

The Observer

September 1997

A publication by and for the employees of Kurt Salmon Associates

Improving Earnings Through Inventory Effectiveness

More from Japan

by Mohan Komanduri

In April of this year, I flew to Tokyo, expecting to be there four months. One week later, my stay was extended to three years.

Submersion in this new culture has been enriching. I have experienced the first set of "peaks and valleys" associated with moving 10,000 km (5,900 miles) from home. The peaks come from learning about all the new things in Japan. The valleys come from missing all the familiar comforts of home.

The Chikatetsu (Subway)

I was amazed at how polite *everyone* in the service industry is here. Each time I walk through the lobby (or as *Steve Jeffries* puts it, "run the gauntlet") I am greeted with "*ohayoo gozaimasu*" (good morning), "*konnichiwa*" (good afternoon), or "*konbanwa*" (good evening). After four weeks of constant greetings I started to avoid making eye contact with the hotel personnel because:

- a) I just woke up, hadn't had my first cup of coffee, and just wanted to eat breakfast.
- b) I just completed a long day, and all I could think about was bed.
- c) I felt badly that this person has to stand in the same spot all day for the sole purpose of greeting every hotel guest each time he or she

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by Bob Smith

Editor's note: In the last Observer (July, 1997), Steve Nevill discussed the need for retailers to determine how best to manage inventory and KSA's response to that need. In this article, Bob Smith describes KSA's new service offering in detail, showing how KSA can help companies release 5% to 10% in additional working capital and improve earnings 20% to 30%.

KSA's new service offering can increase earnings by improving the value levers that affect either the revenue side or expense side of the income statement. Identifying the order of magnitude of earnings improvement helps a company decide which value levers should be improved first,

and thus where in the organization and supply chain a company should begin. Value levers that can affect store operations include shelf stocking quantities, shelf replenishment cycle, and store visual presentation.

Reviewing SKUs

KSA begins by selecting an assortment or category of SKUs (stock-keeping units). In a women's fashion apparel store, SKUs are specific garments, such as skirts, blouses, or dresses at the style/color/size level. In a pharmacy, it might be a tube of toothpaste. The SKUs are reviewed across the entire supply chain relative to the strategy, organization, operations, and tools used in managing the inventory.

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Results of the diagnostic will identify areas with the greatest impact on earnings

Area of Improvement	Opportunity	Impact
Store Operations	Can improve in-stocks by 5% -Improve shelf stock quantities -Improve customer service	+\$5 million gross profit
Inventory Planning	Can improve in-stocks by 2% -Micromerchandising to SKU level Can reduce markdowns by 5% -Micromerchandising to SKU level	+\$2 million gross profit +\$3 million gross profit
Inventory Purchasing	Can improve turn by .5 -Implement vendor guidelines -Improve information accuracy	+\$1 million gross profit +\$10 million working cap.

Export Strategy for Miles International

This is only one example of a project in Europe that involves different countries with different languages and different cultures, making it necessary for companies that want to be successful in international business to adapt their product offerings and services to the local market.

by Chris Schoenmakers/KSA Milan and Corinna Bauckhage/KSA Düsseldorf

In March of this year, KSA began a project for the German company, *Miles International* (read: "me-lis"), to define an expansion strategy, initially focused on the French and Spanish markets. The scope of this project also included supporting the company with the implementation of market entry.

Miles, a subsidiary of the *Wünsche Group* (whose main activities are clothing and real estate, with a revenue of \$913 million), is a trading company in casual men's, children's and women's wear with an annual turnover of \$250 million. Primarily an importer (mostly from Asia), the *Wünsche Group* develops exclusive and non-exclusive private label collections and serves large clients: discounters, franchise chains and department stores. Until now, Miles has been able to grow only in the national market; however, management is convinced that growth is still possible through exports. At the moment, export activities are done on an opportunistic basis with a share of only 5% of total revenue.

The KSA project team consisted of Italian, Dutch and German consultants: *Simona Carcò, Chris Schoenmakers, Dorothea Ern, Corinna Bauckhage, Stefan Slegers and Christoph Robe.*

The project was divided into four phases:

1. Export audit of the company to better understand its strengths and weaknesses;
2. Understand market structures and trends;
3. Store checks in France and Spain; and
4. Acceptance test and image analysis among key retailers and wholesalers; development of country strategies and respective business plans.

The first and second phases revealed that the French and Spanish markets differ signifi-

cantly from the German one in terms of size and market structure. The French market is dominated by hypermarkets (e.g., Carrefour, Intermarché, Auchan), strong chains (e.g., Promod, Camaieu, Naf Naf), and mail order companies (e.g., 3Suisse, La Redoute). Furthermore, the market is characterized by a high import share mainly from Morocco and Tunisia, even while hypermarkets are increasing their imports from Asia.

While Spain's high share of traditional outlets is decreasing, its chains and hypermarkets are growing rapidly. Most French hypermarkets have a strong presence in Spain. In addition, the Spanish market is strongly dominated by vertically integrated clothing manufacturers with their own retail business; and logically, a large part of their production goes directly into their outlets (e.g., Induyco, Confecciones Sur, Inditex Holding).

Private label presence is high in France, while in Spain national brands still dominate. Other differences can be found in the fashion content: clients have different fashion requirements in terms of design and exclusive product development compared to Germany. Markets are also more price competitive. However, from the store checks (third phase), Miles' prices turned out to be compatible with price levels in France and Spain.

Regarding service, retailers in both countries are more focused on short-term delivery compared to Germany.

After these phases, our main conclusion was that Miles' current strengths of client specific product development, efficient sourcing facilities, and an effective price-quality relationship would give the company good opportunities in both countries, especially in the hypermarket segment and in other retail channels with a high private label share.

In the fourth phase, we conducted a significant number of face-to-face interviews with potential clients in both countries to understand their buying policy, sourcing policy, order cycle, and other specific service needs. In France we spoke with key players such as Casino, Printemps, Galeries Lafayette and Camaieu; in Spain with Al Campo, Continente, Simago, Springfield. We discovered significant differences in these policies compared with Germany's. France's hypermarkets, for example, are not as focused on pre-ordering as are Germany's. The share of short-term ordering and continuous replenishment is much higher. Sourcing from Asia is therefore only of interest in pre-ordering in the medium-lower price point.

Spanish retailers are even more focused on short-term ordering, mostly at the local level. This is especially true for chains, but hypermarkets have a mix between pre-ordering for basics and short-term ordering for more fashion articles. Ordering from Asia is growing due to attractive pricing.

The acceptance test on Miles' products (fashion content, collection, material, quality, sizes), prices, and services offered showed that both markets are totally different concerning pricing and fashion. Only lower price points were accepted by the French retailers while acceptance for Miles' medium and higher price points resulted in more complex requirements in terms of fashion content and service. In Spain, fashion taste is even more

Miles International (pronounced "ME-lis") is a German trading company specializing in casual men's, children's and women's wear with an annual turnover of \$250 million.

specific in colors, fabrics, finishing, sizes, etc. compared to northern European countries, but from a price point of view, Miles' products are well-accepted in Spain.

Our next step was to develop two different entry strategies for each market with clear indications regarding which distribution channels (identification of target clients), products, collections and price ranges to focus on. We proposed that Miles set up its own key-account organization with the main task of client-specific product development and sales. We raised the question of whether or not Miles should enter the short-term order business. This would implicate a new strategic direction for the company, that surely would make it more competitive.

The final workshop with the management team was received with success, and although exporting will be more difficult than members of the management team expected, they are convinced that starting-up international activities is necessary to survive in the medium- to long-term. We are confident that we will have more opportunities to work with Miles in the near future. In general, the Wünsche Group is an interesting company for KSA. The new CEO Prof. Dr. Peter Littmann (previous CEO of Hugo Boss) wants to build a strong textile group and establish a strong brand.

KSA is making solid progress in working more as a team across all of Europe and is convinced that more pan-European opportunities will arise soon!

Please Note

The Observer is intended solely for KSA's employees and their families. Please do not pass it on to other individuals.

