

SPRING 2000

A publication by and for the employees of Kurt Salmon Associates

The Observer

Making music with Mars

KSA helps create an Internet sales presence for Musician's Planet superstore.

By Bradley A. Griffith
and Christopher I. Davis

SUWANEE, GEORGIA

There's something astir in Suwanee ... and Kurt Salmon Associates is at the center of it. The low rumble of material handling equipment will soon become a symphony as Mars—The Musician's Planet unveils its new online superstore at www.marsmusic.com.

KSA has been involved throughout the emergence of the Mars Internet presence on four separate projects, the most challenging aspect of each being the short amount of time available. Over six months, the KSA and the Mars project team, headed by *Ken Walker* and managed by *Chris Davis*, took Mars Music from brick and mortar to online orders. The projects were truly fast-track, and delivering quality results within the ambitious timeline (and during peak shipping!) was a formidable challenge.

KSA's four engagements with Mars Music were:

■ Detailed Redesign of the Suwanee Distribution Center

To accommodate direct-to-consumer shipping, the facility had to be modified to include increased space for receiving and retail shipping, reserve storage (case and pallet), a sort area for replenishment, an active picking area, pack stations, and UPS and USPS shipping. After a flurry of meetings and calculations, the redesign of the 159,000-sq.-ft. facility was delivered on time and under budget—all in about a month.

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Images From an India Summit

For more on KSA's Retail Summit 2000 in India, see page 4.

FROM THE CHIEF EXECUTIVE OFFICER

Global targets for 2000

By Peter Brown

It's a new year, so what's going to be "new" about 2000 for KSA?

Early each year, we review the state of the business and our multi-year strategic plans. From this, we target priorities we will pursue on a global basis for the coming year. We have done this for year 2000, and have seen the changes around us, such as E-commerce, consulting firm IPOs, client mergers, etc. As I did last year at this time, I'm providing a brief review of themes on which our focus should center.

The key to success is choosing what we will do well and focusing on those initiatives. We will all contribute and in so doing, further develop our capabilities and those of our colleagues.

Achieve Greater Market/Service Focus

We are pursuing new client segments and services, as any healthy firm needs to do. After the past few years of such activities, it is appropriate to prioritize those initiatives to a greater degree, so we may focus our resources on key service areas and bring all possible scale to those efforts. We operate in an environment where a number of our strongest competitors are multiple our size, so this focus is quite fundamental to our competitiveness.

Build Knowledge-Based Process

KSA is positioned as a thought leader in our target

markets. This brand identity comes from strong work on new ideas, monitoring emerging and long-term business trends, and creating pragmatic applications of these for our core markets. We believe we will benefit from embedding clearer processes that support this thought leadership and other forms of innovation, so that we maintain our strong brand position.

Build Technical Deployment Capabilities

KSA has been involved in technology deployment in various parts of our practices for many years. While we have very strong examples of success in this area, in general, we still have a culture that focuses more on process and knowledge than on core technology. We will be working to broaden our business practices so we can strengthen this technology area.

Realize HSD/CPD Synergy

There are exciting opportunities to exploit synergies between these two market segments, initially in North America, in such areas as E-commerce and customer service.

Acquisitions/Mergers

KSA will continue to grow through a combination of internal hiring, growth of



CEO Peter Brown

people, and selective mergers. We believe that our strong market image, quality and results, combined with our increasingly special opportunity for wealth creation in private ownership in a professional service firm, make us an increasingly more attractive firm for smaller practices to merge with. We currently have a number of such discussions underway, and anticipate we will see the frequency of mergers increase.

Empower Managers to Invest

KSA spends on average the equivalent of about 80 full time people per year on non-billable work in areas other than sales and support. We have a tremendous capacity available to create knowledge, develop our practice areas, and other similar activities, which rep-

resent investments in the future of the firm. While we have many good initiatives underway at all times, we do not have processes in place that allow practice leaders to consciously allocate, deploy and measure the results of these types of investments.

During this year, we will be putting more effort into prioritizing where these investments should be made, and in managing this resource for results in the same way we do our other activities. We believe this will provide great opportunities to better link all of this time with the key growth initiatives of the firm.

These represent the six key global priorities. We, of course, have subsidiary initiatives in specific regions and practice areas as well. The key to success is choosing what we will do well and focusing on those initiatives. The above list represents the collective view of where our priorities should be for the year.

We will all have opportunities to contribute to a number of these initiatives and in so doing, further develop our capabilities and those of our colleagues. That is the foundation of our firm continuing its successful growth and strengthening.

Mars: From bricks to clicks in only six months

Continued from page 1

■ Merchandise Profiling

Once the facility had been redesigned, Mars Music asked KSA to assist in an effort to collect physical data on each of the SKUs in the warehouse. While this physical data is useful for many PkMS Warehouse Management System functions (such as cartonization and truck building), the primary reason for collecting this data was for use with Slot-It, a warehouse slotting program. With this physical data and shipping forecasts, Slot-It is able to optimally slot each SKU in the active picking area based on user-defined constraints and goals. For example:

■ PkMS Testing

To ensure a smooth transition from the existing warehouse management system to PkMS, KSA also designed and conducted a complete systems and integration test of the software.

Using a simulated warehouse of shelving, index cards, and cardboard boxes, KSAers *Jon Watschke, Tanny Petchor* and

Whitney Herrin, along with Mars associates, tested every function, from pre-receiving to shipping, in the Virtual Distribution Center on-site in Suwanee.

■ Overall Project Management

The final portion of KSA's engagement was Overall Project Management. Chris Davis worked closely with the Mars project team leaders, keeping the entire transition on track and running smoothly.

Soon, Mars Music will supply musicians all over the United States with musical instruments and accessories via its online superstore, thanks, in part, to KSA.

The speed at which the projects were completed provided valuable insight into the art of fast-tracking a project while delivering the level of quality our clients

expect. The following lessons should prove useful on future time-critical KSA engagements.

1. Experienced Knowledge Required.

A fast-track project requires a level of expertise that only veteran consultants can offer. KSA can deliver proven solutions—quickly. The downside, of course, is that there is less opportunity to train newer consultants in KSA methodologies.

Additionally, because more senior people are required, the project's consulting costs are higher.

2. Appropriate Staffing. Completing a project quickly does not lessen the amount of work. In fact, the same amount of work must be performed in a shorter amount of time. The KSA team should be staffed appropriately to handle this intense workload.

3. Assumption versus Fact. With a limited number of days to complete a project, the project team may not have time to collect all of the required data. Without quantitative, accurate data, assumptions must be made. This fact defines a key function of a fast-track project: inefficiencies present because of assumed data become greater as the desire for speed increases. KSA consulting teams must remain flexible, because decisions made on assumptions may have to be changed. This flexibility should be built into the project timeline.

