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A publication by and for the employees of Kurt Salmon Associates

The Observer

Kmart Merchandise Flow Projects

KSA undertakes massive 10-phase strategy analysis and renewal with nationwide retail giant

By Troy Van Wormer, et al*

DALLAS, HOUSTON,
NEW ORLEANS

Beginning in May of 1998 and concluding in December, 1998, more than 20 KSAers from PEG (Strategy, IT, and Supply Chain Services) and Logistics—as well as Retail CST members—worked on the Kmart Merchandise Flow Project.

This cross-functional project consisted of 10 sub-projects, each made up of teams of Kmart and KSA members, representing merchandising, store operations, human resources and logistics.

Each project covered an aspect of merchandise flow from corporate merchandising processes to product delivery to store shelves. Large, cross-functional projects of this nature are proto-

typical for KSA in the future for larger clients that require greater breadth of expertise.

A description of each of the 10 Merchandise Flow sub-projects follows.

1 Ad Goods Flow

Before the start of this project, it was not uncommon to find Kmart store backrooms cluttered with

bulky ad merchandise for ads three to four weeks in the future.

The overall objectives of the Ad Goods Flow project were to ensure in-stock on ad merchan-

**Article continued on page 5; other contributors to this article listed in box on page 6.*



FROM THE CHIEF EXECUTIVE OFFICER

1999 Worldwide Priorities

By Peter Brown

In this inaugural article, I would like to highlight the firm's priorities for 1999. Each region, practice area and individual has by now set specific priorities for this year. Your new leadership team has in a similar manner targeted six overall themes on which we will strive to make significant progress throughout our global organization in 1999.

Our first priority for the year is to exceed our overall budgets. Your leadership team has set budgets which are the baseline acceptable results. These are not stretch targets which we hope we can achieve. Our momentum during P 13 1998 and P 1 in 1999 are not adequate to achieve these results, so we must all strive to achieve improvement.

A second priority is to complete the leadership transitions which are under way. We have a number of individuals who have taken on new responsibilities; we will be managing the number of new initiatives with this factor in mind.

Third, we will striving to make significant progress in penetrating the Food and Grocery sector. Our level of penetration in the Fashion market, both Retail and Supply, combined with the continuing consolidation in this sector, make it essential that we broaden our markets rapidly. We have for a number of years been pursuing Food and Grocery globally, and must accelerate our progress here.

A fourth priority is the development of a global Information Technology strategy. KSA's Board has requested that management provide by the end of this year a documented strategy defining our target positioning and means of competition in IT. We have a number of initiatives under way in this sector, and have growing practices in various parts of our firm worldwide. We need to ensure that our limited resources throughout the world are pursuing initiatives in a coordinated manner that has been thought through and agreed upon. This initiative will be launched in the spring with a core group of individuals who will draw input from throughout the firm.

This will also be the year in which we deploy knowledge management in a manner that adds significant value to our consulting teams who work with clients. We have made the investments thus far that enable this step, and the infrastructure group is now in the process of deploying strong intranet capabilities which will be accessible to all colleagues. We have made significant investments over the years, and must now realize our return on this investment.

Lastly, and perhaps most importantly, we must continue investing in our people. Our firm's true sustainable competitive advantage is its people and the culture that allows these individuals to work together to bring value to our clients.

Nineteen ninety-eight was a solid year overall; there is no reason we should not exceed those results this year. This will be assured by our staying focused on high performance in quality of service and business development.



There is no reason we should not exceed last year's results this year.

Creating a New Healthcare Paradigm

Hamilton-HMC is working with Medshares to review and improve the company's information technology landscape

MEMPHIS, TENN.

The home healthcare industry has traditionally been cost-based and tied to Medicare. Like any other cost-based healthcare business, however, the industry is coming under increasing pressure to reduce cost. Medicare is moving towards a prospective payment reimbursement model (paying for home health based on what actuaries think the cost should be rather than what is reported by providers of the care) faster than most agencies and corporations can adapt, and the resulting shakeout—with associated mergers and acquisitions—is expected to be rapid. Nation-wide branding of standardized and well-managed home healthcare agencies coupled with a lean corporate entity that can manage costs and pricing down to the patient level may allow only a few large organizations to survive.

MEDSHARES

Client History

Medshares, Inc. is a home healthcare company headquartered in Memphis, Tennessee.

Medshares has grown rapidly, but remains a closely-held company and the brainchild of its founder, Steve Winters.

With 150 agencies and 7,000 employees nationwide, it is one of the major players in the home health industry and has positioned itself to survive an industry shakeout and become one of the few nation-wide home health companies.

Medshares has grown rapidly, mostly through acquisition, but remains a closely-held company and the

brainchild of its founder, Steve Winters. This growth, which recently included the absorption of some of Columbia-HCA's controversial home health business, has spurred major internal changes as well as branch-level consolidations.

Assessment Project

Hamilton-HMC was engaged by Medshares in September, 1998, to review the entire information technology landscape at Medshares. The assessment was conducted by *Tim Walter* and *Dennis Holz* and was designed (as shown in the diagram on page 3) to review the company's internal IT direction and the ability of the Information Systems Department to handle expected organizational changes. An outside focus

was included as well. Hamilton-HMC was asked to compare Medshares IT costs with similar organizations.

The conclusions showed that the high rate of acquisition, coupled with changes in management, had left the Information Systems Department understaffed and uncoordinated.

The new CIO was creating a plan for the home healthcare "system of the future" that would theoretically allow up-to-the-instant pricing in a managed care environment. In the meantime, however, basic business processes (payroll, accounting, reporting, etc.) were being performed manually due to failures with the information system and miscommunication between increasingly fragmented and isolated departments.

Growth was taking its toll on the entire organization as well as on individuals; the natural reaction was for departments to erect barriers and to stop communicating with others. Basic reporting and processing functions had deteriorated and lead-times were steadily increasing.

General Ledger/Process Improvement Project

Hamilton-HMC added two consultants in Memphis to analyze and correct short-term problems. This process drew on the skills of a strategy consultant, *Jo Hershkowitz*, as well as *Scott Hoerner*, an IT consultant who has worked in both strategy and IT.

These consultants worked with Medshares corporate personnel to start a cross-functional Process

Improvement Team. The initial scope definition, team process and documentation development, and team member recruitment was accomplished in a matter of days. Process analysis and documentation were completed in a few weeks.

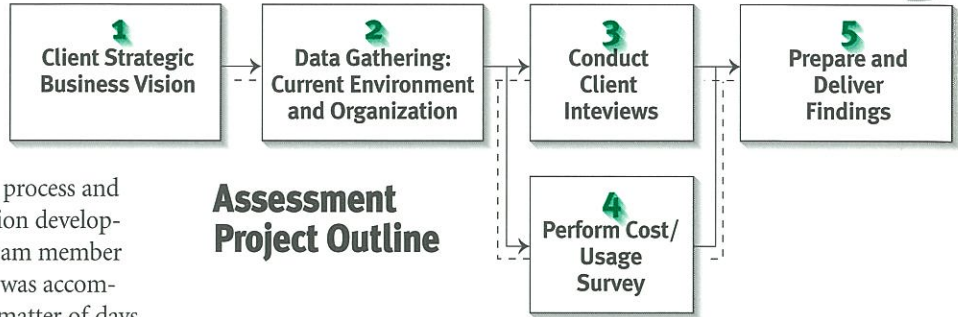
Since formation in the first week of January, 1999, this "PIT crew" has identified, documented and resolved a number of major issues, most of which reach across departmental lines. This increase in communication has helped departments—especially Human Resources and Accounting/Finance—to work more closely with one another to reduce miscommunications and core business problems.

Effects of Cooperation

The immediate effect of increased cooperation has been to reduce the pressure on individuals who felt isolated and unable to address problems that to them seemed easily corrected. The organizational benefits, however, are much greater:

- Human Resources information—critical to a busi-

Assessment Project Outline



ness in which 80% of costs are in the people—is now more accurate and flows correctly into Accounting and Finance areas.

- Redundant processes designed to correct mistakes made in other departments are being eliminated so available work time can be reassigned to the higher volumes of data associated with the rapidly-growing business.
- Systems resources that were unknown/unavailable to end users are being activated to simplify and speed manual processes.
- Policies and Procedures are being updated to reflect cooperative processes that are simpler and make more sense to the end users.

After only four weeks, the Hamilton-HMC consultants are handing daily responsibility for Process Improvement Team management over to the client and refocusing their efforts on the longer-term issues facing Medshares.