To ensure we protect the confidentiality of our clients, we have instituted a policy requiring client approval of any articles that specifically mention client projects. It is our hope that this policy does not dampen the fruitful exchange of our rich experiences and insights. Please keep the submissions coming. Just make sure our clients are comfortable with our references to them.

Mexico's "Neighborly" Appeal

by Alberto Pensado

For centuries, the United States and Mexico have had a strong business relationship. This relationship has strengthened significantly during the last few years. Currently, many US companies have established plants, offices, sale points, joint ventures, etc. in Mexico. This is not just a coincidence.

Mexico has a diversity of geographic areas that range from the hot desert in the north, to the tropical and humid south, to the cool, high mountains of the central region. The country is vast, with many lakes, rivers, jungles, mountains, volcanoes, beaches, forests and deserts.

Just as Mexico's geography is varied, so too are the Mexican people who live in these regions. The country is divided into four economic areas:

1. *Northern.* Industrialized, based in Monterrey. Heavily influenced by the US economy and culture. People are dynamic and educated.

2. *Central.* Based in Guadalajara, very religious and traditional. For years, people have worked on ranches and in the agricultural industry. Currently, manufacturing sites are being established and are growing rapidly.

3. *Southern.* Based in Cancun. People are friendly, but the educational level is low. Poverty is high and people work in agriculture, maritime and tourism industries. Influenced by Central American countries and culture.

4. *Mexico City.* People are aggressive and stressed. Life is fast and expensive. Wealthy and poor people live within blocks of each other. All the benefits and problems inherent to a large city exist here.

These factors, added to national and international economic changes and new agreements such as GATT (General

Agreement of Trade and Tariff), NAFTA (North American Free Trade Agreement), privatization of banks, railroad companies, telephone companies, etc., are making Mexico an attractive place in which to invest. During the first six months of 1997, Mexico's stock market broke its own record high 39 times.

Mexico's political environment is also changing. Currently, more than 60% of Mexican citizens are governed by a political party different from the President's party. The federal congress is divided almost equally into three political parties, leading to a very democratic, stable and balanced country.

These social and geographical differences, as well as the economic and political reforms in Mexico and globally, dramatically influence how US companies perform in that country. Therefore, the risk of failure can be very high for those who trust only their ample US experience to be effective in Mexico.

KSA, through the years, has gathered much information and learned how to best utilize the behaviors and factors related to the different people, regions and scenarios in Mexico. Our knowledge of the country, and our expertise in consumer products manufacturing, has given us excellent results and opportunities to increase KSA's presence in the Mexican market. Soon, we expect to have a larger group of consultants in Mexico, developing not only productivity programs in manufacturing facilities, but also more projects related to IT, logistics, retail, strategy, etc.

KSA's future in Mexico is positive. New ideas, knowledge and a positive attitude are the common need in all companies. The invitation is there, the market is waiting, and *we are the ones who can do it !!!*

West Coast PEG Update

by Cassandra Whitcomb

At a "first ever" group meeting in San Francisco recently, the West Coast PEG group began to grapple with getting our arms around the opportunities on the West Coast. Lots of ideas were presented and we're excited to build the business here on the West Coast.

Big news from two of our staff members in Tokyo: *Tim* and *Molly Britt*, both Managers working in Asia for the past year and a half, brought into the world a new daughter, *Eliza Edith Britt*, on Tuesday July 22. Voice mail messages from Tim indicated he is sufficiently amazed at the power of a woman. And Molly was looking forward to the support of seven full days in the hospital, offered to all first-time mothers in Tokyo.

Mike Casey, another of our Managers in Asia, worked at Jusco in Japan from May to August, and in spite of the uniqueness of the experience, he was glad to return to the good old US-of-A.

And our work is not limited to the West Coast region... *Janet Greer*, one of our team members who recently made the trip across the big pond writes:

"Before coming to Milan, I worked in Mt. Airy, North Carolina and Dublin, Virginia for Renfro, the largest U.S. manufacturer of socks. It was an interesting project, focusing on the client's finishing processes and analyzing why it is suffering from such high turnover in those operations.

"From the land of socks (Greensboro and its surrounding area have an incredibly high percentage of the world's production of socks) I moved on to shoe heaven—Italy. I started working on a pharmaceuticals project at the end of August." Author's note: Janet "endured" the standard European three-week summer break—tough!

At the end of June, *John Jantson* started working on a Liberty House project, where they are now finalizing the merchandising package selection. JDA is a finalist and implementation is scheduled to start soon. Well, do

we all really want to hear about working in HAWAII????? John is learning to body surf (without drowning). Casual dress code is great...John has purchased some Hawaiian shirts, but he's not sure he'll ever wear them anywhere but in Hawaii. He stays at Hawaii Kai, a suburb near Coco Head, which is the highest volcanic cone on the island.

Michael Saunders, at *Liz Claiborne* in North Bergen, New Jersey, is leading a testing team as we help *Liz* implement SEWN 2000, an enterprise-wide solution, while continuing to build our partnership with Richter. Rooming with *Bob Copeland* in digs next to a swamp—but still enjoying night life in New York—Michael expects to be on this engagement through next February.

From *Edwin Lager*: He just completed an SAP R/2 Procurement Module project in Fullerton for Hunt-Wesson, leading the testing effort for the project. Before that, Edwin completed a Y2K Offshore Remediation Pilot for LS&CO. On a personal note, he just returned from a short surfing safari in San Onofre.

From *Julie Gentry*: "I spend some of my weekend hours volunteering for two different San Francisco-area organizations: Community Impact, a network of 2500+ members from all over the Bay area who volunteer for projects that are 'done in a day.' That way, those of us whose schedules are never regular have an opportunity to serve our neighbors by doing such things as beach cleanup, taking down an old historic barn so the materials can be recycled, packing emergency food boxes for the SF Food Bank, and planting trees in the city together with 'Friends of the Urban Forest.' The other organization meets monthly for three hours to help maintain an ancient oak grove in Golden Gate Park.

"Recent KSA activities have focused on responding to two opportunities for proposing our Millennium Management® (Year 2000) services.

"I participated in the first 'Project Lead Orientation' class in Atlanta. I found it to be

very worthwhile. We heard about time-honing skills and qualities needed to continue our career progression from consultant to Manager. The class is targeted to KSAers who hope to become Managers in the not-too-distant future. As *Chuck Easley* explained: "Until this course was developed, the only training available after the initial orientation was 'New Managers Orientation'" (and that was only AFTER you became a manager!). There was a distinct void for consultants who wanted to develop their skills to qualify for Manager, rather than waiting until after they were one!"

From *Doug Nagel*: "*Jennifer* and I enjoy living and playing in San Francisco—sometimes we are even fortunate enough to work here as well! Jen is a consultant doing a stint at Pac Bell. During the winter months, we enjoy mountain biking and snowboarding together, but during the summer Jen claims to be a 'wind widow' as I am an avid windsurfer."

In December of last year, *Ray Atkin* made the move from the East Coast to Sausalito, California. He is enjoying the weather, the activities, and has NO desire to head back East. He's working on a Mossimo project in Irvine, California; a package selection process to replace the core business and financial applications.

Ken Bienstock, while trying to avoid the financial temptations in the "City of Sin," has been working on the startup of a new LS&CO. distribution center just south of Las Vegas. Although involved in a familiar role on the system test team, the distribution and logistics environment is a nice change of scenery and he is able to put his Georgia Tech I.E. degree to some use. Site integration testing began in mid-August and the site is expected to go "live" in the summer of 1998. When not "throwing cartons in the desert," Ken enjoys spending time with his wife of 10 months and playing golf.

Team Managers *Dorothy Sadd*, *Ed Ross* and *Steve Jeffries* are busy, but we guarantee they'll have news to share next go-round, as will our fearless leader, *Brady Knight*.

