

# The Observer

July 1998

A publication by and for the employees of Kurt Salmon Associates

T H E " E U R O " D O L L A R

## KSA Helping Europe Cope—One Retailer at a Time

by Thomas Beckmann

W

hat do Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain have in common?

By January, 1999, these countries will have another currency in addition to their original currency, and by July, 2002, these countries will have a new single and common currency, the "Euro." It does not sound very exciting, but can you imagine what it means for these countries and their citizens?

- People will need to trust the change, which will not be very easy, especially for people who went through the Second World War.
- Everyone will have two currencies in their wallets and will have to learn new values for goods and services
- Everything associated with money will have to be done twice or in parallel for over three years

So, why is Europe doing all this?

- A united Europe will be stronger in international competition
- Exchange of goods, services and payments throughout the European Union will be simpler and cheaper (no exchange rate risks)
- The currency will be more powerful

This is a major change for Europe, con-

sidering the differences in culture, language, climate etc. The countries will have to give up a bit of freedom and independence to gain economic empowerment.

This major task has already had a significant impact on the marketplace, especially on retailers, who service the consumer day in and day out. All prices in the stores will need price tags in two currencies, till transactions will need to handle two currencies at the same time (e.g., pay in German Mark, exchange in Euro), salaries may be paid in one of the two currencies, etc.

The Kriegbaum Group, one of the major players in the German retail market, asked KSA-Germany recently to help it transform all systems and processes to be "Euro-compliant." This was combined with a "Y2000-compliance" task.

We started one month ago with a team of six consultants, looking at all processes and systems with a "currency" or "date" field. This is a real challenge, considering the retailer's 100 "standard" systems and thousands of customized programs. Further, we are looking at cash dispensers, shopping trolleys, food balances—an endless list for a company with 9500 employees in the food and DIY retailing, and its own butchers and gas stations.

One of the key tasks for retailers is to find the right Euro strategy. While it might be a strategic advantage to be able to service the customer with two currencies, there are potential sourcing benefits, too. It

is a normal process to add a certain percentage to the sourcing costs to limit currency exchange risks.

These "hidden" add-ons will disappear for sourcing in Europe, but there will be a battle between retailers and manufacturers over that additional margin. (The average profit in food retailing in Germany is about 1%.)

The biggest challenge for our project, however, is time and quality. We need to find all date and currency fields to help Kriegbaum transform its IT world into the new millennium with two currencies. Time is running out—the Euro will start January 1, 1999, and the new millennium will begin in a little more than 500 days.

### KSA: Standing out in the crowd at the ECR Europe Conference

The third ECR Europe Conference was held in Hamburg on April 1 and 2. The number of attendees compared to last year increased considerably from 1,500 to 2,000, proving that ECR is still an interesting topic. KSA's topic this year was Efficient Promotion, which was prepared in a project all over Europe involving many consultants. *Heiner Spalink* from KSA Germany and *Massimo Visconti* from KSA Italy were responsible for this project. Massimo gave a fantastic

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## From the Chairman

# Strong Start for '98

The year is shaping up to be excellent in most respects. Revenues year to date are 148% of last year, and profitability is very good. Worldwide, our revenues are ahead of budget; however, expenses are as well, resulting in profitability slightly below our aggressive plan. Our overall outlook is to end the year with about 30% growth, as we will likely not sustain the first half growth rate all year due to capacity constraints.

Currently all major regional practice sectors are ahead of last year in revenues: Asia is strong as a result of a major \$9+ million project for a significant client in Japan; North America is well ahead of plan and last year; and Europe as of P5 went ahead of last year. The GES practice that operates globally is ahead of plan and well ahead of last year. We are capacity bound in GES, Japan, North America IT and Logistics. Please let the appropriate practice sector or the recruiting coordinator know of high quality personnel you may be aware of whom you believe meet KSA standards and would be interested in an exciting, high growth career. This could be from your contacts of undergraduate or graduate days, or your prior work experience. Through mid-June worldwide, we recruited more people than we did in all of last year; however, new project authorizations and opportunities exceed our current resource base in several areas.

Our strong results are, in my view, a function of three things:

- A strong consulting market in most regions in which we operate
- Our commitment to quality
- Focus on meaningful target clients

That latter point bears elaboration. It is quite practical to more than double our current practice size by serving less than one-half of our current client base. This implies that our average level of service to each client should, and will, be approximately four times or more today's level as we continue to focus the practice. Consolidation in our target markets means fewer potential clients; however, it results in

clients with more complex, significant challenges to be dealt with. Frequently, solutions to the client needs require multi-function resources with an inter-industry and/or international perspective. We are increasingly well equipped to meet such needs.

Today and in the future, the \$1 – 5 million project must be commonplace and \$20 million and larger projects will become rea-

sonably frequent occurrences. This requires a mindset on our part to scope, quote, assign resources, and deliver work of that magnitude. The market opportunity is certainly before us to do so.

Congratulations to all KSAers worldwide on the very strong start to the year. For the future, we will continually increase our focus and in doing so, we believe, sustain success.

## Which Way to the Emerald City? KSA survey shows retailers need heart, brains, and courage

At the Apparel CEO Summit in June, *Dave Cole* and *Adelle Kirk* presented the results of KSA's annual Consumer Outlook<sup>SM</sup> Survey in, shall we say, a unique and creative way.

