructure team will offer training classes that provide valuable information on Windows '95, Office '97, MS Outlook and Exchange Mail, PC DOCS Open, and network connectivity issues. When you attend this class you'll receive:

- Manuals that include step-by-step instructions on how to perform common functions.
- Small, hands-on classes designed to ensure understanding.
- Tips, tricks and shortcuts that will make your life easier.
- Concentrated time to learn the software so you can use it right away.
- A schedule of advanced topic ses-



Laurino



McClure

sions designed to meet your specific needs.

Our one-day transition class is designed to decrease your downtime and frustration level, while increasing your productivity and communication with colleagues. Don't be left behind! Be sure to reserve your seat and take advantage of this valuable opportunity! Be on the lookout for more detailed information on the availability of these classes.

## New Staff

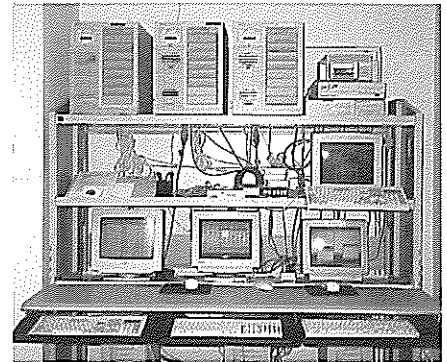
**Loraine Laurino**—Loraine is responsible for all infrastructure training. The feedback we received from the regional meetings indicated that most people felt they needed some training on how to use the new software. Loraine has been involved in the rollout and will conduct classes in each office to teach everyone how to best use the new software.

Loraine joined KSA in March. She was previously employed by Software IQ in Atlanta where she held several positions, including responsibility for curriculum development, Director of Education Operations, and General Manager. Her Atlanta extension is 7288 and her direct telephone number is 404-898-2831.

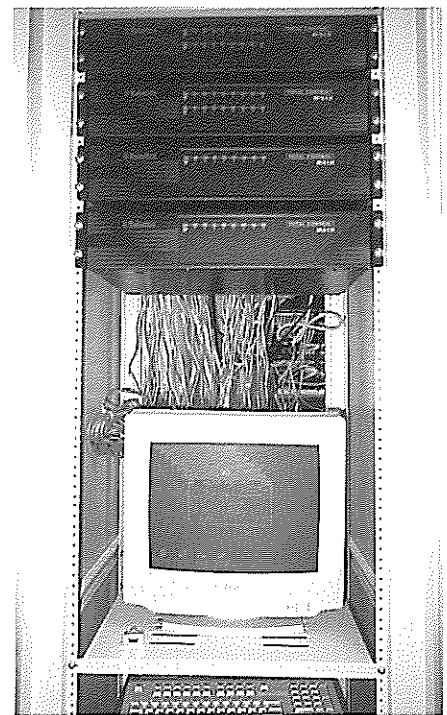
**Cullen McClure**—Cullen is responsible for all Help Desk activities. In addition to answering the telephone and the resulting questions, Cullen's responsibilities include purchasing of all hardware and software, as well as keeping track of our inventory of more than 600 personal computers and the

accompanying software.

Cullen joined KSA in April. He was previously Manager of Information and Communication Services for Adair-Greene Advertising here in Atlanta. His prior experience includes work with Windows 3.1, Windows '95, Microsoft Office, Novell Netware, and all kinds of PC-related issues. His Atlanta extension is 7652 and his direct telephone number is 404-898-2807. ♦



Inquiring minds want to know—what in the world is this stuff? Answer: it's the setup for the Novell File and Print servers and Pracman servers. Aren't you glad you asked?



And while we're at it...this is the remote network dial-in modems and servers. Now you know.



# KSA is on the move!

by Stephanie O'Neal

KSA, through various acquisitions, joint ventures and alliance agreements, is growing! We now have 16 offices worldwide and approximately 600 full-time employees. In addition to new offices in Paris and New Delhi, we have expanded our presence in Hong Kong and Tokyo to meet growing client needs. Read on for more details on our growth trend!

- In April, 1997, KSA purchased the information technology consultancy *Healthcare Management Counselors*, the "HMC" in Hamilton-HMC.
- In March, 1997, KSA invested in *Waterfield Technology Group*, a Boston- and New York-based firm specializing in technology development services to provide clients additional technology support and extensive internet and electronic commerce expertise.
- In January, 1997, KSA purchased the management consulting division of *Levy•Kerson•Aronson & Associates*

(LKA), specialists in merchandising and marketing services for leading retailers.