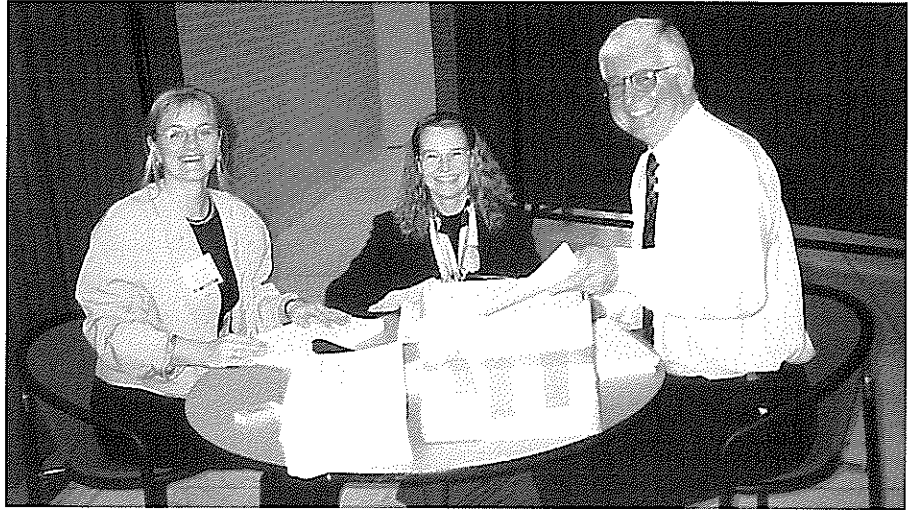
KSA Presents at Efficient Consumer Response Conference in Amsterdam

by Dagmar Domke and
Christine Sussmann (Düsseldorf)

On March 13 and 14, the Second Official ECR Europe Conference was held in Amsterdam. Fifteen hundred managers of leading global and European firms attended the conference. Peter Brown and Massimo Visconti were opening session speakers for KSA, informing the industry about the current status of ECR in Europe. All 1,500 attendees received a hand-out of the presentation as well as an invitation to our workshops. The picture shows the last preparations for the distribution of the KSA documents by Dagmar Domke, Christine Sussmann and Alan Braithwaite (stapling 1,500 invitations to the presentation). But with so many helping hands, there was no stress!!! The workshop topic was *How to Get Started with ECR*, held in four languages and conducted by a pan-European KSA

team including consultants from the UK, France (our Cleversys colleagues), Germany and Italy. Coinciding with the Conference was an exhibition where KSA presented itself as the

consulting specialist for the retail and consumer products industries, with a strong knowledge in ECR. The Conference and exhibition both proved to be a great success for KSA!



Health Care IT Practice Integration Moves Forward

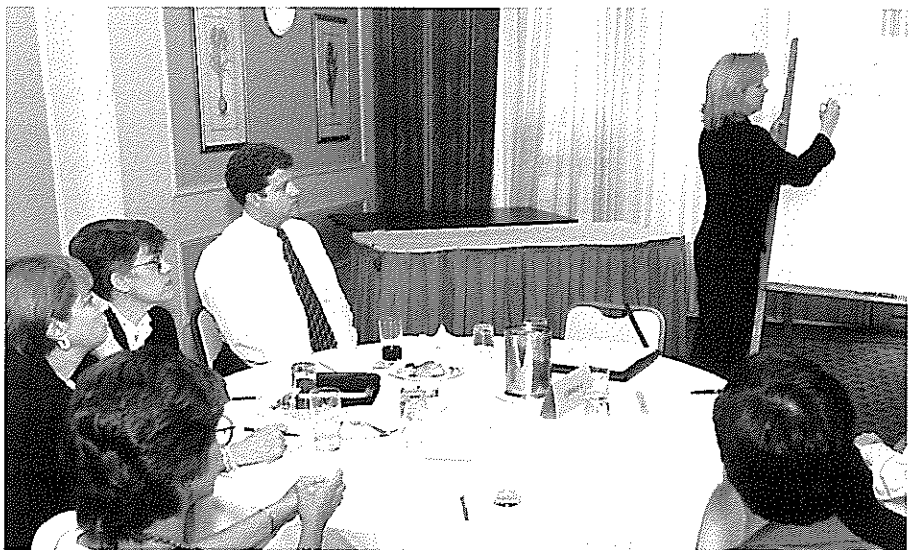
by Carol Greenwald

The merger of Hamilton-KSA with Healthcare Management Counselors (HMC) substantially expanded the size of the Kurt Salmon Associates Health Care Information Technology (IT) Practice. We needed to immediately integrate the people, services and clients to reap the full benefits of the merger as quickly as possible. Even though introductions took place at the Hamilton-HMC meeting in April, everyone wanted to really get to know each other. So, two months later, we faced down superstition and held our first, all-day, Hamilton-HMC IT Practice meeting on Friday, June 13th. Thirteen was our lucky number because it was a terrific, productive meeting: part information-sharing, brain-storming, and getting to know each other.

First, we began the day by using two client examples to illustrate the whats, wheres, and hows of the Hamilton-HMC IT Practice. Then, we outlined the major components of our strategic vision for the future: "to develop a differentiated full-services national IT Practice" which will enable us to grow rapidly in both gross revenues and number of people, cre-

ating opportunities for our professionals and our Practice. After dividing into four breakout sessions, the group discussed the details of the strategic vision: services mix, staff development and retention, recruiting, and marketing. Each breakout group took one key issue to discuss and then report back to the whole group.

Discussing these important issues not only allowed us to explore the scope of the larger Hamilton-HMC IT Practice, it also allowed us to become better acquainted with each other. The results of our discussions will be included in the strategic plan being developed for the Practice.



Clockwise: Marcel DeCuir (standing), Dean Vlahakis, Elaine Remmlinger, Carol Greenwald, Nancy Stetson, Gabe Turner.

KSA Authorized to Conduct First *Global* Efficient Consumer Response (ECR) Study

The developed markets in the US and Europe are undergoing major changes. Retailers in the US and Europe are employing strategies such as Supply Chain Management (SCM), Quick Response (QR) and Efficient Consumer Response (ECR) to re-structure their consumer products supply chain and re-attract consumer spending.

These developments pose a serious challenge to exporting countries in the Far East, such as Hong Kong. SCM, QR and ECR and their enabling technologies (e.g., Electronic Data Interchange) are not widely known within Hong Kong's export trading industries. In fact, EDI and Information Systems (IS) for products, shipments and locations are only widely used by the local food and grocery supply chain.

The KSA East Asia team addressed this issue in a 1996 strategy project with the Hong Kong Article Numbering Association, (HKANA), and identified that Hong Kong's exporting consumer products industry has a significant technology/knowledge gap in the adoption and implementation of SCM services (e.g., Cross Docked Packing, Floor Ready Merchandise, Advance Shipping Notice, etc.) in comparison with its Western competitors. HKANA grasped the potential and opportunity, and asked KSA to draft a proposal for a large-scale project involving various global consumer products companies and the article numbering associations of the US, UK and Germany.

HKANA is Hong Kong's industry association for the global standardization of EDI and identification standards for products (articles), shipments, and locations. HKANA was familiar with KSA's ECR/QR expertise, but decided earlier last year to choose a Big Six firm for a local ECR study, due to its perceived stronger regional expertise. *Yoon Wai-Leong*, our new KSA colleague, who successfully managed this competitor's ECR project, decided to join the KSA team earlier this year. After all, Kurt Salmon Associates is the

leading-edge management consultancy in the implementation of Supply Chain Management!

From the very beginning of this major project, HKANA worked exclusively with KSA, who not only conceived and developed the project idea and the winning proposal for Government funding, but also developed an innovative methodology for the first global ECR study involving leading manufacturers and retailers from four of the world's leading economies.

The Project

The project will cover Hong Kong's major exporting industries and will include the various types of export organizations such as export manufacturers, trading agents and buying offices. It will describe the role and the key sourcing, manufacturing and export trading processes of local export service industries (e.g., Export Trading Agents, Buying Offices, Export Manufacturers, Shipping Companies) and consumer products companies, and their major international trading partners in the US, UK and Germany as well as sourcing partners in Asia.

A Public and Media Conference will be held this fall to present the roadmap. The project team will also design a series of marketing tools and domestic and international events to address Hong Kong's competitiveness and the need for improved efficiency and services in Hong Kong's export community. KSA will give speeches in the US and Europe (in late 1997/early 1998) to introduce the study to Hong Kong's major overseas customers and promote and facilitate Hong Kong's commitment of efficient business communication for international trade.

What does this mean for KSA's International clients?