Acquisition Growth

Hamilton-HMC has been asked to assess the information technology architecture of a Medshares merger partner. Current plans are to visit the partner and assemble an assessment report. It is highly likely that some consolidation will be undertaken in the area of Information Systems; Hamilton-HMC has been asked to assist in the management of this process.

In addition, there are several large-scale systems design and implementation projects in the early planning stages at Medshares. Hamilton-HMC is well positioned to assist in these projects.

Conclusion

Medshares, Inc. is quickly becoming a solid, long-term client of Hamilton-HMC. Our high value-adding services have been praised by the senior management and end users alike.

With the help of Hamilton-HMC, Medshares is positioned to take advantage of the current industry shakeout and to continue to grow and prosper.

Medshares, Inc. is quickly becoming a solid, long-term client. The high value-adding services provided by Hamilton-HMC have been praised by the senior management sponsors and end users alike.

Ongoing Hamilton-HMC Work at Medshares

After the emergency/triage stage of operations, the KSA team is moving to a tactical and strategic focus.





A photographer caught Kurt Salmon (*left*) and Dean Vought (*both circled*) at an early KSA celebration.

Kurt Salmon Remembered

Kurt Salmon Associates' reputation for professionalism and integrity reflect the character of the founder

"Salmon made a tremendous impression on everyone that came into contact with him. He had many admirable and striking personal and leadership qualities that fostered unique loyalties. Salmon also had the drive, vision and management skills needed to turn a one-man operation into one of the top four firms in his field."

—Dean Vought

He also encouraged open discussion and difference of opinion among his engineers. He used to say, "If two people agree on everything, then one of them isn't necessary."

In David Esposito's book, *Leadership in Engineering*, Dean Vought dedicates a chapter to "the best leader he ever knew," his first boss, Kurt Salmon.

Dean graduated from

Penn State's School of Industrial Engineering with a B.S. in 1950. That year, he started working for Kurt Salmon Associates. His career with KSA lasted nearly 40 years and by the time of his retirement in 1989, Dean had served as the chairman of the firm's executive committee for 10 years. Below are excerpts from Dean's reflections on Kurt Salmon. They provide clear insight into Salmon's values and professional management style, many elements of which are visibly ingrained in KSA culture today:

Kurt Salmon was born in Cologne, Germany in 1910. After graduating from the Textile College of Chemnitz in 1930, he left Germany and came to America. Vought discusses Salmon's ambitious and innovative beginning in his

new home, and his admiration for America's "bustling consumer culture and manifest modernity":

Salmon took a job in the 'rag trade' [apparel] in Reading, Penn., in 1930. He read the comics to learn American slang and studied textile technology to see how it could be improved. He went into business for himself in 1935. By 1938, he had five employees—four engineers and a secretary.

Consultants have only one commodity—their expertise. Kurt Salmon Associates never had any significant assets like a physical plant or heavy machinery. It had people. Salmon was always on the lookout for talented graduating engineers, especially those who had knowledge, skills and abilities he did not possess. He made

his business prosper by making them feel KSA was their family and the best place to work in the industry.

One measure of his success was the turnover rate at KSA in the dynamic 1960s and '70s. Over a 10-year span, he lost only 2 percent of his highly skilled and sought-after employees per year. It was a figure that competitors could envy but never match.

One of the most essential factors, which Vought claims attests to employees' loyalty to KSA, was Salmon's intimate management style and the effort he put forth into his relationship with his employees:

When an employee did something well, he or she would receive a handwritten note of congratulations from the boss. He also read the letters, reports, and

memoranda that were sent to him and returned them with comments.

When he was not busy writing pertinent but chatty notes to his workers, Salmon was on the phone with them doing much the same thing. He was insatiably curious about what was going on outside the executive suite.

T*o illustrate his point, Vought recalls two anecdotes of Salmon's interaction with his associates.*

■ One neophyte engineer (later managing director for Europe) recalled his first contact with Salmon. He had accepted a position with KSA and was traveling to the United States for the first time, accompanied by his wife and five-month old baby. After landing in Washington, the family was making its way to the Atlanta office by car. On the first night, having covered about half the distance, the couple received a call from chairman Salmon at their motel. Salmon had found a particular motel in Atlanta that had a babysitting service and thought they might want to know about it. Twenty years later, the engineer was still overwhelmed by Salmon's kindness.

■ One engineer's wife vividly recalled sitting next to Salmon at a dinner party for new principals. After dinner at the restaurant, the boss turned and asked if she wanted anything else. The woman replied that she would enjoy a cigar. With his normal aplomb, Salmon summoned a waiter who told him to his

dismay that the restaurant did not have any cigars. Salmon apologized, but the lady dismissed it as insignificant. It was no big deal; she was having a fine time. Three days later, the woman found an entire box of cigars in her mailbox with a note from Salmon thanking her for her company at dinner.

A*ccording to Vought, it was not only Salmon's kindness but also his professionalism that made him popular with employees and clients alike:*

Kurt was serious about business and impressed clients with his calm strength and determination. Before calculators were invented, he kept a slide rule in his pocket, which he used to solve problems and punctuate answers. He also encouraged open discussion and difference of opinion among his engineers. He used to say, "If two people agree on everything, then one of them isn't necessary."

I*n reference to Salmon's funeral, Vought writes:*

Despite the human tendency to lionize dead heroes, the memories of those who know him still ring true. Salmon was the kind of skipper most people would want to work for, and whom those who lead would do well to emulate. *Stig Kry*, then chairman of KSA, noted that Kurt Salmon Associates had a reputation in the industry for professionalism and integrity. The reason was obvious: Kurt epitomized these qualities at all times.

Engineers live on after death in the things that they create. Kurt Salmon appears to have left an unusually rich heritage.

KSA and Kmart

Project assists company's rebuilding and renewal efforts; KSA teams analyze systems as part of overall processes

Continued from page 1

discise and to decrease store backroom congestion. These objectives evolved into three initiatives.

- ✓ Identifying bulky ad items and coordinating their delivery to stores closer to the ad date;
- ✓ Tracking ad goods through the pipeline into stores; and
- ✓ Exploring opportunities to deliver appropriate ad goods to stores in two waves—one before the ad date, one during the week of the ad.

We estimate

Kmart will realize a one-time inventory savings of \$190M.

Store labor and trailer expense

reductions are estimated at \$8M.

To help improve this situation, a bulk ad delivery matrix was developed. KSAers *Dave Rush, Sarah Davis, Rod West, Iris Chang* and *Adam Mikulka* worked with

Kmart representatives from planning, merchandising, logistics, systems, transportation, distribution and vendor organizations. They narrowed the delivery window for ad merchandise to three to ten days before the ad. This reduced backroom congestion, allowed stores to take merchandise directly to the floor, and took two weeks of inventory out of the pipeline.

KSA estimates Kmart will realize a one-time inventory savings of \$190M. Store labor and trailer expense reductions are estimated at \$8M.

As many of the ad items now have an In-DC Date of

six days before the ad, meeting the In-DC Date is critical to having merchandise available for the ad. To ensure compliance to the narrowed delivery window, the Kmart Resource Center (KRC, aka "headquarters") committed resources and instituted procedures to track ad PO's through the pipeline—from creation to allocation to stores. Ad Clerks in each DC track and facilitate the flow of ad product into and out of the DC. KRC Merchandisers and Planners are now armed with exception reports to identify potential problem shipments. By proactively managing product into the DC, merchandisers can reduce the number of priority calls to the DC's.

To further reduce backroom congestion and increase ad sell-through, Kmart plans to implement split delivery to the stores.

The first shipment of ad merchandise arrives three to ten days before the ad. The second—reflecting Sunday sales—arrives Wednesday or Thursday after the ad. The success of this effort hinges on the ability to react to Sunday sales and to allocate and process merchandise at the DC in a timely fashion.

The first phase was piloted in December 1998 and rolled out first quarter 1999. Full implementation—with system supported automation—will occur third quarter 1999.

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2 Exit Strategy

Kmart, like many retailers, has inordinately large amounts of discontinued inventory. This is a result of not actively managing the obsolescence of slow moving merchandise and taking timely markdowns.

One issue is at the store level, where discontinued product is moved to the backroom because of space constraints, and it remains there for eternity.

KSAers *Steve Nevill* and *Joe Guith* worked with a cross-functional team of

If successful in the flow-path changes, Kmart will greatly improve its competitive stance on inventory turns and cost.