Adelle, dressed as Dorothy from the Wizard of Oz (portraying the consumer), and Dave, narrating as the wizard, reminded listeners that the consumer's priorities are changing. Half the time, Dorothy leaves the store "with an empty basket" despite having a clear idea of what she wants to buy when she enters the store. Here are the top reasons she leaves empty handed:

1. She didn't like the styles.
2. She couldn't find anything, due to stock-outs.
3. Nothing fit.
4. There was no knowledgeable sales help.
5. She couldn't get in and out quickly.
6. Prices were too high.
7. The experience was too stressful.
8. She didn't find good value.
9. The store was not merchandised the way she wanted to shop.
10. She didn't want to buy a bathing suit in February.

Adelle described today's consumer as "hip, smart and savvy... She wants retailers to understand her. She wants styles that suit her tastes and fit her lifestyle."

The industry is still off the mark in meeting those needs. KSA's research of 1,000 male and female consumers in the U.S., age

21 and over, found that two-thirds of women and one-third of men feel apparel makers "don't make clothes that flatter our bodies anymore."

Dave urged retailers to build a "consumer connection," to create a compelling memory. Products come and go, but emotion and experience is lasting. Consumer intimacy pays off.

How can such goals be accomplished?

"We need to make major changes in processes," said Dave, offering a few predictions of the future landscape that will force such change.

- Today's product lead times are 40 percent less than they were five to ten years ago, and in five to ten years they will be half that.
- In-stock will be 97 percent physical and 100 percent virtual. If an item is not in the store, in 24 hours it will be there.
- One-third of product will be customized, whether it's a dress or blouse or a sleeve on a shirt.

- Inventories will be two to three times more productive.

- Information systems will be intra-industry and you will share data in an open world.

"A decade ago, Communism ruled half the world and cell phones were rare. And Wal-Mart was a \$20-billion company," said Dave. "Things change, and change fast. If you collaborate, the supply chain can drive key changes," he urged the audience.

"Think of change as the status quo."

## Tools for Management of Change

### Optimize and Implement Processes Successfully

Heiner Spalink, responsible for ECR and Management of Change within KSA Germany, is the editor of a book with the above-mentioned title, published in the respected publishing house of the Frankfurter Allgemeine Zeitung.

Management of Change is a current topic. Its aim is to optimize all corporate processes over the whole value chain—from the consumer to retailer and manufacturer. However, how shall theory become practice? How exactly can processes, structures or systems be altered? How can the process from a functional to a process-oriented organization be managed? Which planning and controlling instruments may be used? How should the personnel development be achieved?

The book "Tools for Management of Change" deals with phenomena arising in the change management. Thought patterns and "tools" are described in detail. The reader gets to know, from different points of view, how implementation management is becoming more and more an autonomous marketing instrument.

Examples from various companies show how Management of Change can be implemented successfully. The experience reports come, among others, from Esprit, Jacobi Allied Domecq and Marks & Spencer.

The book is very successful, therefore the first edition is already out of print; the second edition will be published soon.

## Standing Out

cont'd from page 1

speech about this topic, together with two co-speakers from Procter & Gamble Europe and REWE, a leading German retailer. In addition, KSA, as one of the official consultants for ECR Europe, was asked to prepare an additional workshop on Efficient Promotion. Although all the other ECR consultancies held workshops, too, it was easy for KSA to stand out in the crowd: Massimo had the idea to carry out

the workshop in a kind of coffee shop. He was able to find a sponsor—Italy's second largest coffee manufacturer, named KIMBO. They came from Naples in the southern part of Italy to Hamburg (1,900 miles) by truck and brought everything one needs for creating a real Italian café atmosphere, from original coffee machines to the furniture for the room. Visitors were able to have a cup of Italy's most famous Kimbo coffee, cappuccino or espresso while discussing ECR-related topics during the workshop or between the main sessions. Our café proved to be a great success—it was a very "Efficient Promotion" for us.



Christopher Rohe, Heiner Spalink and Christine von zur Gathen (just married and just back from her honeymoon) at our booth.

### The KSA Observer

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## Tractor Supply Company/ SAP Retail Update

### KSA-Led Team Completes Blueprinting Phase

by Dean Sivara

Tractor Supply Company (TSC), a \$500 Million farming retailer headquartered in Nashville, Tennessee has just completed the Blueprinting phase of its SAP Retail implementation. KSA is the prime integrator for TSC, managing and directing a team of 35 consultants and full-time client team members. The project utilizes the SAP Accelerated SAP (ASAP) methodology, which calls for a nine-month rapid implementation of the new retail solution. Listed below are the ASAP phases and key dates for the project:

Project Planning	02/23 – 3/27
Blueprinting	
(reqts defin)	03/30 – 5/01
Realization (config)	05/04 – 8/15
Finalization	
(Integ Testing)	08/17 – 10/24
Go Live (rollout)	10/26 – 12/24

The team has just successfully completed Phase II of the ASAP methodology, Blueprinting. Now the really challenging portion of the project—configuration, has begun.