Now that the return to Chinese sovereignty has occurred, Hong Kong's continuing importance as a major sourcing location and the gateway to China is assured. This project

will enhance Hong Kong's information infrastructure, promote its efficiency and services with its major trading partners around the world and contribute to its continued competitiveness in the global market.

This project will be a significant discussion focus with KSA's key accounts in the US and Europe who have or are planning major business interests in Hong Kong/China. These clients will be interested in the plans and developments after 1997, and will be looking for signs of continued stability. The Hong Kong Government's funding support for this project is a key sign of commitment to the local export industry. KSA's work will ensure that Hong Kong, the world's leading sourcing manager, and its locally based international sourcing organizations achieve improved performance and increased efficiency in business. KSA's firsthand project knowledge and experience will be excellent background information for key accounts interested in improving sourcing efficiency through supply chain management.

To find out more about this project and its benefits for your clients; contact *Connie Kwok* in KSA Hong Kong (conniek@kurtsalmon.com) for more information.

Robert H. "Bob" Hinck

Our friend and colleague, Bob Hinck, passed away at his home on July 8, 1997. He was 81.

Before his retirement in 1978, he was a Principal with KSA and a pioneer in the development of many systems engineering and inventory control practices used in the apparel and textile industries. He was a founding member of the Institute of Management Consultants.

He is survived by two sons, a daughter, two grandchildren, and a great-granddaughter.

Unique Logistics Challenges of a Client in Hawaii

by Tom Bokowy

We all know that Hawaii is a wonderful place to be "on-site." Beautiful beaches, the majestic mountains, and the breathtaking vistas all make for great leisure time activities. What most people do not know is that while Jeff De Ruiter, Neysa Colizzi and I were there, we actually had to work and learned many new things unique to an island paradise 2,500 miles away from the rest of the world. The logistics aspect of the Liberty House project had two main components, completing a BasePlus® and spearheading their Quick Response initiative. We expanded our knowledge in logistics as well as the complexities, and the fun, of working in Hawaii.

The BasePlus® part of the project was very similar to the mainland. One main consideration unique to Liberty House is the geographical barriers between it and its vendors. When a substitution is discovered in the DC, the choice has to be made to keep the substitution or send it back to the vendor. If the merchandise is sent back, it may take up to twenty days to get merchandise into the stores. Accepting the merchandise is a more attractive option for Liberty House than retailers on the mainland who can get merchandise faster. When this merchandise gets accepted, the associates marking the shipment must handle the change in processing. That posed a challenge to us while time studying the operations. Luckily, since it happens so often, we were able to get plenty of time study on it. One advantage with such long lead times is that there is plenty of time to resolve discrepancies found using an Advance Ship Notice (ASN) while the merchandise sits on the boat. Liberty House was just starting to implement this technology near the end of our project. When the ASNs are utilized completely, the Units Per Hour of the building will continue to rise.

The second part of the project, the QR initiative, posed many challenges since Hawaii is in such a remote location. The reverse logistics of consolidating FRM implements from the stores on the outer islands and then shipping them back to the vendors proved to be inefficient. Therefore, all the hanger changing and security tag attaching was done in the back room of the stores. With the extra space needed in the back rooms, the high property values and the logistics nightmare it would be to get all these implements returned, it's no wonder Hawaii has one of the highest costs of living.

Beyond our project, there were many other lessons learned about the intricacies of retailing in Hawaii. Customs and long-shoremen can make the difference between selling product and waiting for it. With several stores in Guam, Liberty House has to clear all its containers sent there through Guam customs. Liberty House must also clear their packages sent internationally from its mail order division. One advantage Liberty House has is that it is the largest retailer and importer in Hawaii. This advantage helps get merchandise in and out faster than most. Although, when the stevedores went on strike, all the influence in Hawaii could not move those containers. Luckily, it only lasted a day.

Hawaii's market is also different from those on the mainland. Although there are difficult logistical barriers to overcome, the reward is that many tourists come to visit with the intention of spending

plenty of money. This is particularly true of the Japanese tourists who make up one third of Liberty House's business. The most popular item Liberty House sells to Japanese consumers is cosmetics. In Japan, the prices are so high that even Hawaii looks like a bargain. During the recent boom of Japanese visitors, Liberty House's flagship store, Ala Moana, sold more cosmetics than any other store in the world.

Vast experience with Customs, island logistics and Asian buying behaviors places Liberty House in an advantageous position as it expands to other islands. Currently, Liberty House has stores on the major Hawaiian islands, and Guam. Pursuing its island hopping conquests, it may expand to Taiwan, the Philippines, and other Pacific Rim countries.

Expanding out into the Pacific has other advantages besides tapping into a rich market. Many of Liberty House's products come from Pacific Rim countries, especially Indonesia. These products come straight to either the Oahu or Guam DC and clear customs there. With more stores in the Pacific, Liberty House can further capitalize on its proximity to these exporters and reduce transportation costs.

Outside of work, we also experienced the diverse culture within Hawaii. The office parties were a great chance to sample the culinary delights, and oddities, Hawaii has to offer. We all liked the *manapua*, which is Hawaiian for pork or coconut doughnut. It's much better than it sounds. We had mixed opinions on *Li Hing Mui*, dried plum spice put on other dried fruit. Jeff and I made a cartoon-like wince when we put it in our mouths whereas Neysa kept coming back for more. We are all confused by the Hawaiian love of Spam. Spam is a culinary option with almost every dish. Maybe a Spam manapua with Li Hing Mui powder on it? Mmmm! You can take the kid out of the mainland, but you can't take the mainland out of the kid. Here is a picture of all of us on the apartment balcony, enjoying a cookout with steak, potatoes and corn on the cob. Well, that and a garden burger. We are sad to leave our island paradise, but take with us many treasured memories.



Jeff and Brandy DeRuiter, Tom Bokowy, Neysa Colizzi

KSA Expands its Commitment to Junior Achievement

by Jana Miles

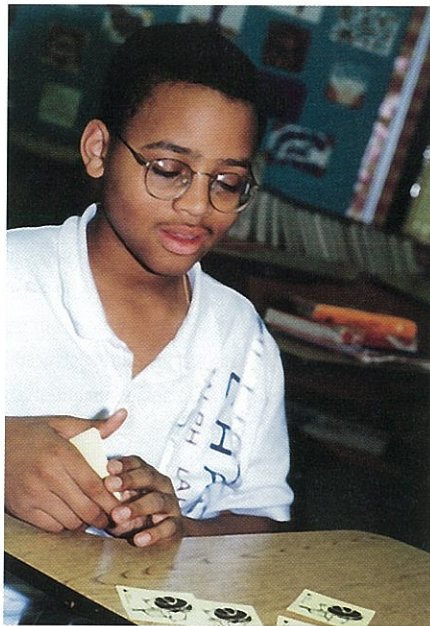
KSA brought the world of international business home to seventh graders in Atlanta this year. Students at Inman Middle School got an exciting glimpse into global economics through KSA's new Junior Achievement (JA) program.

Junior Achievement is a global organization dedicated to educating young people about business and economics. The teaching is done in local school systems by business professionals who volunteer their time.

KSA's affiliation with Junior Achievement in Atlanta began 12 years ago. For many of these years, our JA program was a collection of individual efforts, scattered across the city, teaching different programs in different schools, with inconsistent participation from year to year. In short, we weren't maximizing our JA efforts.

This year, with *Dave Cole's* election to the Board of Junior Achievement of Georgia, KSA resolved to do something important with Junior Achievement—a significant, coordinated effort that would have a notable impact on the community, and generate excitement within the firm. We designed a process and conducted a pilot project here in Atlanta, and hope to roll out the pilot to other KSA offices later. Here's a report on that pilot.

With JA's help, we found a school near the Atlanta office where Junior Achievement had never been taught before—Inman Middle School. There, we adopted a teacher, Ms.



This Inman Park Middle School student studies the intricacies of international tariff agreements and international resource sharing during a Junior Achievement session.

Ashford, who taught seventh grade social studies, and contracted to deliver the International Business program in all her classes. We assigned a two- or three-person teaching team to each class, and scheduled the JA classes on Friday, a day when we're most likely to be in Atlanta. The idea was, all KSA's JA volunteers would deliver the same material, in the same school, with the same teacher, on the same day. We would be a team, committed to using

the same approach in all classes, and reliant on each other for ideas and for backup.