Kmart merchants to develop a policy and procedure for both merchandising and store operations. In essence, this policy/procedure emphasizes the need for merchandising to set up an exit strategy in the Clearance

Markdown Management System (CMMS), which automatically issues mark-

downs to the store. By building "flex space" into every new plan-o-gram to allow room for residual discontinued inventory, store personnel can maintain all discontinued merchandise on the sales floor, which improves sell-through. This policy/procedure and CMMS are rolling out to the entire organization.

3 Flow Path Changes

This project focused on the analysis and testing of new flow path options for Kmart.

With the help of Kmart Buyers and Planners, the flow path for each product category was reviewed (e.g., vendor to store, warehouse replenishment, etc.), and a decision matrix was constructed to suggest flow path changes, where appropriate. From this effort, KSAers *Doug Ford, Allen Robinson, Frank Pelzer, Scott Daughdril, Scott DiCristina* and *Rich McGinnis* worked closely with a team of Kmart planners and buyers to test new flow path options that were identified as important wins.



This phase of work involved three main areas:

- ✓ Pilot testing the switch to flow-through replenishment of six high-volume high-bulk paper categories (paper towels, bath tissue, etc.) from DC replenishment.
- ✓ Pilot testing CMAR (Computer Managed Automatic Replenishment) for the pantry category for six test stores. Currently, the pantry area in Big K stores uses store-based real time ordering.
- ✓ Analyzing other potential flow path changes and identifying two high-impact areas (cosmetics and ready-to-assemble furniture) for further analysis, including the possible use of third-party distribution.

If successful in these changes, Kmart will greatly improve its competitiveness in inventory turns and cost.

4 Night Delivery

Kmart stores typically receive all DC shipments during the day (9 AM - 4 PM), stage and sort the merchandise, and stock the sales floor the following morning.

KSAers *Dave Rush* and *Enrique Morales* worked with a Kmart team from store operations and logistics to pilot a night delivery and replenishment program at select Kmart stores. The plan was to deliver DC merchan-

dise between 10 PM and 4 AM, allowing store associates to unload and replenish the sales floor without the distractions of day responsibilities (i.e., the customer).

Twenty-four Kmart stores tested the program in the New Orleans, Dallas and Houston markets. The pilot stores staffed a late night shift to unload trailers and replenish the sales floor.

Transportation made the necessary carrier changes to deliver at night. The stores were then visited during the first week of the test to document the process.

Night delivery and replenishment was successful at stores that had an adequate supply of labor willing to work at night; an experienced supervisor or manager to lead the team; and a delivery window before 2 AM.

Stores that met the criteria showed an increase in trailer unloading and replenishment productivity.

Another benefit was that receiving a trailer in the middle of the night, unloading, and immediately moving the merchandise to the sales floor placed Kmart items on the shelf 24 hours sooner than day deliveries.

Kmart is continuing to test the night delivery and replenishment program. Due to limited backroom staging making daytime deliveries difficult, stores in the

The KSA Team at Kmart

The KSAers who contributed to the highly successful effort at Kmart include: *Dave Cole* (Account Executive), *Dave Rush*, *Ken Walker*, *Ken Wilkes*, *Chuck Easley*, *Phil Kowalczyk*, *Bob Smith*, *Jan Watson*, *Doug Ford*, *Steve Nevill*, *Randy Moore*, *Butch Price*, *Jeff Butler*, *Jana Miles*, *Randy Moore*, *Jane Griesinger*, *Sarah Davis*, *Andrea Ivey*, *Allen Robinson*, *Rod West*, *Troy Van Wormer*, *Chris Port*, *Catherine Shin*, *Brooks Kitchell*, *Stacey Leibowitz*, *Frank Leggio*, *Iris Chang*, *Enrique Morales*, *Joe Guith*, *Frank Pelzer*, *Scott Daughdril*, *Rich McGinnis*, *Shawn Olds*, *Adam Mikulka*, *Caitlin Scorpio*, *Debbie Hannah*, *Girisha Chandraraj*, and *Syed Hoda*.

Special thanks go to *Ken Wilkes* and *Butch Price* for conducting a thorough "Quality Review" of the project. The constructive client feedback given to the project teams was extremely valuable, as was the forum for addressing internal issues inherent to large projects.

**Consultants whose names are in italics also wrote portions of this article.*

Chicago market have been added to the test.

5 Pack Size Definition

The Pack Size Definition initiative addressed rationalization of store shipment quantities for repack items.

KSAers *Doug Ford, Joe Guith* and *Enrique Morales* worked with a Kmart team from merchandising to quantify benefits. There were two major objectives:

- ✓ Develop a process to determine whether an item should be in repack or case pack replenishment; and
- ✓ Determine which items that are currently in repack can be moved to case pack replenishment.

KSA developed a simple model to allow buyers and planners to easily determine whether an item should be repack or case pack depending on case pack quantity and projected sales volume.

Kmart incorporated the use of this model into its category management process. In addition, KSA analyzed all repack items and determined that approximately 250 repack items can be moved to case pack replenishment to realize \$8.0 million in efficiency gains in DC and store labor.

6 Repack by Department

This initiative stemmed from the problem of repack (piece pick) merchandise from several different departments being picked and shipped in the same carton. It would then arrive at a Kmart store and require store associates to spend several hours sorting the merchandise into different boxes before it could be moved to the sales floor for stocking the shelves.

The sortation not only wasted precious store labor,

but also delayed stocking. KSAers *Dave Rush* and *Enrique Morales* worked with a team of Kmart merchandising, logistics, and store operations representatives to improve the process.

The team took these steps:

- ✓ Analyzed DC shipment history.
- ✓ Reviewed typical store layouts.
- ✓ Documented the DC workload planning process.

This resulted in a reduction of the number of times each store department is shipped per week (from 5 to 1 or 2) and the grouping of several adjacent departments during the picking process.

The solution was tested at DC's that use paper picking, pick-to-light and carousel picking methods. It was then implemented at Kmart's 14 hardlines facilities.

As a result, Kmart store associates now spend 2-3 fewer hours each day sorting repack merchandise. The items are taken directly to the sales floor, bypassing sortation, and are ready for sale immediately after arrival. The reduced handling translates to \$12 million in annual savings across Kmart's 2,200 stores. These store benefits are realized without any loss in DC picking productivity.

7 Seasonal Set Management

Seasonal set management is managing the flow of seasonal items (primarily import) to better match merchandise flow to store demand.

Retailers struggle with the flow of seasonal goods, trying to balance their desire to have the merchandise on the sales floor in a timely fashion during the short sell-

ing season with the capacity constraints of their distribution network (including store backrooms).

Primary objectives of the Seasonal Set Management project at Kmart were:

- ✓ Ensure proper inventory balance from initial set through designated mark-down date.
- ✓ Increase sell through.
- ✓ Manage shipment quantities/receipt dates to ensure store/DC "friendliness."
- ✓ Manage holdback quantities, react to trends, and maintain in-stock levels between shipments.

KSAers *Jan Watson, Chris Port, Jane Griesinger* and *Shawn Olds* worked with a Kmart team from Merchandising to develop rules and procedures around the planning function for seasonal merchandise.

To date, there has been a significant reduction in total pipeline inventory with an increase in sales and inventory actually on the sales floor. The Kmart team expects further reductions in DC and store backroom inventory, as well as an increase in sales and sell-through as the strategy is implemented throughout Merchandising.

8 Standardize Merchandising Processes

Standardize Merchandising Processes (SMP) was developed to find ways to improve Kmart's execution of key merchandising processes.

KSAers *Steve Nevill, Andrea Ivey, Brooks Kitchell, Catherine Shin* and *Stacey Leibowitz* worked with a large Kmart team from Merchandising.

This project attacked inventory management at its root by looking at how

Kmart runs its business every day. By improving the way things are done, our client will be more competitive.

The Kmart-KSA project team worked to answer the following questions:

- ✓ What is the best way to do things?
- ✓ Who is responsible for each task?
- ✓ What systems support is needed to be efficient?
- ✓ How will people learn a new "Kmart Way"?
- ✓ And, what is required to make change happen and be sustained over time?

The SMP team began this initiative with some specific objectives aimed at improving execution for four inventory-related processes:

1. Open-to-Buy
2. Allocation
3. Replenishment
4. Product Tracking

First, we needed to simplify the processes.