4. The 90% Solution. The mantra "a 90% solution implemented correctly is



Just down from a quick trip to the planet Mars (L to R): Mark Huffman (Mars), Chris Davis, Debbie Chadwick (Mars), Jeff Barnett (Manhattan Assoc.) Jon Watschke, Tanny Petchor, Diane McLaughlin (Mars), Bradley Griffith, Drew Bordas (Manhattan Assoc.), Marshall Goodman (Mars), Joe Bidinger (Mars). *Not Pictured: Ken Walker, Whitney Herrin*

better than a 100% solution not implemented at all" is applicable. However, lower processing productivity, lower utilization of available resources, and higher implementation costs—in the long run—can be expected with a 90% solution. KSA project teams should educate their clients on the implications of this and continue to assist in the correct implementation of the solution.

5. GREAT Sponsor Needed. A fast-track project without a strong sponsor will not be successful. Projects of this type require daily and weekly meetings with client partners.

6. Continued KSA Presence. Since work is performed in a matter of weeks instead of months, only a few key client partners will own detailed knowledge of the project work. Before accepting projects of this type, KSA should insist that a consulting presence be maintained throughout implementation. This will allow for the transfer of knowledge to many client personnel, promoting a smooth transition.

7. Immediate Results. This is the best part of a fast-track project—results in a matter of weeks!

KSA RETAIL SUMMIT 2000 4-5 FEBRUARY 2000

in association with



A roaring success

With unexpected promotion from Indian industry, KSA Retail Summit 2000 attracts more than 250 participants and results in strong favorable publicity for KSA

By Saloni Nangia, Saurabh Mittal and Parul Rohatgi

Peter Brown speaks on "E-business" to attendees at the KSA Retail Summit 2000 in Bangalore, India.

BANGALORE, INDIA

Yet another successful Retail Summit—the second of its kind after the Retail Seminar in spring 1999 in Bombay.

This time the venue was Windsor Manor Sheraton & Towers in Bangalore (the Indian Silicon Valley), in early February.

India's retail future looks bright, with annual revenues projected at \$7.5 billion and the potential of 60,000 new jobs.

Seminar leaders included SAP, Siemens Nixdorf, Philips, Sensor-matic and Satyam Infoway. And, of course the organizers: KSA Technopak.

The Summit received an overwhelming response from the Indian industry. For the over 250 participants who paid \$400 each to attend the 2-day conference, it was money well spent. For KSA, it was a worthwhile effort with free publicity from the media

coverage alone worth more than \$250,000.

And it also brought out the organizational talent of the KSA team.

The first day of the summit was dedicated to retail strategy and the second to retail operations. The summit addressed the issues facing the Indian retail industry, such as evolving consumer trends, entry of international chains, infrastructure hurdles, financing and supply chain constraints.

Highlights were "Consumer Outlook 2000" and "Retail Vision 2005"—both completed by KSA Technopak. The first was a study tracking Indian consumer shopping behavior, and the second defined the future potential of the retail industry in India.

To unwind after a serious day's work, participants and guests attended a cocktail and dinner party on the first evening.

The 29 speakers included *Peter Brown, Arvind*

Singhal and Devangshu Dutta from KSA, Blaise Durand Reville (Carrefour Promodes), Christine Cross (Tesco), Kurt Ebert (Quelle), Antonio Murta (Enabler Group), Peter Lau (Giordano), B S Nagesh (Shopper's Stop), Rajesh Jain (India-world.com), Mrs. Urvi Piramal (Piramal Enterprises) and numerous other CEO's and brand leaders from Indian and multinational companies.

So, what is the prognosis for retailing in India?

The future looks healthy, particularly in light of the increased liberalization of the Indian economy, coupled with the growth and spread of communication technology. Retailing will grow to an approximate \$7.5 billion industry (from the current \$1.2 billion) by 2005. It will create 60,000 new jobs, and see a total construction on 3.6-billion sq. ft. space.

However, there are still

miles to go before organized retailing spreads to every location in the country, and barriers to overcome before the Indian retail industry will truly come of age.

A step in this direction was the formation of the Indian Retail Federation (IRF) under KSA's initiative; the new organization has six founding members: KSA Technopak, Shopper's Stop, Bombay Stores, Piramal Enterprises, Viveks Limited and SAP.

The retail summit provided another refreshing example of the KSA team spirit, with the entire team staying up for two nights in a row to organize the show.

Coming off the success of this year's summit, KSA Technopak is already planning for next year's Retail Summit. Sponsors and numerous inquires have already started pouring in, giving us the confidence that "we are the best."

Building relations, building success

In the Blockbuster project, KSAers go the second ... even the 400th ... mile to develop trust and a good working environment

By Colleen McGraw

LAREDO, TEXAS

The church was a stone's throw from the bridge that connects the United States and Mexico. The narrow streets and signs in Spanish made the journey more time consuming than we Logistics

It is difficult to place a value on the relationship KSA strives to achieve with our clients. The level of trust and dependability we develop is an important part of KSA's culture and helps define us all.

consultants had anticipated, and we arrived just before the start of the service.

The lights came up, the music began, and the priest started the ceremony ... in Spanish!

It was Halloween weekend, and we had traveled

to South Texas—400 miles from Dallas—to attend a Blockbuster engineer's wedding. Spending our workdays as well as our fun days with the client helps cultivate and maintain a relationship that is essential to working in an open and trusting environment, and extends beyond the client engagement.

With eight KSAers, we are leading several initiatives at Blockbuster:

Beginning in August, we investigated all functional areas of the DC to determine **operational and system gaps**. We identified, categorized and quantified the major gaps in the Warehouse Management System (WMS)

(JDEdwards), and determined potential gains from increased system functionality. After facilitating focus group meetings with every functional area in the DC, *Andy Johnson, Chris Dowd, Chris Rettig* and *John Karonis* compiled a WMS requirements document. This document was submitted to JDEdwards for review, and we are awaiting their response.

As members of the Blockbuster Sorter Project team, *Steve Knapik, Chris Dowd* and *Lucy Edmonds* have been focusing on the **optimization of the Rapistan crossbelt sorter**.

The sorter was originally designed for both the video and music businesses. Since then, however, the music business has been sold and two of the four induction areas have been rendered idle. Ramifications of the sorter's potential use, both upstream and downstream, have led to an analysis of wave planning and how

it may be modified to work best in conjunction with the sorter. A simulation company has created a computer model of the sorter that aids analysis of how different inputs (particularly projected volumes and spikes) affect the sorter's utilization. The model also makes evident additional modifications that may be imperative for the redesigned sorter's success.