The team approach and the brainstorming we did this spring resulted in terrific ideas which might not otherwise have surfaced. We delivered a more powerful learning experience to the students as a result. We also delivered more consistently because we all knew the same material and could substitute for each other. And perhaps most importantly, we all felt part of a larger, more meaningful, more fun and exciting effort—something we want to do again this fall.

JA volunteers from this spring

Sarah Davis
Charlotte Cudlip
Keith Richards
Allen Glenn
Jamie Brooks
Derrick Brown
Ken Walker
Tom Clement
Jana Miles

The reviews from the school have been positive. By the end of the spring semester, we had really made contact with the kids. They looked forward to our arrival each week, and when we asked questions about concepts taught in earlier classes, they remembered. The principal and teachers can't wait for us to come back.

In fact, KSA's approach was so successful, it has been recognized by Junior Achievement of Georgia as a model to be fol-

lowed by other companies. This model is currently being replicated across Atlanta.

Having completed the pilot, we are now in the process of rolling the same program out to all KSA offices. *Tom Clement*, with help from Fran Preston, is heading up this effort and he needs your help. Individuals from four KSA offices have volunteered to coordinate Junior Achievement activities in their respective offices. These office coordinators currently include me in Atlanta, *Jack Horst* in Princeton, *Juan Echeverry* in Miami, and *Ingrid Henrickson* in New York.

Volunteering only takes an hour per week and each course is no more than 10 weeks in length. By teaming up with one or two other consultants, you can divide the workload and still ensure your class will be taught each week (even when unforeseen client commitments arise).

Describing why KSA chose to affiliate with Junior Achievement, Dave Cole said, "We recognize a strong business community is the backbone of this nation, and we believe that a strong education for every individual who is capable of receiving it is vital. Junior Achievement unites these two priorities."

We've made a commitment to JA here in Atlanta. We'll be going back to Inman Middle this fall and hope to expand our presence by teaching more programs in several grades. Our goal is to interact with the same students over the course of several years. That way we not only educate the children, but hopefully develop relationships that have a positive influence on their lives.

Anyone interested in getting involved in Junior Achievement this fall can contact Tom, their office managers, or the JA program coordinator for his or her office. When this JA column appears in the next issue of the Observer, we hope it won't be about Atlanta. We want the next JA report to celebrate a JA success in another KSA office. Will it be yours?

Racing for a Cure

The event: Tour de Cure '97. The date: May 18, 1997. The time: 8:00 a.m. The place: Savannah, Georgia. The weather: hot and humid. The cause: American Diabetes Association. The outcome: With the sponsorship of 28 fellow KSAers, *Brad Humphries* participated in the 1997 Tour de Cure, a 100 Kilometer (62 Mile) bike race through the 'low-country' of south Georgia. It took him 3 hours and 15 minutes to complete the ride (an average speed of over 19 miles per hour) and he was able to raise \$685.00 for this worthy charity.

Brad said, "It was a very rewarding experience and I am thankful for the generous support of my KSA colleagues. Part of the KSA relocation experience has taught me to immerse myself in the community where I am temporarily living. I have always enjoyed working with charities, and have found the local chapter of the American Diabetes Association to be great to work with.

"The American Diabetes Association has asked me to participate in another major fund-raiser in January of 1998—the Bermuda Marathon. Having always been an avid runner and most recently, a triathlete, I have decided to take on the challenge of a marathon. This will require months of dedicated training and I have a goal of raising over \$3,000 for American Diabetes. The bottom line: I need your support AGAIN! If you are interested in sponsoring me, please contact me via e-mail or voice mail. Again, I sincerely appreciate everyone's support."



The New York office enjoyed a Yankees game recently. Can you find the following KSAers in this picture?: Karen O'Connor, Jeff Clark, Ting Chang, Jeff Stiely, Rich McGinnis, Rich Hamburg, Peter and Diane Cunningham with children Tommy and Chris. Also attending were Steve Berman, Arnold Aronson, Jesse Hill, Marian Henneman, Diane Wright, Linda and Tom Ortwein and children Max and Jessica, Elaine Remmlinger and husband, Arnie Rocklin, and Rich Hamburg's father, Herb.



The Princeton office recently attended a picnic at Sandy Hook National Park in New Jersey. Activities included swimming, lying on the beach and posing for pictures. Below: Traci and Kaitlyn Buck, Ruth Williams, Melody Moore and Susan and Claire Boudreau enjoy conversation and a view.



John Beddows— man of unwavering commitment

June 1997 marked the retirement of *John Beddows* after 31 years with the firm. Since joining KSA in March, 1966, John has dedicated himself to the development of a European business which embodies many of the values that he personally holds dear and that many of us feel make KSA a unique organization for which to work. It is perhaps no coincidence that John was one of the last consultants to benefit from training in Kurt's basement.

John spent his first two years working in North America, after which, he returned to Europe to play a major part in developing our Apparel Engineering practice. Promoted to Principal in 1970, he later moved to Dublin to take on the responsibility of running the business in Ireland, initially from a public telephone box outside his home!

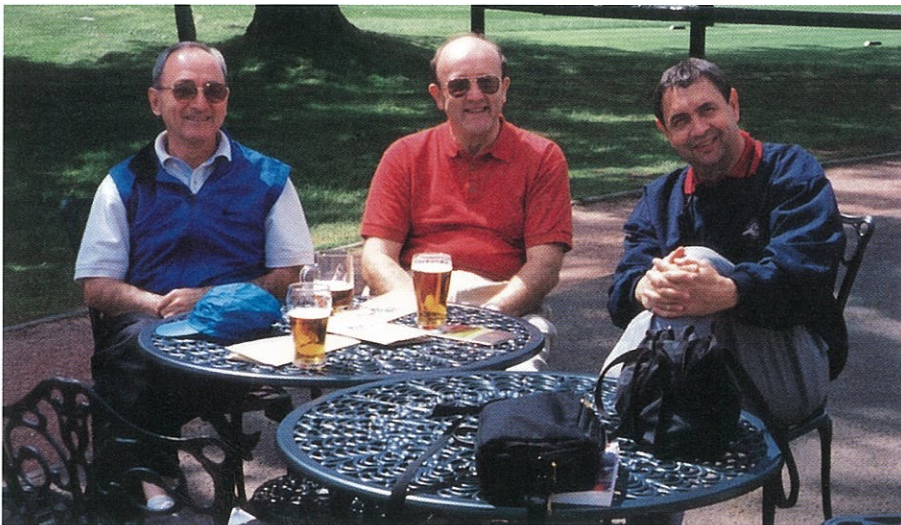
John ultimately won his battle with the Irish telephone company only to be offered the opportunity to return to England as Director of the Apparel Division. Under his guidance and direction, the division prospered and John became an Officer of the

firm in 1978. John assumed the broader responsibility of heading up the Consumer Products practice in 1979 and became UK Region Managing Director in 1981.

In the 16 years that have followed, John has been instrumental in laying the foundation for a UK practice that has become more international, more diverse in the services delivered and in the markets served. All this was achieved with absolute integrity and generous support for colleagues and clients alike.

John, as many of you know, is a keen golfer. I had cause to reflect on this when I recently heard reference to the fact that Gary Player was the only player to have won the British Open in three different decades. Well John Beddows can go one better than this, since John has served at one client (Desmonds in Northern Ireland) in each of the last four decades. Testimony indeed to the high esteem with which he is universally regarded.

The values John established within the UK Group and beyond will serve the practice well into the next millennium.



Dave Cole, John Beddows and Jerry Armfield enjoy a relaxed afternoon.

Japan

cont'd from page 1

enters or leaves the hotel.

d) None of the above—I made eye contact (and gave an acknowledging bow) because I actually *appreciated* the person greeting me every time I entered the lobby. I have been assimilated.

After two days of being treated like a true guest in the hotel and restaurants, I naturally assumed this would be the same experience everywhere. Until my first rush hour subway trip.