Mohamed Amer and Roman Cates are contributing to the supply chain and merchandising/stores teams respectively, on a full-time basis, and I am leading the team. KSA is also utilizing the TeamSAP approach, managing consultants from two other firms, Prescient (formerly SCP) and Holland Technology. Given our current workplan success, KSA is looking to help TSC become the first company in North America to successfully implement the SAP Retail, version 4.0 solution. Another update will follow the critical August 15 deadline.

# Worldwide Sourcing Project Begins in Hong Kong and Circles the Globe

by Enrique Morales

Can you name the KSA client that:

- operates the largest radio station in the United States?
- processes the most film in the world?
- runs the third largest pharmacy chain in the country?
- employs over 270,000 people, the sixth largest employee base in the U.S.?

The answer: Kmart Corporation, the discount retailer based in Troy, Michigan, a suburb of Detroit. KSA has been working for Kmart for over a year, and is implementing many new ideas and strategies to improve the retailer's merchandise flow. Over 20 KSA consultants are helping define the new "Kmart Way."

First, a few more statistics on the size of Kmart. Kmart operates 2200 stores and 18 distribution facilities across the United States. With over \$32 billion in annual sales, Kmart owns about 9% of a \$350 billion discount retail industry market. The headquarters building is home to about 5,000 employees.

Kmart went through some rough times in the early 1990s. However, with new executive management, it has slowly come back. While Kmart has made many strides, most analysts still believe it has to overcome challenges in inventory management. In a recent article in *Discount Store News*, analysts pointed to poor in-stock performance and to inefficient inventory utilization as major barriers to Kmart's success. A Kmart executive stated in the article that "We need to improve the flow of goods and increase our ability to manage goods against sales increases." The same article also mentioned that KSA had been engaged to review Kmart's merchandise flow and supply chain.

In December of 1997, KSA began to examine Kmart's merchandise flow with the

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## How it all began . . .

by Jana Miles

The current work at Kmart is actually the result of a string of sales efforts and successful projects by KSA offices and consultants around the globe. The work started when *Guido Schild* in KSA's Hong Kong office read an article about Kmart's global sourcing efforts. Guido approached *Tony Vaal*, Director of Kmart's Far East Sourcing Operation, and sold him a small local sourcing diagnostic project. The scope of this study was confined to Kmart's Far East operations. In addition to Guido, *Angela Wong* and *Oliver Baran* worked on this project. The study surfaced, at a high level, opportunities for Kmart to dramatically increase the volume of product imported to the US through the Far East sourcing organization.

These study results came to the attention of *Warren Flick*, Kmart President at the time. Merchandise imported through Kmart's own sourcing organization yields much higher margins and profitability than product sourced through other channels. Warren asked KSA to do a more in-depth analysis of opportunities to increase import volume, resulting in our second project with Kmart. It was conducted in the summer and early fall of 1997 by *Butch Price*, *Chris Port*, *Frank Pelzer* and *me*. In this project, we identified \$216 million of gross profit potential for Kmart by increasing directly-sourced product from 11% to 18% by the year 2000. We also examined and reported on barriers that would prevent Kmart from realizing these opportunities. One of the potential barriers had to do with the organization and job descriptions of individu-

als involved in the pre-season planning and sourcing process.

Warren was so pleased with the results of this project that he asked KSA—on the spot during the final presentation—to help Kmart re-write the job descriptions. *Butch Price*, *Chris Port*, and I conducted the Pre-Season Planning and Job Description project in October 1997.

By the end of this project, Warren Flick had developed a great deal of confidence in KSA. He had been struggling for some time to improve the flow of merchandise through Kmart's logistics infrastructure and stores. He invited KSA to discuss the issue and propose a solution. *Dave Cole*, *Dave Rush*, *Steve Nevill*, *Ken Walker* and I met with several Kmart executives and developed a proposal for the \$1 million Product Flow Improvement Project. This project sold and was managed by *Steve Nevill*. It was completed in April. Recommendations from this project are being implemented in the current project.

### Summary

Far East Operations Diagnostic Project  
July 1997

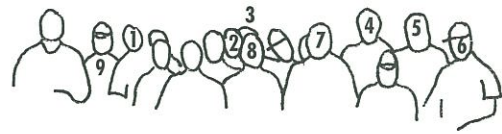
Sourcing Opportunities Analysis Project  
September 1997

Job Description Project  
October 1997

Merchandise Flow Improvement Project  
November 1997

Follow-on Implementation Project  
April 1998

# KSA UK Participates in Corporate Games



1) Taza Mohammed, 2) Susan Colley, 3) The hair of Diana Jones, 4) Christian Watson, 5) Ingmar Kraak, 6) Fergus Nolan, 7) Philip Michell, 8) Suzanne Woodall, 9) Rezarta Larkin. The rest are friends, partners, and family.



## New York Office Grand Opening

On April 1, New York hosted a client party to show off our new office space. Despite April showers, there was a good representation of both health care and consumer industries clients. Having worked up their appetites cleaning their desks for our guests, KSAers were also in good attendance. A terrific time was had by all and the office got rave reviews. These snapshots tell the story.