Many of the merchandising processes were time-consuming and unnecessarily complex. We instituted the best practices both internally and externally.

Second, we found ways to reduce the work required to complete tasks.

Where appropriate, we automated tasks that were performed manually. For instance, instead of reviewing hundreds of purchase orders to find the ones that were late, we introduced reporting to highlight the exceptions. As we reduced the workload, we created more time for Kmart people to focus on other important aspects of their jobs.

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Kmart store associates now spend 2-3 fewer hours each day sorting repack merchandise. The reduced handling translates to \$12 million in annual savings.

It was critical to clearly define roles and responsibilities for all involved parties:

- ✓ By assigning a particular role for each task in the process, we eliminated overlap. Also, clear roles highlight true accountability.

By moving 6,000 items to Third Tier, it is estimated Kmart will realize one-time inventory savings of \$50M, and \$4M annually in transportation and handling.

- ✓ We made sure we maintained consistency across all of Kmart (both Hardlines and Softlines).
- ✓ We designed tools that do not have to be re-learned as Kmart people move through the organization.

Finally, the team developed an implementation plan to introduce and sustain the new SMP processes at Kmart. Another part of our recommendations was to create a full curriculum of training for all key merchandising areas. However, before training can be created and given, it is necessary to perform the same business reengineering work on all the other merchandising processes. Kmart management agreed with this plan, and gave KSA the green light to start redesign of the other processes.

Redesigning the other processes will be performed over the next 16 months. The next processes to be attacked are those related to planning: corporate, merchandising financial, assortment, and item. Two additional KSA resources, *Girisha Chandraraj* and *Caitlin Scorpio*, have joined the team to work on these processes. With the departure of *Steve Nevill*, *Jana Miles* has also joined the SMP team as a project Principal.

9 Third Tier

Kmart's current distribution network consists of 14 Hardlines and 4 Softlines distribution centers. The 4 Softlines DC's cross-dock merchandise through the 14 Hardlines DC's to the stores.

"Third Tier" is a network strategy where the "First Tier" is the store back room, the "Second Tier" is a front line DC, and "Third Tier" is a regional (or national) DC. KSAers *Jan Watson*, *Troy Van Wormer*, *Frank Leggio* and *Chris Port* worked with a Kmart team from logistics and merchandising.

The objectives of the project were to quantify the benefits of moving merchandise from the 14 Hardlines centers to 4 regional "Third Tier" centers. Specifically, to:

- ✓ Improve overall in-stock position by consolidating safety stock pools,
- ✓ Reduce inventory carrying cost by consolidating inventory in fewer locations, and
- ✓ Free up space in Kmart's Hardlines DC's to improve operating efficiencies and enable other initiatives.

Based on several analyses, KSA recommended that Kmart move some repack items (case-break) to its four

Late breaking news

KSA just got the official OK to kick off another project for Kmart. Randy Moore, Jane Griesinger, Dan Purefoy and three draft picks to be named later will initiate a CPI project at the Greensboro Distribution Center ASAP.

Softlines DC's and process using a low cost tray sortation system. This could eventually lead to establishing regional "Repack Centers." By moving 6,000 items to Third Tier, Kmart likely will realize one-time inventory savings of \$50M, and \$4M annually in transportation and handling expense.

The next steps are to develop the detailed facility and systems design and begin implementation in late 1999.

10 Long Term Channel Strategy

The focus of the projects to date—with the exception of SMP—has been short and intermediate term benefits, and these projects will achieve significant benefits from fourth quarter, 1998 through fiscal year 1999.

Now that momentum is building on these initiatives, it is time to also look at the longer term. Many systems constraints and organizational paradigms prohibit Kmart from aggressively pursuing the correct long-term vision.

The focus of the project is to determine:

- ✓ Assuming no constraints, what product flows should Kmart be pursuing long term?
- ✓ How do we determine which product should be matched to which flow?
- ✓ What characteristics drive a product to a particular flow?
- ✓ What characteristics would drive a product away from a particular flow?
- ✓ Based on these characteristics, which products should be matched to which flow?
- ✓ What will be required of the Logistics system to execute these flows?

- ✓ Volumes and weights
KSAers *Jan Watson*, *Jane Griesinger* and *Frank Leggio* have helped Kmart benchmark what others in the industry are doing and determine what flow paths exist at Kmart. Over the past several weeks, the team has developed a functional design document for the system that will help make these determinations. The next step is to begin development of the model and pilot categories of merchandise through it. This project is a critical step in Kmart's efforts to become a more profitable, on-trend, promotional discount store.

Current Phase

In January of 1999, a new six-project phase began. Five of the six projects are continuation phases to the 10 original projects. They are:

- ✓ Standardize Merchandising Processes (SMP)
 - ✓ Ad Goods Flow
 - ✓ Flow Path Changes
 - ✓ Long Term Channel Strategy
 - ✓ DC Re-profiling—continuation of "Repack by Department"
 - ✓ Implementation
- The new project is Inventory Accuracy.

Although not an "official" project, we are also involved in assisting Kmart in a Collaborative Planning, Forecasting & Replenishment (CPFR) implementation with the assistance of *Bob Danielson* and *Genevieve Eisner*.

We'll be back to update everyone on the results of these projects as they conclude early this summer.

KSA UK Business Meeting & Christmas Party

Teammates blend lectures, teambuilding exercises and time together

by Sue Elder

LONDON

The UK Business Meeting, held on December 18, 1998, took on a truly international flavor as we welcomed colleagues from KSA's offices in France, Hong Kong, Germany, India and of course our long-term "adopted" staff from the

USA, as well as delegates from "Aviv" in Israel.

The day began in style with a "State of the Nation" address from that most international of characters, Peter Brown, who filled us in on

the performance of KSA world wide in 1998 and outlined ambitious plans for the year ahead.

Rezarta Larkin, Linda Laderman and Patrick Moylan then gave a colorful review of KSA's 1998 Marketing initiatives, highlighting our increased involvement in high-profile public events, including the Retail Week Conference, Logistics Conference, the Oriana, SAP Partnership initiatives, Retail Solutions, Logistics Debate and our very successful KSA Café Royal event.

The focus then moved global as we heard from Richard Traish and Jean-Louis Simoneau about the strong proposition now offered in France by combining Cleversys expertise in ERP and IT strategy with KSA's market knowledge, particu-

larly in Retail, Fashion and Fast-Moving Consumer Goods (FMCG).

Finally, *Guido Schild* explained how, despite the economic "Titanic Syndrome," Western retailers continue to expand in Asia by relying on three key success drivers: Cash, Capital and Nerves. Ever optimistic, he brought along his Christmas wish list for Santa, top of which was "a significant project with Marks & Spencer." —*Guido, may all your dreams come true!*

Teambuilding

After lunch, we split into teams for a briefing on the mystery teambuilding "Adventure." At this point fearing the worst, an inventive few suddenly produced urgent client meetings, claims of injury or incapacity in a desperate attempt to escape, but were quickly brought back into line.

We synchronized our watches and proceeded to **Stage 1**, the "Sheep Pen." *Tony Smith* was, most fittingly, elected "shepherd," with the task of rounding up his team of "sheep" using two blindfolded "sheepdogs" and a variety of whistles.

Stage 2 was an exercise in communication and working to deadlines, a chance to prove those vital consultancy skills. The clock was ticking on a life-size bomb and we had just ten minutes in which to de-fuse it—one mistake and everyone would be blown up!

Having survived this, we



We may look like sheep, but needless to say, KSAers being a bunch of independent characters, we didn't exactly follow the shepherd. Instead, the sheep and dogs followed their own instincts and dispersed far and wide over the countryside. "Sheep Pen" was one of three team building exercises played during the "international" UK Business Meeting.

continued to **Stage 3**, where we were shown a ten minute comedy video sketch—a chance to sit back and relax ... until we realized that each team had to re-enact it, with extra points for costume and makeup.

It was with some relief that we approached the final challenge of the day, an exercise in motivation and teamwork to record the best time in a Bobsleigh Push, using a full scale four man bob. This is where our team's secret weapon came to the fore ... those renowned French driving skills from Jean-Louis, backed up by 500 pounds of pure "British beef"—victory was ours!

The Christmas party that evening was arranged by *Anne Willig* with her usual flair and professionalism. To avoid any confusion we were all pre-issued notes telling us which meal we had ordered, how we were getting back to the hotel and with whom we were sleeping, lest we forget

any of the above during the course of the evening!