- In January, 1997, KSA invested in a Paris-based consultancy, *Cleversys*, specialists in Information Technology and Business Performance Improvement for consumer products companies. This joint venture brings to six the number of KSA offices in Europe.
- In September, 1996, KSA formed an agreement with *Technopak Advisory Services*, a New Delhi consultancy. KSA-Technopak is a bridge for international companies to manufacture and market in India, and for India-based companies to manufacture and market worldwide.
- In March, 1995, KSA acquired *Stanford Business Systems* (SBS), a California-based leader in client/server consulting solutions and a pioneer in intranet use. SBS became the core of KSA's Advanced Technologies Group (ATG).

Recent alliances formed by KSA with software vendors include:

*Comshare*—this software leader provides decision support applications. KSA is an implementation partner for *BOOST™*, a brand and customer planning system for large packaged goods companies that builds on the proven technology of the Arthur® suite of applications.

*Richter Systems*—this developer and installer of client/server solutions is working with KSA to implement supply chain solutions for the retailing and soft goods industries.

*Global Enterprise Solutions*—the focus of GES is to develop expertise, delivery capacity and sales opportunities for two areas:

1. *SAP*—this global enterprise-wide solution provider has teamed with KSA as an implementation partner for its retail and consumer products solutions.

2. *Microsoft*—working with this global technology leader, KSA is facilitating the Value Chain Initiative (VCI) to examine how to remove costs from the supply chain by establishing communications standards and common technologies.

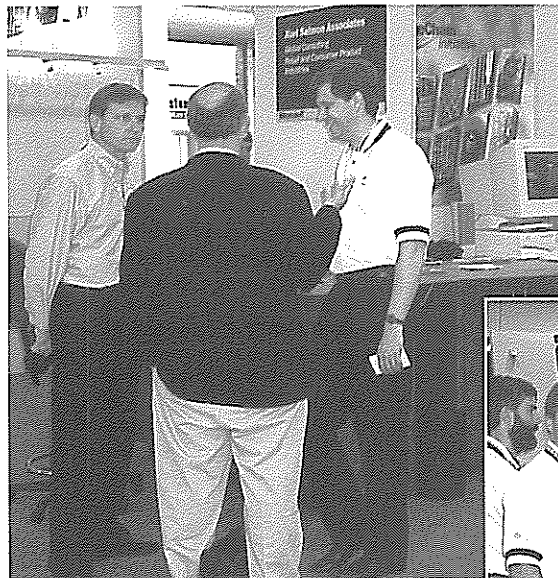
## KSA "rooms" with SAP and Microsoft at Retail Systems '97

SAP and Microsoft asked KSA to relinquish our individual booth space to share space with them at Retail Systems '97, the largest trade show of retail information systems specialists in the US. The three-day conference and show was held in Chicago at the end of May.

*Jeff Kyser* led the advanced technologies group's efforts in the SAP pavilion as he showcased KSA's R/3 capabilities among other SAP partners *Deloitte & Touche*, *Ernst & Young*, *Andersen Consulting*, and *Price Waterhouse*, to name a few. These competitors, placed in close proximity, made great sport of stealing each other's marketing materials when booth staff abandoned their spaces for food and rest breaks.

Meanwhile, just down the aisle from Jeff, *Mark Kasperowicz* explained the Value Chain Initiative (VCI), a joint project of KSA and Microsoft to interested show attendees.

*Avi Bagal*, *Mohsen Moazami*, *Dave Rush*, and *Paul Schottmiller* contributed to the booth duty effort and "environmental scanning."



Top: KSAers in the Microsoft pavilion as part of the Value Chain Initiative (VCI). L to R: Mark Kasperowicz, the back of a potential client, and Paul Schottmiller. Right: KSAers in the SAP pavilion as partners in the R3 retail solution. L to R: Dave Rush, Jeff Kyser, and Paul Schottmiller.





# New Managers

## Christian Borthayre

Christian joined KSA in September of 1993. Prior to KSA, he consulted for several years in the banking industry. Christian received his undergraduate degree in Information and Decision Systems from Carnegie Mellon University in Pittsburgh, Pennsylvania.