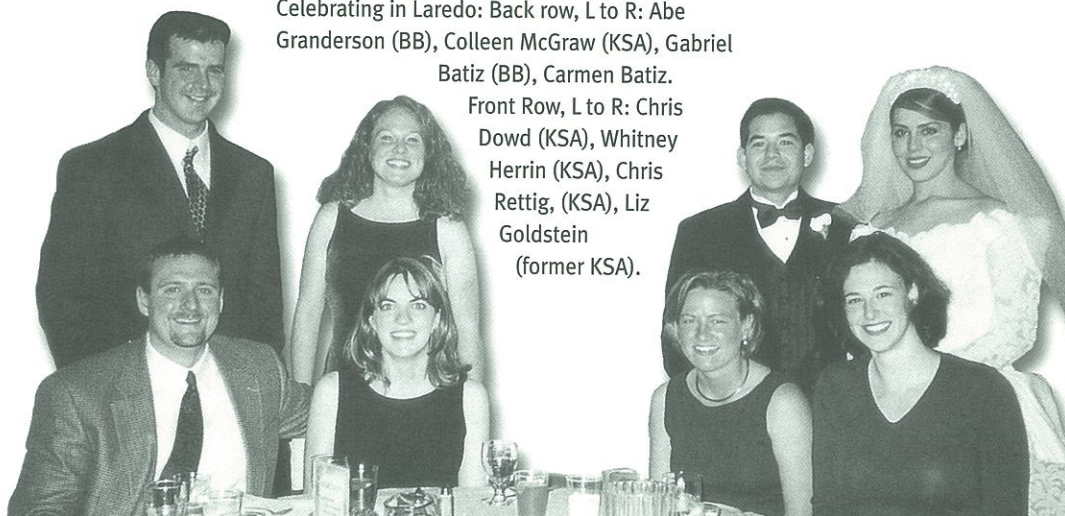
In August, several inventory "quick fixes" were targeted and discussed. *Chris Dowd* and *Colleen McGraw* began leading a "Quick Hits" team whose focus was to **improve inventory accuracy within the distribution center**.

What began as a group focused on quickly implementing one solution to improve inventory soon became a task force focused on determining root causes of inventory inaccuracy and brainstorming possible solutions. With the implementation of several improvements, the team has fulfilled its charter and is now quantifying the success of its initiatives.

In mid-January, *Todd Mitchell* joined the project team to focus on Blockbuster's E-commerce fulfillment efforts. Todd, Andy and *Randy Moore* are working together to plan, design and implement the new E-DC, which will enable Blockbuster to decrease its reliance on a third-party provider.

The new E-DC will require a redesign of approximately 100,000-sq.-ft. of the current retail DC and involve system modifications to the WMS. All operational and system modifications are scheduled for mid-April completion, followed by four weeks of user acceptance testing and a late-May startup.

During the past three-and-a-half years in Dallas, more than 20 KSAers have worked on many projects, yet one thing remains unchanged: the quality of KSA's relationship with Blockbuster. Client relationships are the foundation of KSA and what we all strive to continuously nurture.



Celebrating in Laredo: Back row, L to R: Abe Granderson (BB), Colleen McGraw (KSA), Gabriel Batiz (BB), Carmen Batiz.

Front Row, L to R: Chris Dowd (KSA), Whitney Herrin (KSA), Chris Rettig, (KSA), Liz Goldstein (former KSA).

Early Learning Centre

KSA work helps UK business in dramatic turnaround

By Suzanne Woodall

Early Learning Centre (ELC) is the UK's leading pre-school toy retailer, with higher market share than the UK's largest toy retailer, Toys 'R US, in its key categories.

During the 1980s, ELC achieved phenomenal growth and sustained a reputation as a niche retailer selling innovative children's toys.

In fiscal year 1993-1994,

Despite a competitive retail climate, indications are that the business will continue its impressive turnaround.

the firm made a profit of £15M, then declined to a performance low in 1997-1998. Despite increasing store numbers, sales fell by 4% and

market share by 1%, with a business loss of £7M.

In 1997, ELC's parent company, John Menzies Group, appointed a new managing director, Mike France, and new deputy managing director, Peter Ellis.

Mike, who had worked with *Patrick Moylan*, principal in KSA's UK practice, invited a KSA team to study Supply Chain Process and Performance. The review team highlighted a number of opportunities:

- Improve supplier management
- Reduce cost of goods
- Develop more professional skills
- Improve planning and inventory management

In addition to the financial imperative driving the

turnaround, ELC's management team faced a number of challenges with its buying and merchandising team, and with the wider organization:

- The business was entrenched, operating from a split site at head office and a buying office in Hong Kong.
- Investment in systems had not kept pace with retail industry standards.
- ELC had a buying and merchandising team that was relatively insular.
- The business had limited capacity to change.
- ELC had a chequered history with consulting companies and had cynicism towards the value that KSA could bring.

Multiple Projects

The supply chain improvement opportunities identified by KSA during the 1997 supply chain review were turned into multiple projects, running under two main project streams: *planning and intake management* and *sourcing and supply-base development*.

The Planning & Intake Management workstream soon became IMPACT—Integrated Merchandise Planning and Control Toolkit—focusing on helping ELC capitalize on its brand re-energizing efforts. The objective of IMPACT was to improve the mix of core and new toys and to take advantage of market trends.

The team determined to implement a process that



Part of the team helping ELC's turnaround (l-r): Mike France, managing director, ELC; Peter Willmot, KSA; Duncan Adam, planning manager, ELC; Patrick Moylan, KSA; Peter Ellis, deputy managing director, ELC. Seated: Suzanne Woodall, KSA

would ultimately cover range and space planning, top down budgetary planning, bottom up unit sales and profit planning, and intake and stock planning.

The Impact of IMPACT

IMPACT was developed to be bright, robust and easy to use. Over time, it has proved to be all of these things, and has carried ELC through four planning seasons.

The groundwork laid during that first 16 weeks has enabled ELC to invest in a new, more sophisticated planning system.

The project achieved all of its time and budgetary deadlines, and culminated in ELC's first real social event, a party in a Italian restaurant. ELC and KSA jointly funded this night out for the buying and merchandising team, plus many others involved in the planning process.

Despite a very competitive retail climate, indications are that the business will continue its impressive turnaround. Unique among the

top players in toy retail, since Christmas 1998 ELC has increased its market share every month to a level of 9.5%, up 1% on summer 1998.

As with many other retailers, ELC is facing potential competition from E-tailers. As the firm now has good processes and appropriate IT infrastructures in place, coupled with buying and merchandising professionals, it should be able to face the challenges of E-commerce in a way that would not have been possible even two years ago.