The food was excellent and the wine flowed with JIT precision (never a shortage but no surplus apparent). Entertainment was provided by a "guess who's who" baby photo competition. It was unbelievably difficult to match current KSAers with pictures of them as babies, except for *Pete Kelly*, whose baby photo featured him next to a pint of beer, providing an unmistakable clue to his identity.

The Annual Awards ceremony followed, with *Alan Braithwaite* taking the prize for good behavior (always getting his BI's in on time, no points for guessing what he does on a Friday night) and *Chris Baker* taking the prize for bad behavior (failing to log off the office voicemail system, a serious crime).

Drinking, dancing and socializing continued late into the night ... suffice to say we all had a great time.

L'eggs Appeal

A business planning calendar proves a serendipity for KSAers helping L'eggs improve its operations

By Elliot Stivers

When I was just a neophyte at KSA, I remember sitting in orientation and looking at the client list displayed on the overhead projector.

The names Levi Strauss & Co., Tiffany's and Disney, among many top-notch firms, stood out in my mind. I wondered how much impact a staff consultant, or even a team of consultants, could have on such leviathans.

A few weeks later I was assigned to L'eggs hosiery and had the chance to find out. L'eggs is owned by Sara

Lee, a \$15 billion company.

On my first day, my manager, *Mike Rice*, introduced me to the L'eggs staff. It was clear from their looks that they were skeptical and defensive of yet another consultant arriving to muddle around with their business. I briefly worried that I would spend the next year working in a hostile environment.

Fortunately, because of the excellent business relationship cultivated by *Mike, Steve Schlehuser, Jeff Butler* and *Jerry Armfield* long before I arrived, when I was introduced as a KSA consultant, the looks of mistrust disappeared.

The project was to install a forecasting package, and one of the initial steps was to map L'eggs' process flows in order to understand what software functionality was required.

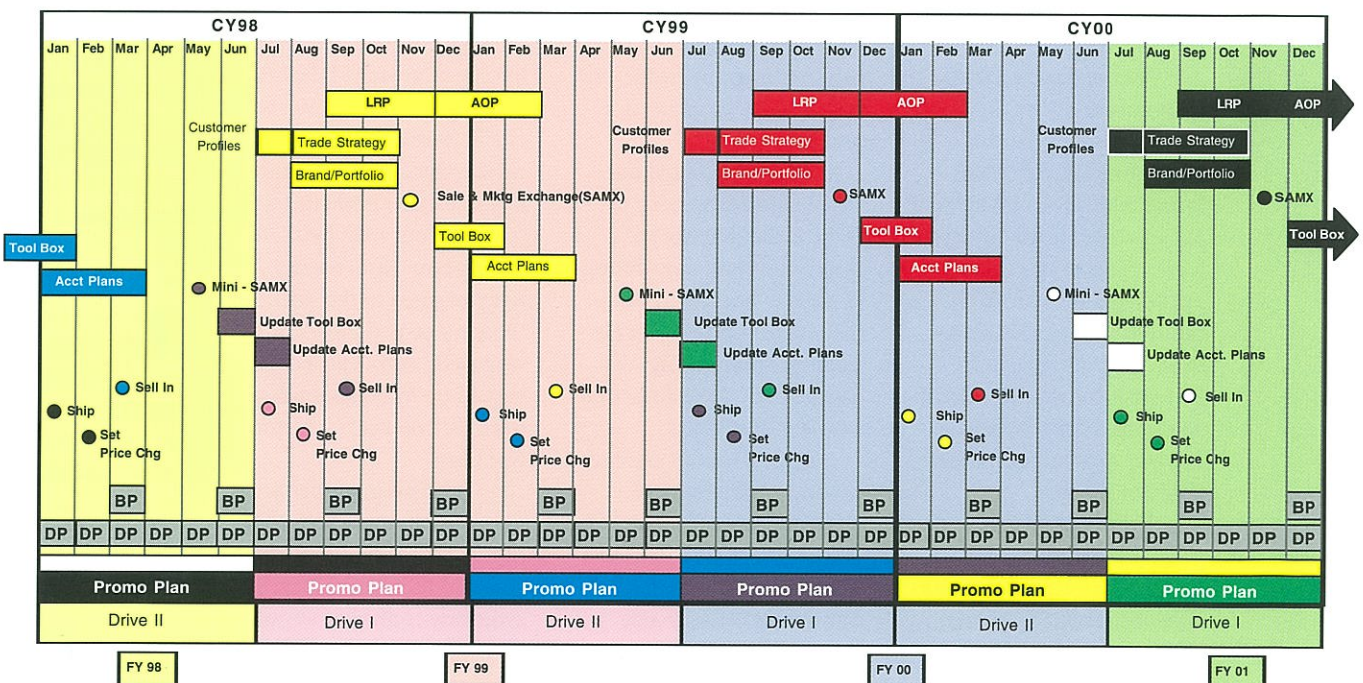
What became apparent through this task was that due to a recent change in business model, L'eggs was not clear on what its planning calendar should be, and as a result, was having difficulty anticipating activity lead times. To remedy this, we created an illustration of the planning calendar. It captured the attention of everyone within L'eggs because, unknown to us, L'eggs had used a similar calendar years ago during its heyday.

Finally, the company had a single plan again that everyone could follow. It was an easy-to-understand color graphic that clearly illustrated the long-term plan and yet was simple enough to be tacked on the mailroom wall. Senior management asked if copies could be made for all employees: an 8' x 4' laminated poster was made up for the executive meeting room. (Remember, this was a side project that stemmed from mapping process flows!)

If this was any indication of what KSA had been doing in the months before I got there, I was beginning to understand my reception.

One unheralded meeting had a widely acknowledged positive impact on the entire L'eggs organization — and we had barely started our work.

LPI Business Planning Calendar



Rules of Engagement

- ✓ Planning horizon is 24 months (more for LRP)
- ✓ DP = Demand Plan - revised weekly
- ✓ All dates are designed to meet earlier "sell In" dates
- ✓ BP = Business Plan - revised quarterly



Mike Rice (l) and Elliot Stivers pose with the L'eggs mascot.

The planning calendar included a meeting between the nationwide sales force and the people in marketing. It had become apparent that there was limited communication between the groups, which hindered the ability to plan and execute the account-specific business.

As a solution, the SAMX (Sales and Marketing eXchange) was created. It was to be a meeting that would aid in the transfer of information across departmental boundaries, thereby creating a more effective organization. L'eggs was excited about the prospect of holding this meeting and, to do it right, called on KSA's Business Transformation division.

Bill Shine arrived one week later. He quickly understood the issues between Sales and Marketing, crafted an agenda for a three-day meeting and called in some facilitators for the breakout groups.

Mike, Barb Rarden and I were asked to facilitate.

We talked about what could be expected of the group we were about to work with. We had senior management inviting the Sales and Marketing teams to honestly tell them everything that they had on their minds—a potentially difficult situation.

The first day was a little awkward because no one was sure how to take the meeting. In the past, the meetings had been one-sided, but with

some encouragement from Bill and the L'eggs senior executives, the participants soon realized that this was really an exchange.

In no time at all, the discussion started to fly. The next two days involved breaking out in smaller groups of 20 and working on real issues within L'eggs.

At the end of each day, the teams presented senior management with the results of their findings. Very few punches were pulled, and a frank, but non-accusatory, summary of the perceived problems was presented.

The most amazing thing to me was that everyone involved thought the meeting was hugely successful. The Sales team perceived that their views had been heard and their concerns validated, Marketing felt that Sales understood its constraints, and Management thought that the quality of the interaction easily justified the meeting cost.

The participants left feeling something positive had been accomplished and maybe life at L'eggs would be a little better than before.

In the end, one little red dot on a planning calendar titled "SAMX" had turned into an effective three-day meeting that actively involved the lives of several hundred employees and had a widely acknowledged positive impact on the entire L'eggs organization.

What started as a Forecasting project had already created unexpected real-world results for L'eggs—and we haven't even finished the real project yet!

KSA study urges new investments in DC technology

Meeting consumers' needs in the 21st Century will require the rapid evolution of technology used in retail distribution centers, according to IMRA's 1999 Logistics Study, *Technology in the Distribution Center: Keeping Pace with Progress in the Pipeline*, conducted by KSA. The study, presented at IMRA's 15th annual Logistics Conference in Tarpon Springs, Florida, found that investments in new DC technology will support improved efficiency throughout the process.