It was 8:30 a.m., the peak time for riding the subway. I watched the train come into the station with people literally pressed up against the windows. I decided to wait for the next train. The doors opened and as several people got out, I changed my mind. As I stepped onto the train, I realized I wasn't going to fit and started to back out, to no avail. I felt a force pushing into the small of my back—I strained my neck to see a Japanese businessman in a suit, carrying a briefcase, with his shoulder in my back, pushing like we were playing rugby. As no one else on the train was surprised by this, I decided not to push back. He made it on the train, and we were packed in like sardines. I learned very quickly that it is not practical to carry my computer bag, packed to capacity, on my shoulder during rush hour on the subway.

Being the new *Gaijin* (short for *Gaikokujin*—meaning someone from a foreign country), I found this experience entertaining and began to laugh. Needless to say, people started looking at me like I was *okashii* (crazy). After seeing the "Sardine" ritual repeated at each of the seven stops during the daily 19 minute ride, it became less and less entertaining. It's still a little funny though. . .

Personal space has a much different meaning in Japan than it does in the United States.

The Apartment Search

After gaining a week of project experience, I decided to use my Saturday to find a place to live. A few things to keep in mind:

1. You can't just go from apartment to apartment to find a place to live. A real-

tor has to be in on the deal. This has its advantages and disadvantages (a disadvantage being that the realtor is more concerned about losing face than making sure you get the apartment you want—a bit of foreshadowing here).

2. Apartment owners and property management companies are very particular about who rents their apartments (Molly and Tim Britt's apartment owner hired a lawyer in the States to investigate KSA to make sure it is a legitimate firm before allowing them to sign a lease).
3. Apartments go quickly, especially the nice ones. If you like an apartment, it is key to make an offer ASAP.

DAY 1: I was scheduled for my first day of apartment searching on Saturday, April 19, 1997. The Better Homes realtor, Mr. Hashimoto (from here forward *Hashimoto-san*), met me in front of a coffee shop to begin the search. He had faxed me layouts for six places on Thursday—three were already gone. I felt a sense of urgency. After seeing three places and looking at several layouts and brochures, I decided to make an offer on one of the apartments.

From this point forward, *Keiko Inuzuka* (read Super-human Office Manager/AA) directed most of the communication and effort required to get the apartment.

The Offer: Owners typically have an asking price higher than what they are willing to take. The realtor's experience and relationship with the property management company is critical from this point forward—this is where they earn their keep.

DAY 5 MORNING: The owners accept the offer.

DAY 5 AFTERNOON: Hashimoto-san realizes that KSA Japan is not yet a registered Japanese entity. He hadn't mentioned this to the property management company. Offer no longer accepted.

Note: The registration process, under way for some time, was scheduled to be complete by May 30.

DAY 6: Unless KSA is registered in Japan, I can't live in this apartment. Completing the registration process by May 30 is not good enough. Will the property management com-

pany accept a letter from our attorneys stating that we will be registered by May 30?

We (Keiko) ask Hashimoto-san if we can call the management company to talk about the details. Hashimoto-san says that we cannot call the property management company. If we did, *he* would lose face.

Logic check: Hashimoto-san loses face, gets his commission, I get the apartment OR Hashimoto-san saves face, gets no commission, I start the entire process from the beginning. Hmmm...

DAY 7: *Gaku Wakabayashi* gets involved. Gaku begins talks with Hashimoto-

san, our lawyers, and the property management company.

Reality check: This is an apartment LEASE.

DAY 14: The property management company will accept a letter from our lawyers stating that we will be registered soon. They will hold the apartment until then. Hopefully, I will be moved in by June 1st.

DAY 33 (Wednesday, May 21, 1997): Several phone calls later, move-in date of May 31 was set!

To be continued when I hold the official housewarming party!

A New Definition of Change Management

by Parul Robotgi

When we think of change as consultants, we could be thinking restructuring or reengineering or changing global scenario and how to manage this change by using new techniques or re-inventing old ones. This article is about none of the above. It is a view of a person who has just entered into her first job and within the first month experiences all kinds of changes in the environment. I guess this is the beginning of my training...

A lot of activity has taken place at the KSA New Delhi office in the past two months. There were preparations for the departure of Mr. Dutta (who relocated to Altrincham), accompanied by a number of fresh recruits—new faces in the right places. The old (not literally) team had its hands full with projects to complete and also with inducting the additions and introducing them to the KSA culture. The new additions learned to find their way around the office by trial and error. As if that was not enough, we shifted to our new and much bigger office. The shifting has acted as a leveler of sorts—now both the old team and the new additions have to find their way around in the office.

The shifting itself was a rather "moving" affair: some consultants left the old office with a lot of happy and sad memories. Others were thrilled about moving up in life (literally—we sat on the ground

floor in the old office, whereas in the new one we are all seated on the first floor). While individual cartons were still being located and unpacked and all the loose ends were in the process of being tied, we had the ritual "puja" (which is invoking all the gods and the planets to shower their blessings on the new office with all its occupants).

This was followed by a party that Devangshu was bull-dozed into organizing at his place. As if to get back at us, he made it a theme party, the theme being "Gender Bender" and insisted on compliance with the theme. So the usually well-dressed men shook a leg or two and acted demure and coy in skirts borrowed from their wives.

Now things have settled down a bit and while we are still accommodating ourselves to the changes, we know that there are certain constants: projects are being completed, clients pursued, deadlines kept and targets met.

New Delhi Office "In the News"

In the past six months, KSA-Technopak has received approximately 475 inches of publicity in such varied publications as The Economic Times,

The Financial Express, and The Observer of Business and Politics.

Inventory Effectiveness cont'd from page 1

Areas of focus important to inventory effectiveness include:

- *In-store stock position*—having the right product at the right place at the right time.
- *Markdown percentage*—producing the right amount of product, and
- *Inventory turns*—moving the product to market in the most efficient and least expensive way.

In-store stock position and *markdowns* reflect the revenue side of the income statement; *inventory turns* reflects the expense side. The supply chain value levers are *store operations*, *distribution*, *inventory placement*, *inventory purchasing*, *inventory planning*, and *product development*. The objective of effective inventory management is to improve in-stock positions and reduce markdowns through improving the value levers on the revenue side and decreasing the value lever cost on the operating expense side.

Factors affecting the value levers are called enablers. As an example, store operations enablers include: *shelf stocking quantities*, *impact of visual shelf presentation*, *replenishment cycle*, *customer service*, *associate selling time*, *selling floor space*, *reordering timeliness and accuracy*, and *returns processing*.

Typical changes as part of a project for improving store operations enablers include: *increase replenishment quantity to the shelf*, *deliver product directly to the sales floor*, *increase lighting over store fixtures*, *enlarge store fixtures*, *increase number of shelf replenishments*, *reduce selling associate administrative time*, and *virtual inventory visibility throughout the company*.

Once all of the opportunities for enabler improvement have been identified, a dollar amount is calculated for each improvement reflecting the additional sales it will generate (the revenue side) and the respective cost decrease or increase to implement (the operating expense side). Consequently, all dollars associated with improved store operations can be totaled and the bottom line impact to earnings summarized.

After taking the above approach for all the value levers affecting improved in-store stock position, reduced markdowns, and improved inventory turn, the earnings realized from improving the various value levers can be summarized. (See chart, page 1.)

With these results, KSA can prioritize which areas have the greatest impact to the bottom line. It is important to remember that the dollar impacts derived in our results reflect the net dollar result of implementing the respective recommendations.

The entire process can take three weeks to four months depending on the size of the company, how detailed the desired result needs to be, and how big a sample of SKUs are reviewed. A minimum of three experienced consultants obtain the required information, conduct the necessary interviews, perform the respective analysis, summarize the appropriate recommendations, and decide, with executive management, the implementation strategy.

This approach is the best way to achieve effective inventory management because it takes into consideration:

- The revenue production, as well as the cost reduction side.
- A holistic viewpoint that enhances or reduces the effect each of the different areas of the supply chain may have. (Holistic implies the approach is comprehensive in that it involves the impact between the different functional supply chain areas.)
- A top-down perspective that entails executive management support, enabling the best business decisions for the company.