KUDOS

Over the 15 months, a truly global KSA team included **Suzanne Woodall, Peter Willmot, Patrick Moylan, Alan Braithwaite, Fergus Nolan, Taza Mohammed, Ingmar Kraak, Alice Dabrowska, Christan Watson, Neil Banwell, John Karonis, Bill Galvin, Vivek Mathur and Jerome Saint-Marc.** Congratulations to all those who helped with the ELC engagements!

Added benefits

Early Learning Centre's relationship with KSA offers many pluses for both companies

In addition to the financial benefits, which continue to accrue, ELC has gained other benefits from our consulting engagement:

- ELC is now a successful organization, with a stronger team able to respond positively to change, and take a more active role in shaping projects and changing programs.

The IMPACT planning disciplines have allowed the team to translate its dated brand val-

ues into a modern inventory of toys, that still fulfill ELC's mission to become "the number one global pre-

school brand, where grownups

can enjoy kids being kids." The organization is clearly beginning to feel good about itself.

- ELC's customers—voting with credit cards via increased market share—have clearly seen and responded to the changes that the business has brought about.

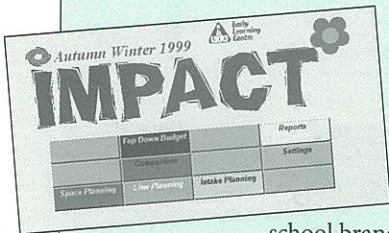
- Finally, KSA has also learned a great deal from this engagement, particularly in managing a team at the peak of its capacity to absorb change.

This program gave us an opportunity to put our Management of Organizational Change methodology to the ultimate test.

We feel—both at KSA and ELC—that we have built a good, long-term relationship that will continue to serve both companies well in the years to come.

KSA was involved in many other initiatives with ELC during 1999, including:

- ✓ Sourcing and supply base development;
- ✓ Review of plans and development of presentation for ELC franchise partners;
- ✓ Development and launch of ELC's first relationship agreement;
- ✓ Outlining terms of business between ELC and its suppliers;
- ✓ Review of planned logistics outsourcing, including assessment of terms of reference;
- ✓ Analysis of product margin, and
- ✓ Identification of major areas of opportunities for re-negotiation.



Collaborative Planning, Forecasting and Replenishment

(Or ... Can People Find Rayovac?)

by Genevieve Eisner and Beth Koelling

Apparently the latter can be difficult. It was an icy day in Madison, Wisconsin, as we left the Radisson for a kickoff meeting at Rayovac. Scraping the ice off the car, and armed with two maps, the team of Sarah Davis, Genevieve Eisner and Beth Koelling were primed for a great meeting.

But one wrong turn later we realized we were off-track. So, being

KSA overcame

a faulty sense

of direction to

help Kmart

and Rayovac

find the way.

resourceful, we phoned Rayovac for directions. Finally, we hustled into the office, thankful we had allowed extra time.

Rayovac and Kmart have partnered in an effort to pilot Collaborative

Planning, Forecasting, and Replenishment (CPFR). The pilot involves 20 SKUs that both sides will monitor to determine if CPFR is a strategic practice that is beneficial to both partners.

But what is CPFR?

CPFR is a collaborative approach to inventory management across the supply chain. The nine-step process developed by VICS (Voluntary Interindustry Commerce Standards) outlines the up-front planning and negotiating that the buyer and seller complete to develop the rules of the engagement, partnership strategies, and category objectives.

Each trading partner inputs forecast, actual and inventory data into a CPFR system via the Internet. The CPFR system then generates exceptions when forecasts or actual amounts vary by more than a pre-determined threshold—true management by exception. This means that each partner can decide what

forecast parameters are important, and a collaboration software tool will automatically alert each partner to its own set of weekly exceptions.

From there, the company can decide the appropriate action. This process greatly reduces the time needed to sift manually through large volumes of data and allows the company to focus on other areas of the business.

Rayovac is one of 20 pilots that Kmart is undertaking. While CPFR is in its early stages, several pilots have been conducted and the results are promising.

Together, Rayovac and Kmart are examining various retail metrics to monitor the success of this pilot: in-stock percent, inventory turns, weeks of supply, gross margin and net sales. Also, Rayovac and Kmart hope to improve their business relationship through increased communication throughout this pilot.

So what is KSA's role?

KSA is helping Rayovac pilot CPFR in several ways. We are assisting with the up-front planning processes, developing and applying CPFR business processes to Rayovac, and supporting Rayovac's exception management and resolution. KSA has a CPFR team on-site at Kmart, which is assisting Kmart with its CPFR hub strategy.

The kickoff was great. But at the end of the day, we confirmed that our sense of direction was off. We looked out the Rayovac window and spotted our hotel, directly across the highway.

Live and learn!!

For more information on CPFR, visit www.cpfr.org.

The FRESH approach

KSA helps the Italian dairy giant, Parmalat, develop new ways of implementing Supply Chain Management techniques

By Chris Schoenmakers

MILAN, ITALY

European dairy companies are increasingly challenged by consumers who demand a greater variety of healthier, fresher, higher quality, and more convenient foods. Price

KSA's FRESH approach for the European dairy market offers applications for other industries.

pressure and eroding profits present additional challenges.

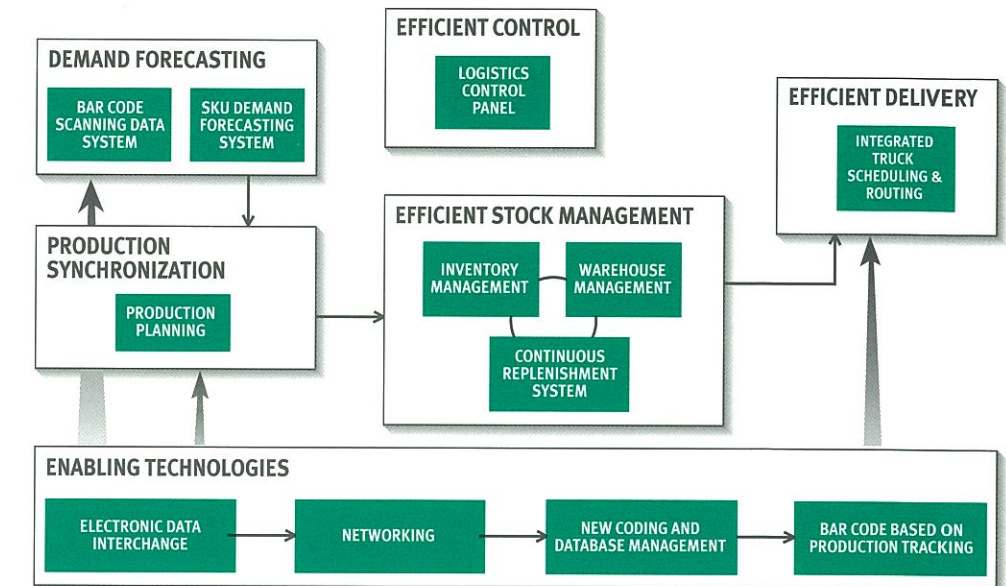
To respond to these challenges, the fresh food industry is seeking more cost effective logistics practices that

acknowledge the perishable nature of their products and meet new food sector regulations.