Jack Horst, masquerading as "Jackie the Bingo Player," called out study results in a rousing game of Distribution Bingo. Mike Gregory (right) was Jack's fashion advisor and technical advisor to Jack Horst and John Champion.

The Intranet Zone

KSA's Information Exchange offers easy-to-access information

By Loraine Laurino

ATLANTA

Picture this... You're sitting at your desk at KSA. You've just come across the opportunity of a lifetime. But time is short. Your career is on the line. As you sit in front of a blank computer screen, panic sets in. You don't know if it

can be done. You don't know if it has been done. And if it has, who can help you?

And then it happens. Like the eerie calm before the storm, silence envelops you. A quiet serenity fills your being. You know everything

will work out. You know this because, with a click of the mouse ... you've just entered

The Intranet Zone!

Through KSA's Information Exchange, you can access both internal and external information. Its browser interface is familiar and easy to use. With the Information Exchange, valuable knowledge is only a few clicks away.

The Information Exchange provides access to all available information within the organization. While the Knowledge Resource Center (KRC) is responsible for maintaining

the Intranet's design, operation and links, the content is the responsibility of all KSA Associates. Each service group has a Content Advisor who is responsible for his or her group's content and its accuracy.

Intranet Components

The Information Exchange lets you access key components of KSA's knowledge base.

Document Library

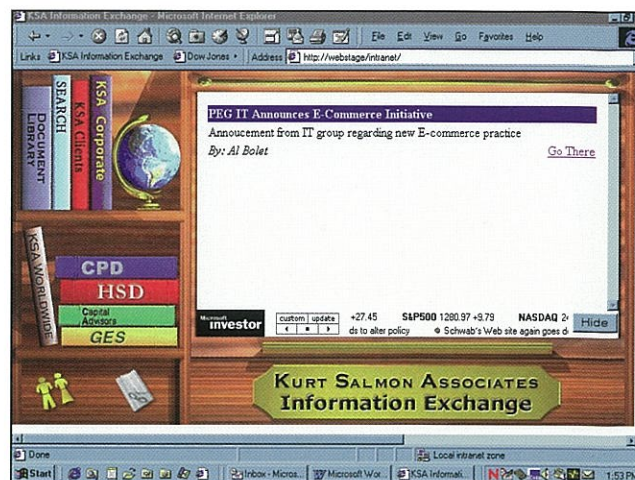
The document library provides access to KSA's document archives. This catalog of completed client documentation is full-text indexed so that users can search all documents based on the text they contain.

KSA Clients

The client library provides an alphabetical list of our clients. Upon opening a client link, you can access contact information, engagement locations, a list of engagements for the client, the client's web site, and performance history for publicly held companies. In addition, you can download a company's logo if it is available.

KSA Corporate

The KSA Corporate book provides access to information about our internal service groups. Inside this volume, you will find information on Corporate Communications, Department T, Human Resources (Employee Benefits, Professional Development and Recruiting) and



the Infrastructure (Help Desk, Knowledge Resource Center, Network Administration, and Financial Systems).

The Service Team Books

The service team books (CPD, HSD, GES and Capital Advisors) provide access to the Home Pages for each of our service groups and teams. These pages provide information on each team's Services, People and "Tools of the Trade." Tools of the trade can include such items as methodologies, best practices, thought papers, standard presentations, forms, etc. Key documents used regularly are now easily available to those who need them.

KSA Worldwide

The KSA Worldwide book provides access to information about KSA's offices worldwide. Once the networks and Intranets are set up in Europe and Asia, this book will be the gateway through which KSA USA can access the European and Asian Intranets and vice versa. The setup for the overseas Intranets will be similar, with access to all of the same types of information. Their volumes will be named based on specific operating units.

News Groups

The News Groups site

provides access to KSA's Conference Boards (discussion forums). We have created conference boards for each team and service group.

Additional conferences can be created for specific projects or topics on request.

People

Finally, access to our people in just about any configuration imaginable! The people home page provides access to the global corporate phone list, which can be sorted alphabetically, by office, by department or team, or searched by first or last name. Need to find someone who's experienced in floor ready merchandise? Do a quick search in the Skills Matrix and you'll probably find more than one that meets your criteria. In addition the People site gives you quick access to PracMan, where you can check out individual resumes, photos and more.

Internet Links

The Links page provides easy access to frequently visited Internet sites. You can view this information alphabetically, by type, or by relevant service group.

Time & Expense

The time and expense component is planned for late 1999 or early 2000. It

will allow KSA Associates to submit BI's electronically to Department T.

How Does the Intranet Help You?

Last year the Infrastructure group brought all of KSA to a standard platform in technology. Our standard configuration enables all of us make the most of our time.

The Intranet will allow us to take advantage of an even more critical tool—our Intellectual Capital. Access to our intellectual capital, combined with the efficiency gains received through standardization in our hardware and software, will enable you to work more effectively.

How does this work?

The Information Exchange, in conjunction with the Knowledge Resource Center, provides you with all kinds of intelligence—KSA, client, industry and competitive.

KSA Intelligence

Using the Information Exchange, not only will you know what your service team is doing, you'll also know what all of our teams are doing. With this knowledge, you can more effectively market and sell KSA services across functional teams. This enables you to more closely align KSA's services with client needs, strengthening our relationships and KSA's position in the market place.

Client Intelligence

KSA has a long history with a diverse group of companies. Understanding this history—what we've done, for whom,

and how it benefited them—is crucial to maintaining our strong relationships with current clients and establishing solid foundations with future ones. Through the Information Exchange and the Knowledge Resource Center, you can access up-to-the-minute information on all of our clients and engagements.

Industry Intelligence

KSA has positioned itself as the "thought leader" in its core service offerings. To maintain that position, you must remain on the leading edge of your area(s) of expertise. The Knowledge Resource Center provides the latest industry research, forecasts and articles. With links to more than 300,000 information sources, it can keep you up-to-date with the latest activities in your industries.

Competitive Intelligence

The Knowledge Resource Center makes it easy for you to get information on your competitors. The better you understand your competitors, the better you can position yourself when presenting KSA services to potential clients, allowing you to make a stronger argument as to why KSA is the best choice.

The Information Exchange is a resource tool that can connect you to data, analysis, people, and knowledge. Check out the new reality at KSA. We think you'll be pleasantly surprised.

For more information:

- ▼ David Head: (404) 898-7870
- ▼ Loraine Laurino: (404) 253-0131

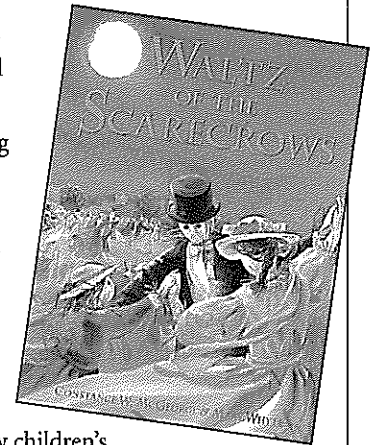
Model Retirees

Retired KSAer Bob Saunders and his wife Sybil model for children's book illustrations

One warm day, months ago, Seabrook Island, S.C., motorists craned their necks in amazement at the sight of *Sybil and Bob*

Saunders (retired KSA Officer) and several others, decked in evening finery, dancing and cavorting to music in a grassy pasture.

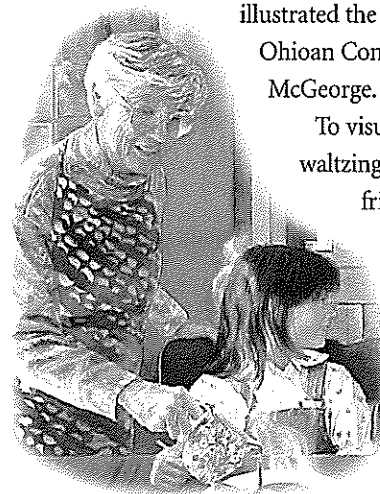
The Saunders, with five grandchildren, fit the story's kind grandparent roles quite well.



Now the secret of this mad field gala has been revealed within the covers of a new children's book, *Waltz of the Scarecrows*. Seabrooker Mary Whyte

illustrated the book written by Ohioan Constance W. McGeorge.

To visualize scarecrows waltzing, Mary asked a few friends to show up in satin and top hats, sans the straw, for a dress rehearsal. As they swayed to the music, she snapped photos



that would become crucial for later sketches. No crows appeared at the party, but plenty of gnats did!