—*Louise Hutchings and Katherine Lackovic*



Marc Grossman, Harry Kelly and Marilyn Wilson

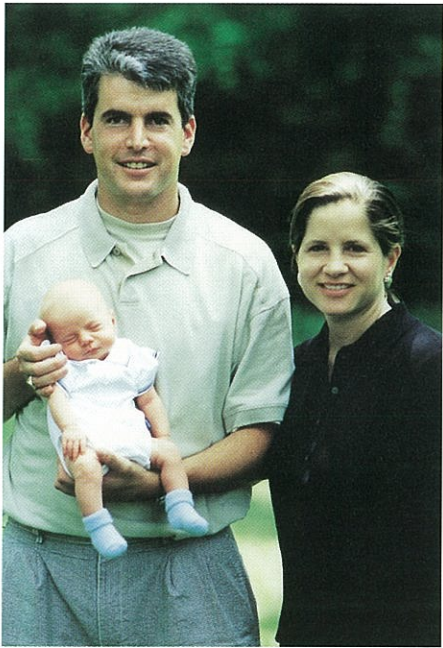


Doug Ford, Peter Harding, Dave Cole, an unidentified guest and Paul Charron (Liz Claiborne) enjoy the festivities.

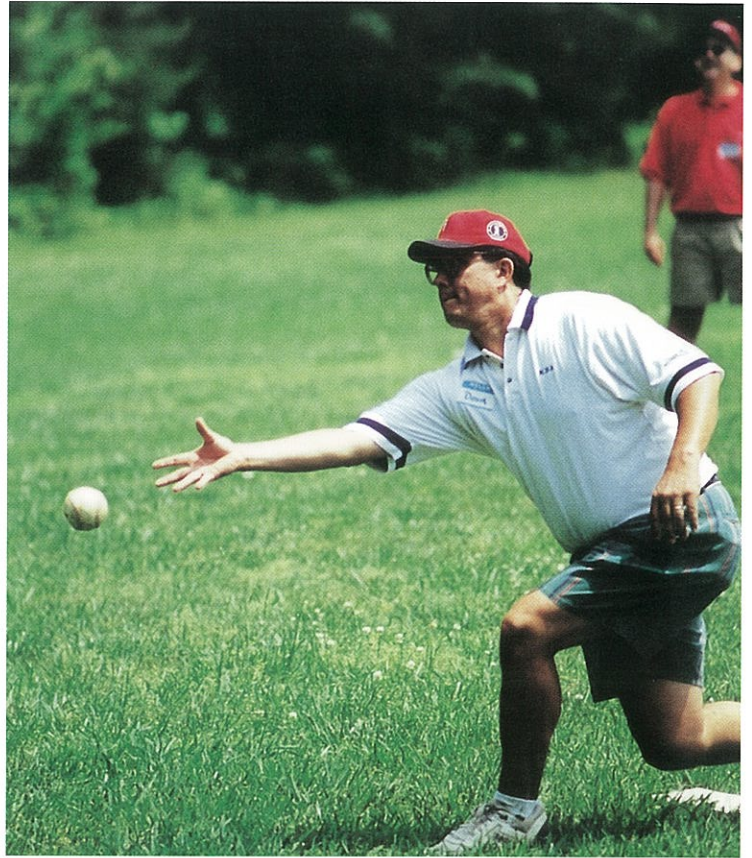


Nancy Farrell (Chief Admin. Officer, Cornell University Medical College Physician Organization), Jean Rabunski and Scot Latimer

# Atlanta Office Picnic Great Fun for Children of All Ages

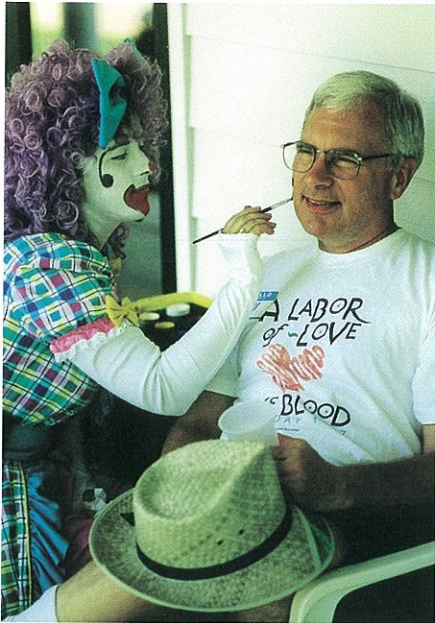


Above: Bob, Linda and Miles Copeland. One of the door prizes was a trip to Chateau Elan, a local resort and winery. Miles won the trip. Maybe he'll take Mom and Dad along!  
Right: Dean Sivara.

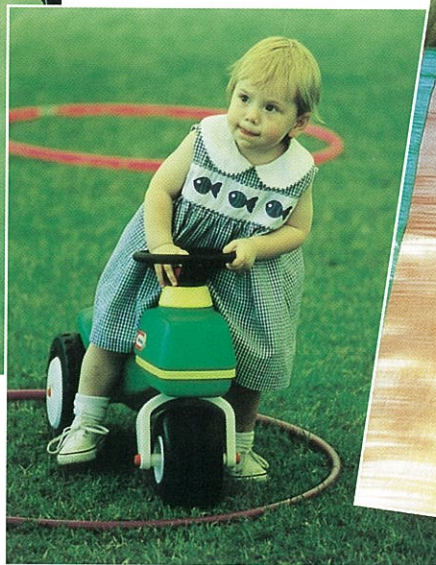


Above: Charlotte Cudlip.  
Right: the Cole Clan.