I'm Talkin' to YOU

Recently, after listening to four urgent (that weren't) and eight very lengthy (and unimportant) voice mails, a KSA consultant penned these 10 Top Annoying Voice Mail Habits. They serve as a good reminder to those of us who have forgotten our voice mail etiquette.

Please don't:

10. State your name (first and last) at the start of a message when the system has already identified you.
9. Leave your full office number every time you call. Especially annoying is saying it slowly or repeating it several times.
8. Carry on a side conversation while recording a voice mail. If you have to say "just a minute" then at least pause so the recipient doesn't have to listen to dead air or your other conversation. Better yet, don't send that message—start over.
7. Use "ummmm" more than one time in the course of a message. "Uhhhhh" also qualifies.
6. Send a voice mail to someone who sits right around the corner from you. Get up and tell them, for crying out loud. The stretch will do you good. This goes for e-mail, too.
5. Search through papers while leaving the message. Usually sounds something like "...and ummmm, I will give you that number, ummmm, as soon as I find it here somewhere, ummmm, here it is, ummmm, no wait, that's not it, ummmm. OK, I'll have to leave you another message with that number in a few minutes." Especially annoying is repeating the message again when you call back to leave the number.
4. Ramble through the message, then re-state the entire message more clearly. A quick summation of points is OK, but better to be concise from the start.
3. Leave long messages that the recipient is forced to replay/pause several times in order to transcribe. Assuming it is not a life and death situation, e-mail is a more appropriate medium.
2. Fill one person's cue with numerous messages in one day. If you have to keep doing this, it might be time to leave an e-mail, arrange to speak in person, or move in together.
1. Leave most of your messages as "urgent." Please, get a clue. They aren't.

Successful Performance Evaluation

by Pam Beckerman

Getting or giving a performance evaluation is usually not our favorite activity. It ranks up there with balancing our checkbooks and going to the dentist. Maybe it's because there's an element of potential conflict or vulnerability involved. Perhaps, instead, if we see the power to be unleashed during the interaction, we might warm up to it a bit more.

Creating a more positive frame for evaluations would help. If we reframe the evaluation process as a doorway or vehicle for growth rather than an obstacle or bureaucratic task, we might not find it so burdensome.

Why do we do evaluations anyway? There are lots of reasons:

- Recognizing accomplishments
- Identifying areas requiring improvements
- Building rapport and trust
- Clarifying roles, goals and priorities
- Exploring career needs
- Fostering professional development
- Creating strategic alignment
- Promoting cultural continuity (passing the torch)
- Resolving conflicts
- Ensuring documentation of contributions
- Informing compensation and promotion decisions

How do we get the most out of our reviews? Here are some suggestions:

1. Plan

Set and agree on goals and standards for success at the beginning of a performance period (or project if you are a consultant). Refer to them at intervals to gauge progress and make course corrections. Prior to the actual review discussion, assess goal completion and plan what you wish to cover during the interaction. The more you invest in this dialogue, the more you will get out of it!

2. Be accountable and timely

We are all busy and some of us are prone to procrastinate. It is easy to put off reviews in favor of other tasks. However, late reviews are awkward at best. If we fail to initiate our own review and lag in giving them to our staff, those around us tend to question our interest and commitment.

Consultants should be reviewed at the end of projects and on their service anniversaries. Principals, Manager, Support Staff and others are on annual review cycles and should participate in reviews around December and January of each year. Take the initiative to schedule planning and review discussions. Don't wait for others to make things happen.

3. Communicate continuously

Throughout the evaluation period, share ideas and observations. Provide and ask for feedback regarding effectiveness in various contexts and progress towards goals. That way people may adjust their behavior as they go. Don't have candid conversations once or twice a year. Connect and recalibrate often. Look for coachable moments and use them.

Last fall, a more structured approach to performance management was implemented for staff in North America. In regional meetings, employees received an overview of the performance management process and Toolkits containing the evaluation forms. Since then, there has been a marked improvement in the timeliness and quality of performance feedback. However, there is always room for improvement. Please use your reviews as opportunities and make the most of them.

I am available as a resource when you need to give or receive performance feedback. Feel free to call me at 404-898-7862.

Milestones

Congratulations to:

Mike and Deborah Boguszewski on the birth of a daughter, *Anna Constance*, June 6.

Gary and Anne Rose Megson on the birth of a daughter, *Kelsey Danielle*, June 10.

Lucy and Mark Gill on the birth of a daughter, *Zara Judith*, June 29.

Scott Vifquain and Heidi Self, married July 5.

Michael and Stacey Rice on the birth of a son, *Grayson Alexander*, July 18.

Laura Collins and Randolph Legg, married July 19.

Tim and Molly Britt on the birth of a daughter, *Eliza Edythe Britt*, July 22.

Scott and Kelly Leavell on the birth of a daughter, *Erin Kathryn*, July 28.

Cullen McClure and Laney Crisp, married August 2.

Dana and Tom Sulger on the birth of a daughter, *Anna Toulmin*, July 30.

Nancy Stetson was recently named a Fellow in the Healthcare Information and Management Systems Society (HIMSS). Nancy has been a member of HIMSS since 1987. She has served on the Board of Directors of the Georgia Affiliated Chapter of HIMSS as Publications Director and President-Elect.

The KSA Observer

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Harry Kelly Named Director, Corporate Finance



Harry Kelly has twenty-plus years of investment and corporate banking experience. He has worked extensively with both domestic and international capital markets as well as having a mergers and acquisitions specialization. Most recently, Harry was Vice President, Corporate Finance, with CIBC Wood Gundy Securities Corporation in New York. He led the diversified industries business development and relationship management team covering New England and mid-Atlantic regions.

Results achieved included establishing new corporate rela-

tionships as well as identifying and implementing transactions using a wide range of corporate finance products. Additionally, he was the project manager on the effort that developed a new corporate strategy for CIBC and Wood Gundy.

Prior to CIBC Wood Gundy Securities Corporation, Harry worked with Prudential Securities, New York as Managing Director, Corporate Finance, and Kidder, Peabody & Co., Inc., New York as Vice President, Corporate Finance.

Harry is located in our New York office with responsibility for leading our corporate finance practice. *Gary Catberman* and *Brad Payne*, Directors, report to Harry and lead the Southeast region. Rounding off the Corporate Finance Group are: *Becky Hites* and *Richard Ruffo*, Senior Analysts; *Chad Parker*, Analyst; and *Souzanne Abu-Shala*, Administrative Assistant.

Harry received his MBA in Finance from the University of Pennsylvania, Wharton School.

KSA forms Kurt Salmon Associates Capital Advisors, Inc.

KSA is registering both the names "Kurt Salmon Associates Capital Advisors, Inc." and the shorter version, "KSA Capital Advisors" with the US Patent and Trade Office as the name of our corporate finance practice. Once the registration process is complete, KSA Capital Advisors will provide the merger and acquisition, financial and capital advisory services to the clients and industries KSA serves, which are currently being provided by Corporate Finance.

KSA Capital Advisors will focus on two lines of business with companies in the industries KSA serves. They are 1) providing capital sourcing strategies and assisting/representing our clients in these transactions,

and 2) acting on behalf of our clients as a financial advisor by providing merger and acquisition advisory services.

For more information contact Harry Kelly.

Jim Horton Named Officer

Jim Horton is a skilled professional contributing significantly to the development of our practice on a global basis through dedicated work with clients.

Jim initially joined KSA as National Director of Retail Services, and is now Practice Leader for the Food/Grocery Client Service Team in North America. He has been instrumental in the development of our practice in Japan serving major clients such as Jusco and Ryoshoku. In North America, his client work includes WH Smith, Best Products, and several other major clients in general retailing and food and grocery. He also assisted with projects at Sainsbury, the #1 grocery retailer in the UK.

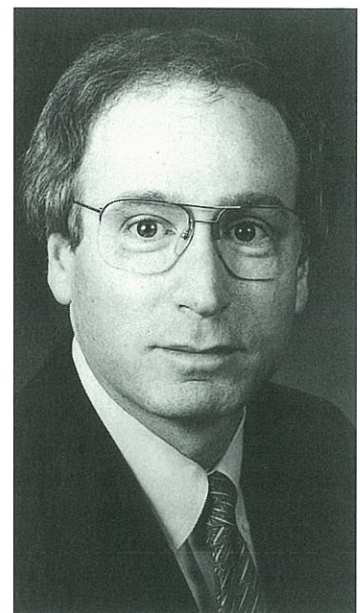
Jim is skilled in maintaining existing relationships, developing new relationships and in integrating services across functional disciplines of systems, operations, logistics, and BPR with leading client firms.