Project scope & objectives

Enter KSA. The FRESH (*Food industry REengineering pilot to achieve Supply Chain integration*) project focuses on developing new ways of implementing Supply Chain Management concepts in the fresh food industry. Working with Parmalat, Italy's leading dairy products manufacturer with 85 companies worldwide with a turnover of Euro 5,000 million, we are reengineering the primary logistics chain through a balanced mix of interventions at the organizational, technological and human resources level.

The project, which is partly funded by the European Union through the *ESPRIT-programme*, is being developed by KSA in con-



junction with two system integrators (TXT, Italy, a leading vendor of logistics and supply chain integration solutions; and ArchiMedia, Greece, specializing in Internet-based light-EDI solutions).

The project, which started in 1998, will end in June.

Business objectives

- ❑ To increase sales levels by at least 5.5% through more on-time deliveries, reduce order fulfilment lead times and improve product freshness and points of sale shelf-life;
- ❑ To reduce stock levels along the primary logistics chain by 30%;
- ❑ To reduce total logistics costs by at least 4.5%.

Project description

FRESH involves deploying a vertical Supply Chain Integration (SCI) and Management solution, comprising:

- ✓ An organizational model for SCI;
- ✓ An IT infrastructure supporting integration across the players in the Supply Chain;
- ✓ Teaching employees to work in an integrated, cooperative horizontal approach. (*The new SCI framework is shown above.*)

One of the goals of the SCI model, which is based on Efficient Consumer Response (ECR), is to identify the basic trade-off between the cost of providing good customer service and the cost of lost sales resulting from inadequate service. It has been possible to identify this trade-off in the FRESH project by segmenting Parmalat's customer base and by introducing up-to-date techniques, such as Continuous Replenishment Programs (CRP), defined as a simplified, lower cost inventory replenishment system for customer procurement of all Parmalat brands.

The results of the CRP depend on the demand fore-

casting which impacts logistics decision making related to production control, inventory control, material handling, warehousing and transportation.

First results

Started in 1999, the early implementation linked a major Parmalat production facility in Collecchio, two associated warehouses, three wholesalers and one Italy-wide supermarket chain.

The key sub-systems developed include:

- ✓ CRP-Light—a Continuous Replenishment Program supporting reorder processes that balance service level and logistics limitations;
- ✓ A new warehouse management system and layout;
- ✓ A bar-code-based tracking system to support warehouse operations; and
- ✓ A logistic control panel that allows measurement and visualization of the logistical performance indicators.

In Brief...

New KSA alliance in Europe

By Dr. Andreas Stockert and Dr. Iris Bender

Since January, KSA has been collaborating with the business-to-business auctioneer, Portum. The two companies are sharing ideas and resources to build services responsive to the changing demands of our customers.

One goal of this cooperative effort is to more effectively leverage the radical transformation within the area of technology.

Portum GmbH supports companies in finding new Internet partners for faster and more efficient purchasing and procurement, as well as sales in the context of business-to-business auctions. The auctions are executed in individual and specifically designed virtual trade rooms.

First E-Comm Project Sale for the Indian Practice

By Saloni Nangia

The Indian practice made its first sale in the e-comm area on February 23. A quick (two-week) project, the scope covers helping the client firm up its business concept of a chicks-and-bricks service offer oriented to consumers and small businesses, and to prepare a business plan.

Probably indicating "Internet speed," the sale took just two weeks to conclude in a span of five working days, from first contact to authorization.

During this time, we also had conversations with three other companies related to e-commerce business conceptualization and start-up, and hope to make some more action happen very soon.

To facilitate this change, KSA used on-the-job and classroom experiences with courses and seminars on SCI and ECR, warehousing, inventory management, customer service; managerial training in change management, project management and internal and external business communications; and training in the operating procedures specific to FRESH and its IT infrastructure.

Final implementation

Starting this year, the pilot will be extended to 30 wholesalers, four supermarket chains and other Italian warehouses and factories.

FRESH will be extended across European operations in 2001-02, and worldwide by 2003. Details of implementation will undoubtedly differ with the degree of development in each market.

Applicability to others

Implementation of the FRESH approach could include all the significant countries in Western Europe.

However, FRESH has considerable potential in at least two other sectors—fast moving consumer goods (FMCG) and textiles and clothing. It aims to meet customers' needs, with a focus on cooperation between all players who work in coordination to provide customers' what they want, when they want it at the lowest cost.

KSA Sponsors Textiles Symposium

GREENSBORO, N.C.

This year, the UNCG Textile Products Design and Marketing Department and its Industry Advisory Board's annual Symposium was sponsored by KSA.

The Symposium included a two-member panel discussion with KSA's Janet Greer as moderator. Speaking on "Globalization: Strategies and Realities" were John Englar, Senior Vice

President, Corporate Development and Law from Burlington Industries, and Michael Delaney, Senior Vice President of Marketing and Strategic Planning from Unifi. Each shared how his organization is building strategies to address globalization. The highlights:

- ✓ Fashion is diffusing, as evidenced by the common vision of social trends.
- ✓ More open trade triggered by governments, alliances, and trade agreements is facilitating this change in people's tastes.

- ✓ Technology is enabling and expediting these changes in people and politics.

Given these realities, Englar detailed how Burlington Industries is differentiating itself as a vertical player in the textile industry, as it becomes a full-package provider and shifts production closer to target markets. Delaney explained that Unifi is positioning itself to service its customers "faster, cheaper, and better" while expanding its global presence and maintaining a focus on its core competency of producing yarn.

Rounding out the presentations, 250 participants engaged in a lively question-and-answer session about the role of domestic textile and apparel companies in the face of globalization.



L-R: Michael Delaney, Janet Greer, John Englar

Thirty-year employees

By Karen Pantzer

Jerry Armfield Greensboro

During his 30-year career with KSA, Jerry has served as a valuable resource to his clients, colleagues and the firm as a whole. Since joining KSA in 1967, Jerry has conducted engagements focusing on manufacturing and operations for over 200 consumer products clients in North America, Europe and Asia. He was instrumental in developing KSA's sourcing service and led the creation of KSA's Value-Adding Management tools utilized for improving productivity, reducing lead times, and increasing manufacturing flexibility and quality.

"Jerry is one of our most innovative thinkers when it comes to lead times, productivity etc," says Butch Price. "His products list includes bathtubs, roses, mattresses, footwear, every type of apparel, bicycles, leather products, and more. If anyone has tried something unusual that works, most likely the idea came from Jerry!"