Above left: Bill Beckemeyer.  
 Above right: Sharon Todd with husband, Wayne, and Wayne's parents. Sharon organized the picnic, as she has for the past several years. Sharon also organized the 1998 Principal's meeting, putting in long, exhausting hours. Many thanks, Sharon, for TWO jobs well done!  
 Below left: Stephanie O'Neal.  
 Right: Dave Rush and daughter, Laken.  
 Below right: Future KSAers?



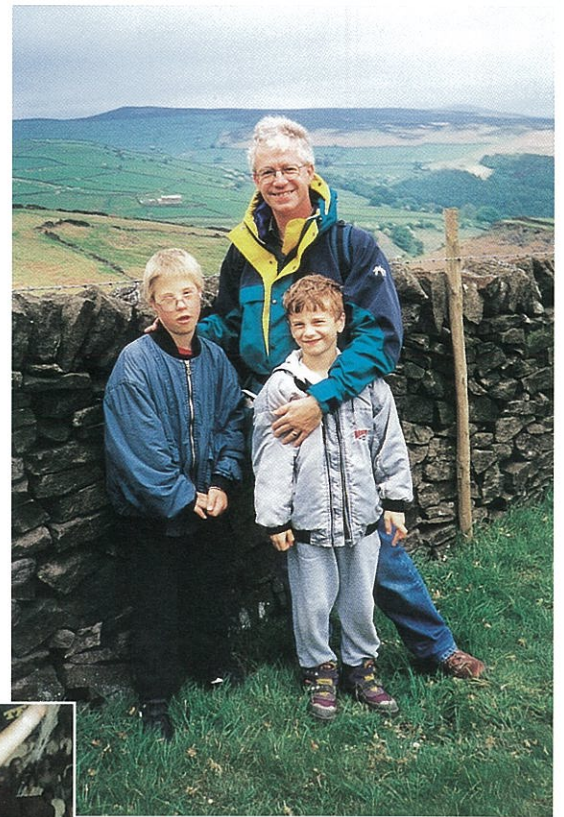
## KSAer to Participate in Icelandic Challenge

In September, Peter Willmot (Principal, Manchester Office, UK) will take up one of the biggest challenges of his life. He is going to Iceland to take part in the Whizz-Kidz Icelandic Challenge, raising money for disabled children. He will trek 100km over 6 days, covering mountains, lava fields, ice caps and glacial rivers, and sleep in tents in sub-zero temperatures.

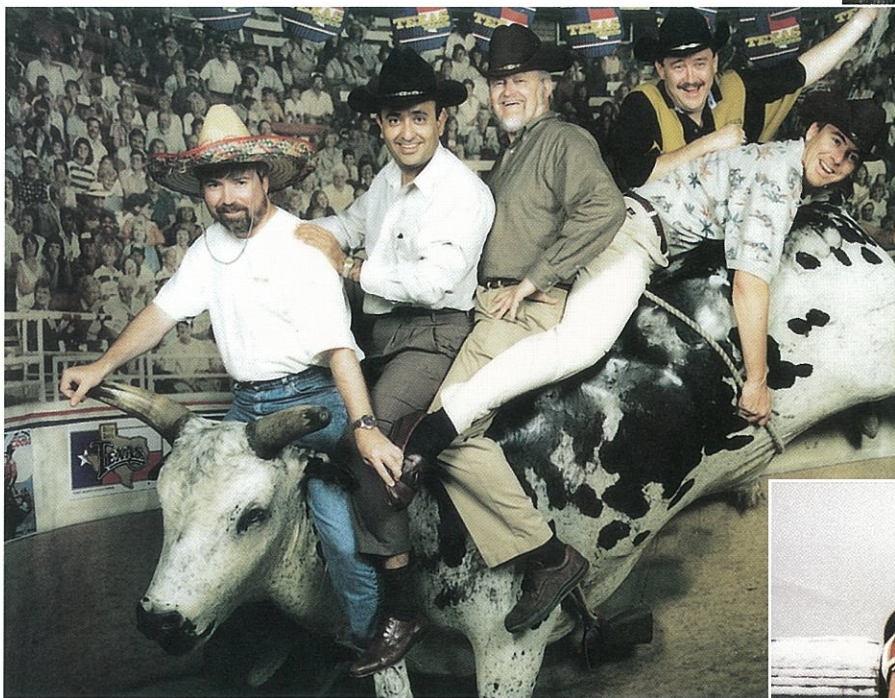
Whizz Kidz is a registered national charity providing wheelchairs and other mobility aids for children who cannot walk unaided. Peter has pledged to raise a minimum of £2,500 in sponsorship for this event, but hopes to raise at least £5,000 – 10,000 (\$7,500 – \$15,000US).

Peter says, “I have never done anything like this before and know that it is going to be hard work. My normal level of exercise is a round of golf or a walk with my children, but I have started training and breaking in a pair of boots.”

There are plenty of great places to train around the Manchester Office—the Lake District is world famous for its scenery, and the Derbyshire Peak District over the Pennine mountains is also nearby.