He has been active in recruiting a number of key colleagues into KSA and contributing to their on-going professional development. Jim's experience prior to KSA included National Director of Retail Consulting in a Big Six firm, and President of World Wide Chain Store Systems, the leading package software firm serving the grocery industry.

Jim is a tireless global traveler. Any given week he may be in Japan, Indonesia, United Kingdom, or on either coast of the US.

Jim holds a BS in Accounting and an MBA from West Virginia University. He and his wife, *Merinda*, and their four children reside in the Atlanta area and are very involved in family and sports activities.

When he is not spending time with his family, consulting, or traveling, he can usually be found on a 6- to 10-mile run in the very early morning or late evening.



New Principals

Robert Blyth

Robert joined KSA in 1992 having completed his MBA program at the University of Manchester. Previously, he worked with the Post Office in the UK and with Nevica in Germany and the UK. Robert has, for a number of years, led the development and marketing of our presence in the European sporting goods sector and can now list Umbro, Helly Hansen, Sara Lee and The Pentland Group among his key clients.

Robert is a key resource in selling and delivery of business strategy, marketing, sourcing and new product development assignments in Europe. These skills have been instrumental in creating significant opportunities with various financial institutions and several of the world's leading textile businesses including Cone Mills and Courtaulds. Fluent in German, Robert has travelled widely on behalf of clients in Europe, Scandinavia and Asia.

Steve Nevill

Steve has more than ten years of industry and consulting experience. Prior to joining KSA, he helped create and then manage operations for the Retail Business Information Systems division of American Retail Group (ARG). ARG is the US operation of C&A, a global retail organization with businesses in North and South America, Asia, and Europe. Steve's group was responsible for providing systems support to the Uptons, Byrons, and Steinbachs retail operations for ARG. It also served as a platform base to begin rolling out the same services to Eastern Mountain Sports and Miller's Outpost, thereby providing a centralized corporate systems function that is common to all divisions. Prior to ARG, Steve was a senior manager for Deloitte and Touche.

Since joining KSA, Steve led the project team at The Athlete's Foot in an inventory logistics assessment; provided Viacom with assistance as it prepared to open its first retail store; led the systems area work at Sports and Recreation (now Jumbo Sports); and was part of the



Blyth



Nevill

team at Consolidated Stores providing input on systems assessments and direction.

Recently, Steve transitioned into the lead role of the project delivery team at Claire's Stores doing some exciting work on inventory management practices.

Steve received his BA in 1986 and his MBA, in Finance and MIS, in 1987 from Indiana University. Steve, his wife *Theresa*, and their two children live in Alpharetta, Georgia. In his leisure time, Steve is an avid tennis player.

New Managers

Thomas Beckmann

Thomas has been working in the UK Retail practice for the past eight months, having worked for the German practice for the previous two years. Thomas has worked for leading retailers throughout Europe specializing in the development and deployment of Merchandising Planning systems. Thomas' recent clients have included WH Smith and Makro.

Derek Clements

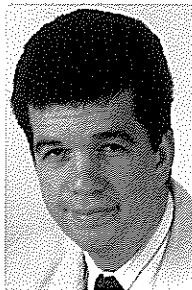
Since joining KSA in 1995, Derek has undertaken a number of IT assignments for leading UK and international retail and consumer products clients including Talbots, WH Smith, Reebok, Storehouse and ICI. Derek came to KSA with extensive Retail and IT experience and has utilized this to great effect in client delivery and marketing work.

Dorothea Ern

Dorothea was promoted to manager in January. After completing her degree in apparel and business, she demonstrated excellent consulting and clients skills in her five years with KSA. She has contributed on strategy projects at clients Mondri, Thierschmidt, JCK, Miles and vanLaack in Germany as well as on international projects for the World Bank, Champion Sportswear, Cone Mills and Calvin Klein. Dorothea also serves as development manager for the Germanic Strategy Services and has published several articles for the EIU.

Nick Garratt

Nick has joined as a Manager working in the UK Retail practice. He was formally Commercial Director at Wallis (part of the Sears Group). Prior to this, Nick worked for The Disney Store Europe for three years



Beckmann



Clements



Ern

as Head of Merchandising. Nick began his career with Marks and Spencer and spent 13 years with M&S in retail operations, sales & marketing and merchandising.

Nick is married with three children and speaks French and German.

Lucy Gill

Lucy has demonstrated tremendous consulting skills since joining the UK Group 12 months ago. Her experience in consumer products marketing gained at Nestle in North America and Europe have enabled her to contribute as a key member of international consulting teams operating at Sara Lee, Natwest Ventures and Sanderson.

Adelle Kirk

Adelle joined KSA in July of 1994, following graduation from the Woodrow Wilson School of Public and International Affairs at Princeton University and one and a half years as a staff consultant with Deloitte & Touche.

Since joining KSA, Adelle has proven her strategic planning and consumer marketing prowess repeatedly, through a number of client assignments such as Coca-Cola, Vanity Fair Intimates, Cole-Haan, Simplicity and others. Adelle also gained proficiency in process improvement during a successful assignment at Cole Haan. In addition to her client and consulting assignments, Adelle is KSA's Manager of Consumer Marketing. She has given or prepared numerous speeches including the CEO Briefing, the NRF presentation and has authored several articles, many of which have appeared in *Women's Wear Daily*. Adelle has also become a frequently-called-upon resource for proposal development.



Garratt



Gill



Kirk



Larkin

During the rare waking moments when Adelle is not at work, she lives in North Bergen, New Jersey with her husband, *Tom* and is an avid golfer.

Rezarta Larkin

Rezarta has joined us as Marketing Executive in the UK practice. Previously she worked at British Nuclear Fuels (BNFL) in a similar role. Rezarta speaks Italian, Albanian, German and French and will be providing an essential link in our pan-european marketing network.

Dana Sulger

Dana joined KSA with an MBA from Columbia University, where she graduated in 1994. She also brings prior experience in the luxury apparel sector with Chanel and Isaac Mizrahij.

Dana has proven herself to be a capable project manager of several major BPR/process improvement assignments.

Highlights include:

- Maidenform: Development of a planning tool and a detailed merchandising calendar that enabled Maidenform to significantly improve its on-time delivery.
- Cole-Haan: Engagement to define a team-driven product development and pre-production process.
- Jones New York: Dana has been involved along with a team of KSA and client personnel in refining a merchandising calendar, beginning with a requirements phase and continuing through implementation. Dana was instrumental in selling the follow-on phases which total over \$1 million in fees.

Dana and her husband, *Tom*, and infant daughter, *Anna*, live in Darien, Connecticut. (Photo not available.)

Europe's New Office

KSA Europe has opened a new office in London. It is situated on Cannon Street in the heart of the City district of London.

Over the past five years the UK practice has grown fast. Many of our major clients, particularly retailers, are located in London, so it is appropriate to have a working base in the capital.

The Manchester office will remain the major hub for KSA/UK activities, while the London office will be used for client related meetings and reviews.

Worth Noting

In July, *Josephine Coates* was recognized for her 10 years of full time service at KSA/UK (12 years in total) and on the occasion of her retirement.

Jo has worked tirelessly and contributed enormously to the firm from her early days of temporary employment, supporting the Russian projects, through to her latter full-time role as secretary and coordinator of many of the administrative functions in the Manchester office.

Jo will be missed but we wish her well in her retirement and fully expect to see her in the office from time to time working once more on a temporary basis!

Irene Wright recently celebrated 13 years as KSA/Atlanta's Xerox representative. Irene manages the copy room and those of us who have worked with her know her to be a calming force within the fast-paced life that is KSA. Known for her quick smile and easy laugh, Irene is always willing to help, even while in the middle of copying and binding a huge last-minute client proposal. Thank you, Irene, for your years of excellent service!



Coates



Wright