Jerry's mentoring and leadership skills have been vital to KSA's success.

Jerry earned his B.S. in Engineering Operations from North Carolina State University. Additionally, he is a certified management consultant with the Institute of Management Consultant and an advisor to several groups such as the Apparel Advisory Committee for the Department of Textile and Apparel Management at North Carolina State University.

Jerry is currently directing the growth of the Greensboro office. He is an avid golfer, and he and his wife, *Mary Jane*, enjoy spending time with their family.

Gotthard Artelt Düsseldorf

Throughout his successful career with KSA, Hardy has assisted clients in the areas of technical management, production planning and control, planning and build-up of apparel productions and distribution centers and general management.

He has loaned his expertise in the textile, apparel, shoe and retail industries, working with key KSA clients such as Weber & Ott, Adidas, Escada, Brandtex, Fink, Gabor, Levi Strauss & Co., Mustang, Puma, P&C, Kaufhof and Adler.

Since joining the firm in 1965, Hardy has held numerous leadership roles including Vice President, Managing Director KSA Europe, member of the Board-KSA International, and Managing Director for KSA GmbH. Based in Düsseldorf, he continues to make valuable contributions as a leader and mentor to his colleagues.

Hardy completed the study of Apparel Technics at the Akademie Hohenstein, as well as seminar training in finance, economics and management. Additionally, he is a member of the BDU, DOB, and HAKA-Verband associations. Hardy is fluent in English, German and Italian.

Hardy still contributes to the successful performance of our European practice.

To his home in Hannover, Germany, Hardy has added a "permanent vacation" location in Seefeld, Austria. In this famous mountain area, he practices his favorite sport of skiing.

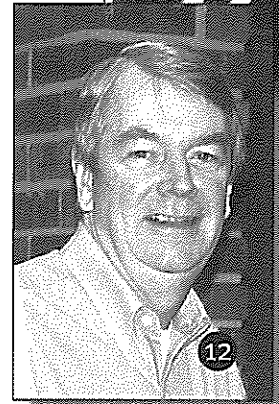
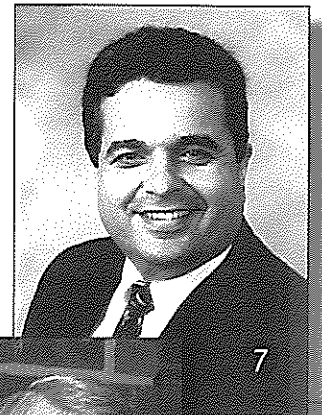
Mike Barnes New York

Formerly with IBM, Mike joined KSA in 1969. He has provided leadership to the northeast region, helping to grow and guide our New York and Princeton offices.

During his successful career at KSA, Mike has fulfilled numerous internal roles including Regional and National Service Director for the Information Technology Practice, PEG National Service Director, Board member, BENCOM member as well as various task force initiatives.

Mike is a highly respected professional who during his career has focused on large-scale systems development and package implementation projects for key clients. He has proven to be a consistent major account leader, and throughout his career has witnessed and participated in the major changes in systems applications in our industry.

A writer who really knows his grammar and syntax, and works at a blinding speed, Mike has authored 2,500-word articles



for industry publications in less than an hour. KSA is extremely fortunate that Mike has shared his knowledge with and helped develop many of his colleagues.

"Internally, Mike's consistent wise counsel and perspective has been of tremendous value, whether it was helping to set direction for the IT service group or KSA overall," says John Champion. "Those who have been fortunate to know him personally also know of his good sense of humor."

Mike recently retired from KSA, although we continue to have the benefit of his contributions as an associate on a part-time basis. Mike and his wife,



1. Jerry Armfield
2. Hardy Artelt
3. Mike Barnes
4. Alan Braithwaite
5. Bill Cobb
6. Dave Cole
7. Sergio Cruz
8. Tony DeMaria
9. Nort Eberly
10. Joe Irastorza
11. Chuck Killian
12. Frank McMillan
13. Bruce Miller
14. Steve Schlehuser
15. Bill Williams

Betty, enjoy spending time in their home in Florida, boating along the East Coast and spending time with their family.

**Alan Braithwaite
Manchester**

During his career with KSA, Alan has consulted to major consumer products manufacturers and retailers in North America, Europe and Asia. He was based in Hong Kong and Singapore from 1990 to 1996 as Managing Director of KSA's Asia Pacific practice. Before that, Alan served as a member of KSA's

European senior management team, a responsibility that included KSA's practice in the Soviet Union.

Alan's consulting experience has focused extensively on performance enhancement through major change. He has expertise in the supply chain processes of creating customer demand (including marketing, customer relations and product development) and fulfilling customer demand (including sourcing, manufacturing and distribution logistics).

Alan has made valuable contributions to major KSA clients including William Baird, L.L. Bean, Benetton, Courtaulds

Textiles, UK Dept. of Trade & Industry, Early Learning Centre, Fruit of the Loom, Hong Kong Government, Levi Strauss & Co., OshKosh B'Gosh, Royal Doulton, USSR Ministry of Light Industry, MFI, Hygena and WH Smith.

Before joining KSA in 1970, Alan qualified as a mechanical engineer in the UK and worked as an internal consultant for a global industrial gases firm.

Alan lives in the picturesque village of Sandbach in Cheshire with his wife, Carol. They have a grown daughter, Catherine. They particularly enjoy international travel, and are frequent visitors to the Far East.

30-year employees

Continued from previous page

William Cobb

Atlanta

Bill has greatly contributed to the development of KSA's Distributions Systems Practice/ Logistics Systems Practice, and acted as the group's director for many years.

Before joining KSA in 1969, Bill earned his Bachelor's degree in personnel management from the University of Tennessee, where he also studied towards his MS in Industrial Management. He worked as an instructor of data processing at the University of Tennessee and in the U.S. Army Adjutant General's School at Fort Benjamin Harrison, Indiana.

Bill has an exceptional track record in designing and implementing information systems for KSA's textile, home consumer products and apparel clients. He began at KSA working with management information systems design and implementation projects for textile clients.

He spearheaded the development of CMIS (Carpet Management Information Systems), which was marketed as a general purpose order processing and inventory accounting system for the carpet industry and marked KSA's entry into the software market for the industry.

Bill also led the conceptualization, design and construction of DCMS[®] (Distribution Center Management System), which, as an industry-leading product, pioneered support for VICS and Quick Response initiatives.

Bill's leadership spurred the growth and formidable success of the Logistics Systems practice and KSA overall. He has served his clients with distinction and

mentored many of the up and coming leaders in Logistics.

Bill and wife, *Janet*, who live in Atlanta, enjoy traveling together as well as being grandparents.