Peter Willmot, in the Derbyshire Peak District with children Daniel (left) and Chris



The “Honky Tonk” Pier 1 Imports team. From left to right: *Michael Easley, Mohsen Moazami, Chuck Williams, Dennis Blankenship and Jeff Kyser*. The project consisted of 1) an IT Strategy for the entire enterprise and 2) a store intranet project—devising modern network architecture and strategy for the store-to-corporate communications. Other KSAers on the project included *Syed Hoda, Steve Neville, Avi Bagal, Julie Gentry*.

## KSA at Play



No day at the beach. When many of us think of vacation time, we think of sun, sand and sea, but if you already *live* at the beach (as in the case of Juan Villareal of KSA Americas, based in Miami, Florida) someplace cool definitely has more appeal. It's reported that Juan did so well on his first skiing trip (in February to Beech Mountain, in North Carolina) that he was able to master the intermediate slope!



goal of improving in-stock performance, especially for promotional items, and reducing overall inventory levels. The first phase of the project, completed in April, recommended changes in the flow of many categories of merchandise as well as recommending specific operational changes and improvements.

The second phase of the project has brought together consultants from PEG's Strategy, Supply Chain Services, and IT groups, Logistics, and several CSTs. This group provides Kmart with a cross-functional team that is implementing the prior project's recommendations throughout that entire corporation. The current engagement is helping Kmart by addressing issues in its merchandising, logistics, and store operations areas. KSA is also assisting with the overall program management responsible for improving in-stock performance and reducing inventory levels.

One of the areas of specific concern to Kmart is the in-stock performance of promotional items advertised in its weekly circular (that reaches almost 75 million households!). KSA is improving this process by coordinating merchants, vendors, logistics, and stores in order to buy, deliver, and distribute promotional merchandise on a timeline that will ensure the merchandise is on the shelf when the promotion begins. The strict timeline and execution will also help reduce overall inventory for promotional items by keeping merchandise out of the logistics pipeline until it is needed for sale at the store.

Kmart's diverse organization and the scope of the engagement has called for and achieved a blending of skills that is a glimpse into the future of cross-functional engagements. The KSA team has brought together consultants from the Atlanta, Princeton, New York, and San Francisco offices. The project is a working example of how KSA can provide a complete solution set for its clients by bringing together the knowledge and experience from several service groups.

## Efficient Logistics for a Press and Media Wholesaler

# One of the Last Monopolies in Germany

by Andreas Stockert

"The right and the duty to distribute print media to every shop by early morning." That's the motto of the so called "Grosso" in Germany.

In January, 1998, the initiative of one of the approximately 100 monopoly wholesalers in Germany began the project "Efficient Logistics"—the first one for us in that area. The expected end of almost all monopolies in the European Union drove the strongest need to analyze all internal processes that hadn't changed for years.

These wholesalers are driven by an increasing mass market of newspapers and journals. This marked structure is changing dramatically. Stable numbers of pieces and a 100% increase in numbers of objects (SKU) within the next five years has forced the redesign of the entire distribution chain, and the time window for distribution is becoming smaller and smaller. Newspapers are printed later, shops are opening earlier or are open 24 hours.

We defined the preparation for the changing market and the possible end of the monopoly as the main goals of the project. The client needed to look for more efficient ways within the logistic chain to be used during the next five years.

One of our first steps was to initiate workshops to clarify these changes together with all departments of the client. The most significant changes were identified as:

- 100% increase of number of items
- Stable number of pieces sold
- 15% increase of labor costs
- Increase of shops open 24 hours
- 25% decrease of time for picking
- 40% decrease of time for preparation
- 10% increase of delivery time
- Possible end of the monopoly

Strongly involving all departments, we set up a strategy to be ahead of the market change. Centralization of the returns handling, as well as a box system, together with a distribute-to-light system are some of the key points. We are also in the middle of big internal changes for our client. Strongly involving a lot of people in the decision-making process brought us a follow up project for implementation, which is still going on. The ability of the operations people to have fun while solving problems during a system test phase enabled us to remain very strong during implementation. We are looking for a longer "guaranteed night-shift project."

## Where's Mom?



The team from Richter and KSA, currently working on the Liz Claiborne project. They had just finished a home-cooked dinner and were relishing the last pieces of apple pie and ice cream as this shot was taken. Standing, from left: Promise Phelon (friend); Juan Villarreal, Jose del Angel, Kedar Nadkarni, Mary Mehrer (KSA); Abu Bakar (Richter); Michelle Fong, John Sewell (KSA). Seated: Kumar Alwar (KSA); Tom Reich (friend).

## MBA Program at KSA

Last year, KSA initiated a new program to provide sponsorship to a limited number of individuals who wished to obtain a masters degree through an executive masters program offered by top universities. This program is a meaningful commitment by the firm to further enhance the skills of capable consultants and managers. It requires a significant commitment on the part of the individual to balance school and work over a two-year period. KSA provides funding for the program through a loan that is forgiven over a five-year period of continued KSA employment after the degree is completed.

We are pleased that the following individuals have been approved for the program:

- *Curt Clark*, a manager in our Operations practice, started his MBA program

at Vanderbilt University in April.