Starring in the scarecrow book are the Saunders, who, with five grandchildren of their own, fit the story's kind grandparent roles quite well.



Milestones

Congratulations to:

Renato and Jill Scaff on the birth of a daughter, **Gabriella Frances**, January 3.

Jerry and Brooke Darby on the birth of a son, **Marcus**, January 10.

Brandon McGahee and Kerry Pickett, married October 10.

Poornima Kaddi and Senthil Angamuthu on the birth of a son, **Shreyas**, November 25.

Felipe Olivares and Flavia Moran Ramos, married December 19.

Molly and Tim Britt on the birth of a son, **Nicholas James**, December 13.

Leigh Gainous and Larry Westholm, married December 19.

Congratulations to

the following KSAers, who recently celebrated ten years with KSA!

- Marlis Frankic (Düsseldorf)
- Steve Robertson (Los Angeles)
- Jan Watson (Princeton)
- Mona Clifton (Atlanta)
- Stefan Slegers (Düsseldorf)
- Guido Schild (Düsseldorf)
- Bruce Seeber (Atlanta)

New Officers

Torre Crupie

Atlanta

Torre Crupie has contributed significantly to the development and growth of KSA, both in Europe and the United States.

Torre joined KSA with a bachelor of Industrial Engineering from Georgia Tech in 1979. After a number



of successful projects in Logistics Strategy, Facility Design, and Productivity Improvement, he was promoted to Principal, and subsequently transferred to Germany as director of our European Logistics Practice from 1989 to 1992. Torre was the first of several Logistics Principals to assist in the development of our world-wide practice.

Torre's strong client base includes several of KSA's largest clients, such as Lillian Vernon, Carhartt, William Carter, L.L. Bean and Nike.

He demonstrates the epitome of the slogan "good work begets more." He establishes and maintains strong long-term relationships based on consistent high quality work. For example, much of the major follow-on work we are doing at Nike is due to the successful work that Torre spearheaded with the Logistics team in the Nike distribution center in Memphis.

Torre is active in recruiting and staff development and is the regional team leader for the Logistics Practice in Atlanta.

Torre has maintained a good balance between career and family. He and his wife, *Colleen*, and their four children can be seen often traveling from one of the children's sporting event to the next in either of their two Suburbans.

Mohsen Moazami

Los Angeles

Mohsen Moazami joined KSA through our merger with Stanford Business Systems (SBS) in 1995. Mohsen co-founded SBS, a consulting firm devoted to the design, development and implementation of client



server systems. His focus at SBS was on technical IT implementation, and the firm served clients such as Hughes Aircraft, Harvard University, Creative Artist Agency, and Walt Disney Company.

Shortly after joining KSA, Mohsen became Director of Client Server Services, and he and his colleagues from SBS brought important skills to a number of large scale KSA IT projects, such as Levi Strauss & Company and Carr Gottstein.

In early 1997, Mohsen assumed responsibility for KSA's Global Enterprise Solutions practice (GES). He effectively leveraged his contacts to ensure KSA being approved as a national implementation partner in North America and Germany for SAP.

This partnership has been the foundation of rapid growth in our GES practice. GES has become our first truly global practice, and is on track to become our most successful new service launch to date. The GES group now includes over 20 colleagues with a significantly greater number globally trained in SAP skills in the past two years.

Mohsen is particularly skilled at creating external relationships and opportunities for KSA. Key clients he has served include Adidas, Pier 1 Imports, Vons, Guess?, and Microsoft.

Prior to founding Stanford Business Systems, Mohsen was engaged in the technology industry in California. He has a Masters Degree in Mechanical Engineering with a Minor in Economics from Stanford University, one of the premier schools in the U.S.A.

Fluent in English and Farsi, he has a *Vacalaureate Internationale* in French. Mohsen is a highly sought-after speaker at IT and industry forums.

Mohsen pursues tennis and skiing passionately. He and his family reside in the Los Angeles area.

Jean-Louis Simoneau

Paris

Jean-Louis Simoneau is co-founder and President Directeur General of Cleversys/KSA. Since its founding in 1989, under Jean-Louis' leadership, the Cleversys practice has grown to 30 professionals serving leadership firms in Retailing and

New Principal

Consumer Products, Banking, Insurance, and other manufacturing sectors.

During the past two years, Jean-Louis has aggressively moved the practice into enterprise solutions and developed significant volume in the Fashion sector, leveraging KSA's global positioning.

He joined the European Management Committee in 1998.

Jean-Louis has developed strong relationships with a number of key clients, including LVMH Group, Alain Manoukain, Uni, Poclairn, Auchan, Galeries LaFayette, Air France and French Railway.

Prior to founding Cleversys, Jean-Louis was a founder of Eurosept, a MIS consulting practice. This was preceded by experience as a Management Consultant with Peat Marwick in France and the UK. He studied Management and Business Administration at Essec, one of France's top business schools, and is also a CPA in France.

He is fluent in English and French, and has participated in numerous important speaking engagements.

Jean-Louis has strong expertise in IT Strategy and System Implementation, as well as Business Process reengineering and Organizational Development. In total, he draws on 23 years of experience in consulting.

Jean-Louis and Cleversys have developed strong skills in the implementation of PeopleSoft and SAP, two of the leading ERP software suites.

The Simoneau family resides in Paris, France.

Jean-Louis is pictured on page 20 in the Cleversys photo.

Patrick Fitzpatrick Atlanta

Pat Fitzpatrick joined KSA as a Principal in the Supply Chain Services group as the Director of Store Operations. Previously, Pat worked for Arthur Andersen and was with the Senn-Delaney Retail practice since 1982.

Originally from upstate New York, Pat attended Rensselaer Polytechnic Institute in Troy, New York, and graduated in 1975 with a degree in Industrial Engineering. He worked for Colt Industries for nine years where he held a variety of positions, including MIS/Marketing systems coordinator in St. Johnsbury, Vermont; Internal Auditor in Syracuse, New York; Plant Controller in Carrollton, Georgia; Financial Analyst in East Troy, Wisconsin and eventually Controller in East Troy, Wisconsin.

Pat left Colt in 1982 to join the Senn-Delaney group, initially focusing on financially oriented consulting engagements with retailers.

Over the years, he moved from operational consulting to the business development team. After Arthur Andersen purchased SD in 1992, he became Business Developer for 10 states (and the Caribbean) in the southeast. Within 18 months the region sales increased over 10 fold and he accepted responsibility for business development activities across the entire U.S.

Pat is currently building a new home in Alpharetta, and enjoys playing with his two dogs. He often goes west for white-water rafting and camping. On the weekends he travels down to Macon, Georgia, where he keeps an experimental class helicopter, which provides many hours of enjoyable flying throughout the Southeast.



New Managers

Allen Glenn Atlanta

Allen received a BS in Mechanical Engineering from Washington University and an MS in Industrial Engineering from Georgia Tech before joining KSA.

Some of Allen's experience includes one and a half years in Singapore working at Levi Strauss & Co., Asia Pacific Division, on a business process improvement project, as well as a project at Uni-first developing and implementing a manufacturing scheduling system.

Currently, Allen is working on a supply chain management review and process improvement/package selection project at Russell Corporation.

John Jantson Honolulu

John joined KSA in June 1995. Before joining KSA, John worked on multiple systems projects



for companies like Save the Children and Foster Parents PLAN International.

During his years with KSA, John has worked on projects across KSA's various service groups.

Working with the CPD group, he developed and implemented a sourcing/product development process improvement program at Spiegel. Teaming up with the logistics group, he helped implement a warehouse management system at Dillon.

Primarily, his focus has been with the PEG IT group. He has participated in systems projects at Jones New York, Phillips Van Heusen, and most recently, Liberty House.

John's most recent assignment relocated him to Hawaii, where he has taken up SCUBA diving and a bit of boogie boarding. An avid dart and chess player, he is constantly challenging his fellow KSAers to a game or two. His spare time is spent listening/ playing music, reading, and hiking.

Christian Wallner Düsseldorf

Christian joined KSA in June 1995. Before KSA, he spent several years in the

information technology area



New Managers

Continued

of NIKE Europe.

During his career with KSA, he has played important roles on engagements with clients like Mustang and adidas. During this time, he spent one year with SAP, VF Corp., Reebok and Sara Lee Hosiery, helping them develop the SAP Apparel Footwear Solution.