David Cole

Atlanta

Dave has had a profound impact on KSA, leading the firm through a major growth period in the 1980s and 1990s.

During this time frame, we significantly enhanced our services, client base and staff. This transformation required strong, focused leadership. While Dave will be the first to praise others, he was the touchstone for our success.

Since joining KSA in 1966, Dave has exhibited an intense degree of dedication and leadership. His vision, client management skills and indefatigable style have set the pace at KSA and enabled us to make significant progress as a firm.

Dave has held senior executive responsibility within KSA since 1977, when he became managing director of KSA's then new services of Strategy, IT and Logistics. He served as President and COO from 1983-1988, as Chairman and CEO from 1988-1999, and as Chairman of the Board from 1988 to the present. During his tenure as CEO and President, KSA has changed and expanded dramatically, with an eight-fold increase in professional revenues, new offices in Asia, Europe and the Americas, and market expansion into a full-scope retail, consumer products and health care consulting firm.

Dave holds a bachelor's

degree from Auburn University and an AMP from Harvard Business School. He serves on corporate boards, including QRS, Inc. Additionally, Dave is on the board of advisors for Goizueta Business School of Emory University, the board of visitors for Emory University and the board of directors and executive committee for Junior Achievement of Georgia.

Dave is a frequent keynote speaker and gifted panel moderator at industry conferences in North America, Europe and Asia.

Dave and wife, *Robyn*, live in Atlanta; their family of four children and four grandchildren keep them busy when Dave is not involved in KSA activities.

Sergio Cruz

Miami

Throughout his career at KSA, Sergio has assisted clients in product sourcing and strategies, evaluating and improving manufacturing operations, and establishing new manufacturing capacity.

His in-depth operations and facilities start-up expertise has earned Sergio a reputation as an authority on operations in the Caribbean and Latin America. World-class clients seek his services when they are expanding their manufacturing capacity or trying to achieve the next level of performance.

KSA has benefited tremendously from Sergio's extraordinary vision and energy.

Sergio was the driving force behind the firm's expansion into Latin America, establishing KSAAmericas, a corporate subsidiary, and opening the Miami office. As Butch Price comments,

"Sergio is our point person on everything related to Latin America. He is always thinking two moves ahead on the strategic chessboard. His pragmatic thinking has won over many clients."

Sergio currently serves as the national director for KSA's Operations practice, directing activities globally, including India and Madagascar.

A wonderful mentor and model throughout his career at KSA, Sergio continues to play an active role in the development and career growth of KSA staff.

Before joining KSA in 1969, Sergio earned his BS and MS in industrial engineering from the University of Florida. Additionally, he is a certified management consultant with the Institute of Management Consultants.

Sergio and his wife, *Miriam*, greatly enjoy spending time at their weekend home in Miami Beach and have been known to win dance contests.

Anthony DeMaria

Atlanta

Over his 35-year career at KSA, Tony's vision and leadership have helped provide the foundation of our firm's success.

Tony combined his logistics knowledge, passion for client service, and commitment to growing talent to create and grow our thriving Logistics practice, which he led for more than 20 years.

Tony was the prime initiator of the Floor Ready Merchandise (FRM) movement and was instrumental in the development of DCMS[®], one of the first Warehouse Management Systems in the industry. Tony is famous for providing state-of-the-art

logistics strategies and distribution center designs for major KSA clients. He also has developed many of KSA's current leadership team.

Throughout his career, Tony's ideas for his extraordinary work have often originated in an interesting fashion.

"Tony is definitely one of the most productive napkin writers in KSA," Dave Rush says. "While recently cleaning out my files, I came across napkins from Tony that outlined an approach to develop Haggag Clothing's new logistics strategy and one that estimated the total tonnage of hangers thrown away by retail clients due to the changing of hangers. This was the first seed of Floor Ready Merchandise (FRM), which is now a standard industry practice."

Before joining KSA in 1965, Tony earned his BS in physics from Holy Cross College, and worked for Western Electric.

He is considered a leading supply chain and logistics expert throughout the retailing and soft goods industries.

Tony and his wife, *Diane*, who live in Atlanta, enjoy sailing together and playing with their grandchild.

Norton Eberly

Atlanta

Nort is an acknowledged authority on cutting room engineering and material utilization. His hard work and professionalism helped build KSA's Operations practice.

Nort joined KSA in 1965 after working for several years as an industrial engineer and systems programmer for steel companies in his home state of Pennsylvania. He quickly became acquainted with cutting room

floor project work at KSA, which has led him to emerge as a leading specialist in this area.

Throughout his career at KSA, Nort has been involved in more than 300 material utilization and cutting room engineering projects dealing with all levels of technology, industries, products and company sizes.

Nort's clients appreciate his meticulous pursuit of all potential benefits to their operations. Over the years, he has shared his technical knowledge with succeeding generations of staff consultants.

Nort holds a BS in industrial engineering and an MBA from Lehigh University. He is a certified management consultant with the Institute of Management Consultants. Additionally, he has authored numerous articles on subjects of material utilization and CAD/CAM, and was instrumental in developing KSA's Cutting Room Management System® (CRMS) service.

Nort and his wife, *Florence*, live in Atlanta and enjoy spending time with their grandchildren, boating and traveling together.

Joseph Irastorza

Atlanta

Throughout his outstanding career at KSA, Joe's significant contributions have helped to shape the success of the firm and its associates.

For more than 30 years, Joe has worked with manufacturers and retailers implementing business performance enhancement through the appropriate technology applications. He has directed engagements dealing with inventory management, manufacturing planning, customer service, software selection and information technology strategy. He is

consistently a leader in introducing innovative and practical techniques and holds the distinction of being one of the initial architects of Quick Response.

Joe was instrumental in the development of the Latin American Control practice and has managed projects in Mexico, Brazil and Colombia. Over the years, Joe's leadership has resulted in the tremendous growth of our information technology practice and many of its talented consultants.

Al Bolet admires "Joe's intense level of personal dedication and commitment to KSA. Joe is also the ultimate 'straight arrow', being absolutely fair to his clients and his staff. I have never seen Joe place his selfish interest ahead of what was the right thing to do. A pretty remarkable achievement in our day and age."

Before joining KSA in 1968, Joe earned his BS in electrical engineering from the Georgia Institute of Technology and his MS in industrial engineering from Lehigh University. He also holds a PhD in management science from Georgia Tech. Additionally, Joe is a professional engineer, a certified management consultant with the Institute of Management Consultants and he participated as a member of the Alumni Advisory Board to Georgia Tech's ISyE School.

A great competitor, Joe enjoys tennis and golf. He and his wife, *Berta*, and their family live in Atlanta.