- *Sarah Davis*, a manager in PEG Supply Chain Services, has been accepted at Columbia University and begins her studies in August.
- *Chris Mazzei*, a consultant in Logistics, was accepted at NYU and began his MBA in May.
- *Colin McGranahan*, a manager in PEG Strategy, was accepted at Wharton and began his program in May.
- *Rod West*, a manager in Logistics, has applied to several universities and will begin his program early in 1999.

Additional candidates will be reviewed this fall. Congratulations to all of these individuals. We wish you well with your studies.

## Involvement in Junior Achievement Increases at KSA

by Tom Clement

Over the last school year, dozens of KSAers volunteered nearly 800 hours teaching one thousand middle-grade and other students topics from international economics to personal budgeting and setting career goals.

Junior Achievement places professionals in classrooms where students learn the importance of business and economics in their daily lives while volunteers get to experience making a difference in the lives of many young people.

As KSA volunteer numbers swell in Atlanta, New York, and Princeton, so it seems does interest in volunteering. Many volunteers return for two, three, or more semesters. Recently, the JA chapter of Central New Jersey awarded the Princeton Office volunteers the "Above and Beyond Award."

Anyone interested in being a Junior Achievement volunteer should contact any of the program coordinators: *Pam Beckerman*, *Tom Clement*, *Ingrid Henriksen*, *Jack Horst*, or *Jana Miles*.

## Wedding Bells Ring in Düsseldorf

It started last December, and there does not seem to be an end to it...

The Düsseldorf office has been heavily infected by the "wedding bug." Here are the individuals and the corresponding "dates of infection."

Dec 5, 1997, Bettina (receptionist) and Marcus Kurz.

Dec 19, 1997, Nicola (AA) and Eric Strohschneider.

March 13, 1998, Christine (AA) and Thomas von zur Gathen.

April 4, 1998 Astrid (library) and Thierry Peine.

April 14, 1998, Jürgen (consultant) and Claudia Stoiber.

June 6, 1998, Martin (consultant) and Henriette Pogatzki

Insiders know that the show will go on. Best wishes to all of them!

—*Marlis Frankic*



Dave Cole, who is on the Board of Directors of Junior Achievement, recently volunteered in a class at Inman Middle School in Atlanta.

## The Key to Successful Interventions: **Leading Change**

by Pam Beckerman

As a consulting firm, a major focus of our work involves helping organizations change in order to be more successful. Our clients seek our assistance with transitions such as converting sourcing strategies, installing new software packages, opening new distribution centers, and redesigning hospital facilities. To accomplish these transitions, we intro-

### **Kotter's Stages for Creating Change**

#### **Establish a sense of urgency**

- Examine the market and competitive results
- Identify crises and opportunities

#### **Create the guiding coalition**

- Put together a group with enough power to lead the change
- Get the group to work together as a team

#### **Develop a vision and strategy**

- Create a vision to help direct the change effort
- Develop strategies for achieving that vision

#### **Communicate the change vision**

- Use every vehicle to constantly communicate the new vision and strategies
- Have the guiding coalition role-model the behavior expected of employees

#### **Empower broad based action**

- Get rid of obstacles
- Change systems or structures that undermine the change vision
- Encourage risk taking and non-traditional ideas

#### **Generate short-term wins**

- Plan for visible improvements in performance or "wins"
- Create those "wins"
- Visibly recognize and reward people who made the "wins" possible

#### **Consolidate gains and produce more change**

- Use increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation system
- Hire, promote, and develop people who can implement the change vision
- Reinvigorate the process with new projects, themes and change agents

#### **Anchor new approaches in the culture**

- Create better performance through customer and productivity-oriented behavior, better leadership, and more effective management
- Articulate connections between the new behaviors and organizational success
- Develop the means to ensure leadership development and succession

duce new concepts, methods and standards that require different behavior and altered relationships. Knowing how to orchestrate change is important to the effectiveness of these transitions and the success of our interventions.

In his book, *Leading Change*, John Kotter, a professor at Harvard Business School, describes an eight-stage process for accomplishing transformations in organizations. Kotter recommends planning for and executing these stages in this sequence to achieve lasting results.

Kotter underscores that management and leadership are essential to a transformation process. Management consists of planning, budgeting, organizing, controlling and problem solving. Leadership consists of establishing direction, aligning people, motivating, and inspiring. According to Kotter, "When a change program is over-managed and under-led, there is a lot more pushing than pulling. Someone puts together a plan, hands it to people, and then tries to hold them accountable... The problem with this approach is that it is enormously difficult to make organizations (perform better by sheer force)... Only leadership can blast through the sources of corporate inertia. Only leadership can motivate the actions needed to alter behavior in any significant way."

We serve our clients well when we prepare them to effectively manage and lead their organizations through periods of transition.

### **Can You Top This?**

This is the tale of Robert Banting, winner of a recent Frankenstein Travel Award for travel horror story of the year.

Just another routine business trip. That's what Robert Banting thought when he left his home in Ontario to catch a flight to Montreal. Then his cab skidded off an exit ramp and crashed. Banting managed to flag down another, and arrived breathless at his gate only to find the flight delayed due to a bomb threat.