Christian has spent most of his time at KSA on strategic IT implementations at large client sites. He was involved in the implementation of forecasting and vendor managed inventory systems at Robinson Manufacturing and DAP. He was instrumental in the Richter Sewn system while at Phillips-Van Heusen. Christian is currently at The Home Depot completing system interfaces for the new imports organization.

Christian grew up abroad speaking French and Spanish. He and his wife, *Michelle*, live in Suwanee, Georgia with their new baby, *Stephen*. Away from the office, Christian enjoys spending time with his family, windsurfing, and scuba diving. Christian also enjoys professional football games and attempts to visit a different football park every fall with other KSAers.

## Neil Buck

Neil joined KSA after graduating from the University of Illinois with a B.S.I.E. degree. Neil has relocated throughout his KSA career, working with National Geographic in Gaithersburg, Maryland, Woodward & Lothrop in the Baltimore area, and the Franklin Mint in the Philadelphia area. All of these projects have concentrated on improving operational performance, either in a distribution center environment, or in a white collar environment.



Borthayre



Buck

Neil also serves as the campus executive for the University of Illinois.

Neil, his wife, *Traci*, and daughter, *Kaitlyn* (7 months) have settled in Princeton. In his spare time Neil enjoys spending time with his family and golfing.

## Mike Casey

Mike joined KSA's West Coast Performance Enhancement Group IT practice in September of 1994. Prior to KSA, he was involved with many large system development projects for health care, transportation, financial and insurance industry clients. While at KSA, Mike has worked with Levi Strauss and Esprit de Corp., and has focused on package selection, offshore system development with staff in India, and Millennium Management services. He is currently engaged on an IT strategy project for Jusco, a large retailer in Japan, and also serves as the PEG campus executive for the University of Arizona.

Mike is settled in San Francisco, and enjoys windsurfing, mountain biking, swimming, rollerblading, and is president of his local Alumni group chapter for Duke University.

## Sarah Davis

Sarah joined KSA after working in Ernst & Young's management consulting practice in Atlanta. She received her B.S. in Business Analysis with an emphasis in Management Information Systems from Texas A&M University. Sarah has spent most of her KSA career wearing a variety of project team hats on the UniFirst engagement in Boston and is currently splitting her time between Boston and Southern States Cooperative in Richmond, Virginia.

Sarah is located in the Atlanta office and is



Casey



Davis

looking forward to continuing her work with the Retail FST. In her spare time Sarah enjoys reading, golfing, running and traveling to Florida and Texas to visit her family.

## Jeff DeRuiter

Jeff joined KSA after obtaining his B.S.I.E. degree from Stanford, and M.S.I.E. degree from the University of Southern California. Jeff's assignments as a relocating Logistics consultant have taken him from New Hampshire (DM Management) to Hawaii (Liberty House), and various places in between, such as Grand Rapids, Michigan (Wolverine Worldwide) and Gaithersburg, Maryland (National Geographic). His project experience includes Base Plus®, Facility Planning, and Facility Start-Up.

Jeff and his wife, *Brandy*, are expecting their first child this fall and will be settling on the West Coast at the conclusion of the Liberty House project. In his spare time, Jeff enjoys golfing, swimming, and hiking.

## Vish Ganapathy

Vish joined KSA in January, 1995 and was immediately assigned to the Haggar project as a team leader. Vish spent a number of years prior to joining KSA with Worldwide Chain Stores designing and implementing Distribution Systems for hard goods companies. During his time with Worldwide, Vish worked with a number of clients including Verbatim, Williams-Sonoma and Panasonic. Since joining KSA, he has participated in the Haggar, L.L. Bean, and UniFirst engagements. Vish is currently assigned to the DCMS® architecture group where he will be able to exercise his varied technical skills along with his logistics knowledge.

Vish and his wife, *Chetna*, and their three



DeRuiter



Ganapathy



year old son, *Varun*, reside in Kennesaw, Georgia. Vish's hectic personal life includes playing 'Batman & Robin' with his son and crawling through tiny plastic tunnels at Discovery Zone. His hobbies include reading books, watching westerns on TNT and surfing the web.