Christian's experience includes IT systems development and implementation for the supply chain. He also is certified in MM (Materials Management) of SAP R/3 and one of the most experienced SAP-AFS consultants world-wide. Christian is currently leading the SAP implementation of the logistical modules at Adidas International Trading in Europe.

Married to *Angela*, Christian holds a Diplom-Wirtschaftsingenieur degree from the TH Darmstadt. He

represents the GES group in Europe.

Vic Bhargava Princeton

Vic joined KSA upon his graduation from Georgia Tech with a B.S. degree in Industrial Engineering.

Since then, Vic has worked on numerous important projects for KSA clients including Stride Rite, Woodward & Lothrop, The Franklin Mint, The Disney Store, U.S. Mint, Jockey, and NineWest. These projects have covered a wide spectrum, including BasePlus®, white-collar productivity, store backroom engineering and operations improvement.

Vic's career with KSA has provided him the opportunity to live in Louisville, Kentucky; Washington D.C. (twice); Philadelphia,

Pennsylvania; Cooleemee, North Carolina; and Princeton, New Jersey. Most of these locations have fueled Vic's desire for experiencing large urban environments.

Vic enjoys traveling, reading, and any sports activity. He is also an avid Atlanta Braves fan, much to the chagrin of his Princeton Office colleagues.

Mike DeBruyn Princeton

Mike joined KSA after serving six years in the U.S. Navy as a Nuclear Submarine Officer.

Mike graduated from the U.S. Naval Academy at Annapolis with a B.A. degree in English.

For most of Mike's KSA career he has served on-site at Tiffany & Co. during many consecutive projects spanning several years. Most recently Mike has been working on a Logistics Strategy and Facility Design project for Philips

VanHeusen.

Mike, his wife, *Jean*, and their sons *Michael* (4) and *Vince* (2), live in Hillsborough, New Jersey. Mike's hobbies include spending time

with his family and their four cats, watching prison movies, being a fan of his hometown Detroit Red Wings, and fantasy football.

Dan Stonaker Atlanta

Before joining KSA as a consultant in the Logistics Group, Dan earned his undergraduate BSME degree from the U.S. Naval Academy, and his MBA from Brenau University.

He served as a naval officer, working in nuclear-powered submarines.

Since coming to KSA, Dan has been involved in several logistics projects including productivity, logistics strategy, call center strategy, facility and systems design and implementation. He has contributed to the success of several projects for clients that include Lillian Vernon, Federated Stores, Reebok, National Geographic and Cornerstone.

Dan is leading the on-site efforts to implement the new distribution center for Cornerstone.

Most of Dan's spare time is spent with his family—wife, *Meri*, and sons *Robert*, 7, and *Nicholas*, 4. He also is an avid runner and participates in Junior Achievement.

Woody Ackerman New York

Woody Ackerman joined the KSA PEG-IT group in September 1995.

During his three years with KSA, he has played in-



New managers (l-r) Scott Sangrey, Mike DeBruyn, Dan Stonaker and Vic Bhargava.

strumental roles in engagements with key clients, including Levi Strauss & Co., The Athletes Foot, New Balance and Disney.

Woody's experience has included software design and QA as well as some IT strategy. He is currently implementing a catalog management system at Disney.



An avid motorcyclist, Woody enjoys riding one his two BMW's whenever he gets a chance. His most recent acquisition is a side car to go with his '78 BMW.

Woody has a undergraduate degree from the University of Massachusetts and two masters degrees from Boston University, an MBA and a

Masters in Management Information Systems.

Scott A. Sangrey
Atlanta

Scott joined KSA in July, 1994. Prior to joining KSA, Scott was a paratrooper for the U. S. Army.

Tired of the travel and bruised from the numerous hard landings, Scott decided to join KSA's logistics practice as a relocater. The landings greatly improved, and the travel took Scott and his family on an enjoyable tour. Scott played key roles in the facility and WMS design and implementation project for L. L. Bean in Portland, Maine, the testing and implementation project at Haggard Clothing Company in Fort

Worth, Texas, and the productivity improvement and new facility start up projects at Blockbuster Entertainment Group in Dallas, Texas.

Outside work, Scott enjoys many hobbies. For 1999, he has reluctantly forced himself to focus on landscaping the yard, reading two books per month, and using all of his vacation days. Scott earned a BS degree in Industrial Engineering from Virginia Tech. Scott and his wife, *Kelley*, have two children, *Carter* and *Kayla*.

Bob Danielson
Atlanta

Bob joined KSA as a Manager in PEG IT. He has been involved with Information Systems and

Business Management for more than 25 years. His experience has been highlighted by developing and implementing pervasive information strategies as the Chief Information Officer of several national and international companies, including OfficeMax and KayBee Toy Stores, as well as the detailed utilization of best of breed information solutions to solve urgent business issues.



Bob holds a Bachelor of Science degree in Accounting and a Master of Business Administration degree from Bryant College in Rhode Island. He is a Certified Public Accountant.



Atlanta KSAers were among the 23,000 who turned out for the Promina Challenge, a run/walk /picnic to benefit Boys and Girls Clubs. Pictured are (l-r) Koni Lee, Erik LaValle, Jennifer LaValle, Amy Striplin, Winona Milton (behind Winona: Todd Palmer, Patricia Palmer), Carla Howard, Eleanor Dixon (holding bottle), Ron Howard, Dana Howard, Libby Morgan, Alyce Mondy, Dana Holley and LaDena Holley.

The Observer

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Fostering Education

Sixth-graders get a lesson in consulting as a career from KSA

By Keith B. Richmond

HARLEM, NEW YORK

How does a consulting firm function? This question is often difficult even for some adults to answer. So how do you give an “understandable” explanation to a group of sixth graders?

Future Careers Day exposes students to many careers—such as consulting—they barely know exist.

This is one of the many questions I encountered during the Henry Highland Garnet School for Success’ “Future Careers Day” at Public School 175.

The day began with a briefing session to representatives from such companies as Bank of China, *USA Today*, Target Dept. Stores, CBS, the Mayors Office and KSA/Hamilton-HMC.

On hand for the welcoming were Principal Carol Foster and Dr. Askia Davis, District Administrator, and my host, Susie Hockenburg.

Future Careers Day is part of an on-going effort to showcasing various industry professions.

After the briefing, each representative went to a classroom to give a 50-minute presentation.

I received a heart-warming, in-unison welcome from Class 6-204, lead by teacher Duanna Petrus. My nervous anticipation—I’d never before spoken to a group of sixth-grade students—quickly dissipated.

To my surprise, the class had an agenda which consisted of questions I was happy to answer. These became the foundation for stressing



other points.

First, I explained the health care side of KSA in the elementary terms: “Every hospital wants to be really great. So Hamilton-HMC tells them what they need to do to improve: better staff, new computers, different ways to do some things.

“Imagine when you reach the age of 21 that you may be able to go into a hospital and show them your I.D. card—something like your parent’s drivers license — and they will know everything about you: how much you weigh, how many times you’ve been sick, what allergies you have—even that you broke your arm rollerblading

when you were 11. We help the hospital make it happen.”

The majority of my presentation focused on the fashion industry. We talked about the design process from idea to end product — children’s wear, swim wear, ski wear, even toy design.

Using everyday examples with which the students were familiar helped create a very entertaining environment.

Future Careers Day is a worthwhile effort that makes a difference in students’ lives.

New York City’s Public School 175 definitely realizes the importance of not only teaching students the basics, but also preparing them for the 21st century.

Celebrating in Style at Maxim’s

This year, the annual dinner of Cleversys-KSA was celebrated at the prestigious Maxim’s restaurant in Paris. It was preceded by a busy afternoon, during which Cleversys’ excellent results and perspectives were presented.

Peter Brown also participated on specific themes.

The afternoon meeting was followed by a small buffet where all the staff ate the traditional “Galette des Rois” with some no-less traditional “Champagne.”

Later, 72 people appreciated the excellent food at Maxim’s. Some games were organized during the meal. The peak of the evening came when all the principals were invited to dance the “French Cancan.” (Pictures are available on a discretionary basis and only for blackmailing purposes.)— *Jean-Michel Loubic-Duprat*



The staff of Cleversys-KSA enjoys the beauty and the food at Maxim’s, with the Principals/Officers on the first row (from left to right): Jean-Louis Simoneau, Jean-Michel Loubic-Duprat, Bertrand Jauffret, Tony Smith, Andreas Stockaert, Richard Traish, Peter Brown, Olivier Dubois.