After two hours, Banting and his fellow passengers were bussed to a remote location where they were told to identify their luggage and board the airplane, surrounded by spotlights and guards. Every piece was found except Banting's, but the crew assured him the bag had been sent on an earlier flight. He boarded the plane and began to relax when he heard this announcement: "Passenger R.D. Banting, please come to the front of the plane."

With all eyes upon him, Banting stepped off the plane to find a circle of flashlights and snarling guard dogs around his suitcase. Security ordered him to slowly open his bag. Inside they discovered the suitcase's suspicious contents: a roast beef sandwich Banting's wife had packed for dinner.

Banting finally arrived in Montreal, only to find that his hotel reservations had been cancelled and his luggage had gone to Halifax.

The Frankenstein travel Award is sponsored by The Executive Communications Group. Suffering travelers can submit their stories to Executive Communications Group at 570 Grand avenue, Englewood, New Jersey 07631 USA.

—from *Corporate Travel* magazine

## New Managers

### David Sauls

David has over eight years of experience in the information technology arena with project experience involving system strategy, specification development, design, development, testing, training and implementation of systems in government and apparel/textile environments. Prior to KSA, he worked as a Network Software Engineer at General Dynamics and MIS Manager at Douglas County Water and Sewer Authority. At KSA, David has participated in a series of successful hands-on systems implementations in both manufacturing and IT. His client list includes The William Carter Co., Delta Apparel, Jockey International, Liz Claiborne, Jones New York, and Fruit of the Loom. Currently, he is at The Maxim Group, where he is implementing SAP. David lives in Marietta just north of Atlanta and enjoys playing golf.

### B.J. Miller

B.J. joined our health care practice in July, 1994. He has been a major contributor on a wide variety of strategic, facility, and operations projects, working out of the Minneapolis office. In particular, he has played central roles in the ongoing work with the Mayo System, both in Rochester, Minnesota. and Scottsdale, Arizona. Other key projects have involved Immanuel St. Joseph's (Mankato, Minnesota), St. Alexius Medical Center (Bismarck, North Dakota). B.J. came to us from outside the health care industry, having been with Northwest Airlines. While not with his clients, B.J. and his wife, *Kari*, enjoy time with their son, *Jack*. B.J. also enjoys tennis, skiing, traveling, politics, and catching up on his sleep. (Jack is a four-month-old.) (Photo not available.)

### Ross Hooper

Ross has been a mainstay member of the PMI/Delta project work, handling several key pieces of this large engagement. Ross also consulted with the University of Kentucky concerning software package selection and implementation. He has the distinction of being the founding member of the HSD LA

office, where he expects to relocate (from the AO), with his wife, *Tamara*, later this year. Originally from Seattle, Ross came to us in January, 1996 by way of the University of Arizona and the IT practice at Ernst & Young. (Photo not available.)

### Jerry Schwartz

Jerry has been a key player in advancing the managed care side of Hamilton-HMC's strategy practice, and has played major roles on such projects as Managed Care of Southeast Georgia, Boston Children's, and the University of Kentucky. He and his wife, *Evy*, just bought their first home and are expected to move in the beginning of August. Jerry enjoys playing tennis and spending time with his wife and his dog, *Champ*. Jerry is based in Atlanta, and was previously with EDS/A.T. Kearney in San Francisco.



David Sauls



Jerry Schwartz

## Milestones

Congratulations to *Judy Goodman* and *Edward Rayner*, married April 26.

*Sanjay* and *Binaifer Arora* on the birth of a daughter, *Natasba*, May 4 (the same day Sanjay started work at KSA!)

*Jerry Black* and *Sayuri Takumi*, married May 13.

*Al* and *Phyllis Sambar* on the birth of a son, *William Davis*, May 24.

*Franklin Newton* and *Melissa Stokes* on the birth of a daughter, *Imani Denise Newton*, June 15.

*David* and *Joni Birdsall* on the birth of a daughter, *Ashley*, June 16.

*Oliver Baran* and *Gwendolyn Dixon*, married June 27.

and belated good wishes to *Jane Markwardt* and *Keith Griesinger*, married October 11, 1997.

## Obituaries

**Bob Heiland**, one of KSA's early innovators, passed away on June 14 at the age of 72.

Bob joined KSA in 1959 as Research Director after establishing his reputation in the field of work sampling at Lehigh University. He put his theories into practice with a number of Statistical Quality Control installations at KSA clients—notably in the dress shirt industry. Once described as a “one-man think tank,” Bob soon began to investigate other problem areas in the apparel industry, particularly those affecting forecasting and inventory management. He developed FORSCOR, a proprietary program that measures deviations between sales forecasts and actual sales results throughout a season, continually readjusting forecasts and updating inventory and production positions accordingly. That approach is still being applied in more sophisticated Management Information Systems applications today.

Bob moved gradually from research into full-time consulting. He played a key role in an unprecedented project to restructure the entire soft goods distribution system of Tanzania, and later served as account executive for a number of clients before retiring from KSA in 1986. He is survived by his wife, *Irene*, two sons, and a daughter.

**Jim Frye**, who formerly headed up KSA's Textiles activities, died May 15.

At the time of his death, he was president and COO of Tuscarora Yarns in Mount Pleasant, North Carolina.