Vish has the dubious honor of receiving numerous nominations for "Geek of the Week," including a lifetime achievement award for performing a file transfer with a colleague on a flight from Boston using a telephone line thrown across the aisle!

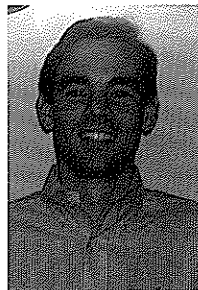
### Brad Humphries

Brad joined KSA upon completing his M.S.I.E. degree at Georgia Tech, where he also received his undergraduate I. E. degree. While a graduate student at Tech, Brad worked as a customer support representative for IBM. Brad has completed assignments at KSA for Williams-Sonoma in Memphis, Tennessee; Jockey International in Culeemee, North Carolina; Ethicon in Texas; and Nautica in Maine. For the past two years, Brad has been heavily involved in the design, implementation, and startup of the 1.4 million square foot import distribution center for The Home Depot, in Savannah, Georgia. Brad is currently managing a standards development project which will be used to accelerate the startup of that facility. Brad is also campus executive at Purdue University.

Brad and his wife, *Gina*, are expecting their first child this year. They are currently living in Savannah's historic district (near the Forrest Gump bench), and are looking forward to relocating after the completion of the Home Depot work. Brad is an avid golfer and runner, and is a retired soccer player.



Humphries



McGranahan



Schneider



Thomson



Whicker

### Colin McGranahan

Colin joined KSA's Atlanta office in July 1993 after graduating magna cum laude, Phi Beta Kappa from The University of Pennsylvania with a B.S. in Finance from The Wharton School and a B.A. in English Literature. In the past four years, Colin has worked on strategy and marketing projects for apparel, textile, footwear and retail clients. Project work has included market entry strategies, corporate restructuring, strategic planning and benchmarking, process improvement, as well as some M&A and due diligence work with the corporate finance group.

In his time away from work, Colin enjoys running and recently has been training to hold onto his title as the reigning KSA Peachtree Road Race champion. Colin also is an avid downhill skier and sailor, and is currently planning the second KSA Caribbean Charter Cruise for the fall.

### Bill Schneider

Bill has been with KSA for three years. During that time he's worked with twelve clients on a wide variety of textile, apparel, and retail projects. His experience includes process improvement at The Home Depot and W. H. Smith, and strategy work at Patagonia and The Bibb Company.

Bill received his bachelor's degree from Cornell University, and served as a submarine officer in the United States Navy for five years before pursuing his M.B.A. from Indiana.

Since he has no wife, no dog, and no kids, Bill spends his spare time pontificating, watching Comedy Central, and keeping Papa John's in business. He is an environmentalist, a new urbanist, a mediocre pianist, and a recovering cyclist.

### John Thomson

While at KSA, John has worked on several strategy and marketing projects. His project work has been as far away as Alaska (Carr-Gottstein) and as close as across the street from the KSA Atlanta office (National Linen). Currently, John is working for WH Smith, an airport and hotel retailer, on a strategy and business transformation engagement.

Before joining KSA, John worked for Nestlé SA, M&M/Mars, and KPMG Peat Marwick. John received his undergraduate degree in accounting and economics from Emory University and his MBA from Duke's Fuqua School of Business.

John and his wife, *Cbris*, live in Atlanta and enjoy spending time with their eight-month-old daughter, *Jordan*.

### Bradley A. Whicker

Brad's career with KSA began in November, 1994. Prior to joining KSA, Brad developed accounting systems for Advanced Business Systems, created an Order Processing System for Decision Business Solutions Corp., and led the software design, development, and implementation of Worldwide Chain Stores' Warehouse Management System for seven custom installations. Since joining KSA, Brad has participated in the development and implementation of DCMS® for Haggar's distribution center in Fort Worth, Texas. Brad is currently working on the development of DCMS® for UniFirst's new distribution center in Owensboro, Kentucky.

Brad and his wife, *Deserae*, have three children (*Andrea* - 5, *Michael* - 4 and *Nicholas* - 2). They are expecting their 4th child in September. Brad spends his

spare time playing pool, pushing kids on swings, and running around town trying to find the fast food restaurant with the coolest kid's meal toy. ♦



## Ten Predictions *cont'd from page 4*

dors in the supply chain. Stores will also focus on their competencies building demand, creating demand, and serving customers.

### 6. *Information-Based Logistics*

There will be two primary streams of distribution—the fast-moving stream and the slow-moving stream. In the fast-moving stream, seamless information flows throughout the supply chain. With this information, we can ship product against anticipated demand and then allocate based on real-time information about the current demand forecast for individual stores and the actual on-hand inventories. There will also be a slow-moving stream in which goods are held in regional warehouses, picked and packed according to store order, then shipped through localized cross dock centers without any opening or handling to the store against that particular order.

### 7. *The Death of the "Deal"*

"Deals" in the food and grocery business will be extinct within 10 years due to the impact of information. Electronic commerce will mean that diverting becomes so instantaneous, so easy, so opportunistic, that a very effective secondary market will be managed, and any company who offers product on deal will instantly have that product picked up, transported, and moved to its destination. Companies that choose the deal strategy will find themselves disconnected from the consumer because they won't know where or when the product finally arrived or when it was sold.

### 8. *Loyalty-Based Marketing*

The split of industry spending to acquire new customers through promotions, etc., versus the cost of actually retaining and rewarding loyalty, is probably 90% to acquire and 10% to retain. Within 10 years' time, if not sooner, there will be a massive shift away from pure price-oriented promotion (which doesn't build any long-term loyalty) to programs focused on customer retention and loyalty.

By the end of 1998, there will not be a major supermarket chain in the US that

doesn't have an active loyalty program, or tools to reward loyal customers.

### 9. *Collaborating on Competencies*

Our supply chain is evolving into an industry in which companies compete on four distinct core competencies.

- 1) Design competency,
- 2) Development competency,
- 3) Distribution competency, and
- 4) Display competency.

Companies will increasingly concentrate on specific competencies and then partner or ally themselves with companies that have distinct competencies in other areas.

### 10. *Mass-Marketing to Micro-Marketing.*

Traditionally, our ability within the supply chain to offer anything you want has been extremely limited because we must

have physical inventory sitting on physical shelves in physical stores. However, once we go to virtual inventory, suddenly our ability to customize product and deliver it to the consumer radically changes the way we market and work within the supply chain.

ECR is a certain set of practices, but those practices are not static. They can and will change dramatically over the next decade, and the companies who are already behind will fall even further behind the pace of increasing rate of change. A few years ago we could say, "I'll wait two or three years to catch up." Today, that's not an option.

*Editor's note: Peter Harding was recently quoted on ECR in the Wall Street Journal, and in Hemispheres, United Airline's inflight magazine. ♦*

## Business in foreign languages

*Things never go wrong. They just go differently from what you plan.*

Here is a look at how shrewd business people translate their slogans into foreign languages:

- When Braniff translated a slogan touting its upholstery, "Fly in Leather," it came out in Spanish as "Fly Naked."
- Coors put its slogan, "Turn It Loose," into Spanish, where it was read as "Suffer From Diarrhea."
- Chicken magnate Frank Perdue's line, "It takes a tough man to make a tender chicken," sounds much more interesting in Spanish: "It takes a sexually stimulated man to make a chicken affectionate."
- Puffs tissues tried to introduce its product, only to learn that "Puff" in German is a colloquial term for a house of ill repute.
- The Chevy Nova never sold well in Spanish-speaking countries. "No Va" means "It Does Not Go" in Spanish.
- When Pepsi started marketing its products in China a few years back, its slogan, "Pepsi Brings You Back to Life" was translated pretty literally. In Chinese it read, "Pepsi Brings Your Ancestors Back

from the Grave."

- When Coca-Cola first shipped to China, they named the product something that, when pronounced, sounded like "Coca-Cola." The only problem was that the characters used meant "Bite The Wax Tadpole." They later changed to a set of characters that means "Happiness In The Mouth."
- When Gerber first started selling baby food in Africa, it used the same packaging as here in the USA—with the cute baby on the label. Later the company found out that in Africa companies routinely put pictures on the label of what is inside, since many people cannot read.
- A detergent company wondered why its product was not selling at all in middle eastern countries. Then it realized that the advertisements showed, from left to right, dirty clothes, the box of detergent, and then clean clothes, but the arabic languages are read from right to left, so the ad really showed clean clothes, box of detergent, then dirty clothes. ♦