Chuck Killian

Minneapolis

For the past 30 years, Chuck has been an anchor for the Health Services Division, providing leadership to clients and staff. His areas of expertise include working with complex organizations such as academic medical

centers, major community providers, children's hospitals, integrated delivery systems, and merged organizations.

Chuck has successfully developed long-term relationships with clients by demonstrating personal commitment and helping them achieve results with strategic, operational, and facilities planning challenges.

Dave Cole, expressing his respect for his long-time colleague, says, "As is well known, Chuck was the anchor of the Minnesota Golden Gophers football team line as the center during his collegiate career. He has likewise been a center to the KSA Facility Planning practice for many years.

"Chuck well understands that winning in sports, as well as in business, requires sound execution of fundamentals. I always found it a pleasure to be with Chuck and his wife, *Mary*, at various KSA events."

Chuck's sense of humor and team spirit is well documented. At the 1999 HSD conference, Chuck played the role of a female aromatherapy faith healer. The act was captured on videotape.

Chuck received his BA in psychology and his MHA from the University of Minnesota. He has also served as a faculty member in the University's Program in Hospital and Health Care Administration.

Chuck also is a member of the American Association of Healthcare Consultants.

Frank McMillan

Atlanta

As a Principal in KSA's Information Technology group and the director of KSA's Infrastructure group, Frank has acted as an invaluable resource to KSA and to his colleagues throughout

30-year employees

Continued from previous page

his successful career.

His consulting experience has included design, development and installation of computer systems for a variety of clients in apparel, carpets, fashion accessories, jewelry, retailing and health care. These systems have included all facets of business information, ranging from general business functions such as order processing, planning and inventory control, to financial systems and EDI.

Frank's technical experience ranges from large online mainframes to individual personal computers using networks and client-server technology. He is an expert in a wide range of software products, including application, development, and operating system software.

In addition, Frank has managed the development of several software packages that have been marketed by KSA. He is currently managing KSA's corporate infrastructure, which includes local area networks, wide area networks, and all remote access to these networks.

Before joining KSA in 1966, Frank received his BS in applied mathematics from North Carolina State University and earned his MBA from Fresno State College.

Frank and his wife, *Gwen*, live in Atlanta and enjoy family activities.

Bruce Miller Minneapolis

Bruce's vision and leadership helped propel the Health Services Division's Strategy group to its reputation as a world-class consulting practice.

His tenacity, work ethic and client focus set the pace for the mid-west region and the practice as a whole.

Bruce received his BA and MHA from the University of Minnesota, where he later became a faculty member in the University's Division of Hospital and Healthcare Administration.

Before joining KSA, he served as an executive officer of the United States Public Health Service in Washington State. He joined Hamilton Associates in 1969—before its merger with KSA—and played a key role in the development of the firm's Dallas office.

At KSA, Bruce has formulated strategic plans for community hospitals, medical centers and multi-hospital systems. He has conducted mergers, joint planning, and developmental studies for shared services. "He is straight forward and insightful," says David Whelan. "He is demanding but gives deserved praise. Clients and KSA staff respond well to this. Bruce is always ready to challenge and teach new consultants."

Dave Cole adds, "Bruce is a man of many talents, including strategist, devoted father and golfer; and he is reputed to be a pretty fair racquetball player. He certainly is a good and valued friend to many in KSA. His career has been marked by devotion to excellent client service."

Bruce and his wife, *Joleen*, are parents of two daughters.

Steve Schlehuser Greensboro

Steve's extensive experience covers the diverse functions of

the fashion consumer products industries.

He has completed projects dealing with strategic planning, organization structure, information system strategies, software selection/development and implementation, and hardware and communications strategies. His engagements have also centered on cost reduction, productivity improvement, merchandising support, merchandise control, warehouse management systems, and systems support for rapid response to consumer demand.

Steve's forecasting expertise makes him a sought-after resource by CEOs and consultants alike.

He represents KSA at The Hosiery Association and the National Knitwear and Sportswear Association.

Steve received his BS in industrial management, with an engineering minor, from Purdue University, and joined KSA in 1966 after a tour with the U.S. Army. Steve and his wife, *Nancy*, relocated for five years with KSA (16 moves) before settling—first in New York, then as a charter member of the Princeton office.

In Princeton, Steve was a co-sponsor of the Friday evening wine and cheese sessions. After 26 years at the four Princeton office locations, Steve and Nancy relocated to Greensboro in 1998 to help expand KSA's presence there.

They enjoy spending time with their children and grandchildren.

Bill Williams Princeton

Bill has been a key player in KSA's Operations practice since he joined the firm in 1968. An acknowledged expert on men's tailored clothing, Bill executed an array of manufacturing engagements including leading a manufacturing reengineering project team for a large U.S.-based tailored clothing producer and developing cost models for apparel producers in the United States.

He also designed and launched a modular concept line to produce men's trousers.

Bill commuted back and forth to South America to direct the planning and implementation of all phases of a plant start-up for a Brazilian based manufacturer. His colleagues agree that the word that epitomizes Bill is "impeccable." It describes the way he deals with clients, family and friends.

Bill traveled globally to service his clients before it was a common practice, working on engagements in South and Central America, Saudi Arabia, Southeast Asia and Europe.

Before joining KSA in 1968, Bill earned a BS in mechanical engineering from King's College, University of London, and worked for General Motors for several years.

He is a valued contributor to the International Association of Clothing Designers & Executives (IACDE) and the Clothing Manufacturers Association (CMA).

He has recently retired and he and wife, *Ruth*, plan to spend more time raising horses in rural New Jersey.

A market void ... and challenge

Creating adaptive wear for the physically disabled offers new opportunities of service and profit for clothing manufacturers

By Saurabh Agarwal

KSA research in India, where there are more than 9 million people with disabilities, reveals a growing opportunity for clothing manufacturers to specialize in adaptive wear.

Skyrocketing costs have created demands for alternative, cost-effective approaches to health care. This situation presents opportunities to market adaptive clothing to meet consumer needs.

During the research for India applications, KSAers noticed that institutes helping the physically disabled were receptive, too. They hope adaptive-wear manufacturing will take off in India, a potentially large untapped market.

But the report also draws conclusions for KSA expertise worldwide. Here are excerpts of the study:

For the physically challenged, clothes can improve appearance and provide substantial aid in living. Fortunately today's fashion encourages individual expression—a great advantage to those with disabilities.

According to United Nations estimates, there are more than 500 million disabled people worldwide.

Locomotor disabilities require one or more physical restorative services, and garments can be an important part of rehabilitation aids. Though different organizations are working for the betterment of these disabled people, no serious effort seems to be coming on the

part of the garment industry.

As there are different kinds of disabilities, there is a need for special customized garments or adaptive clothing for these special people. The garments can be classified into two broad categories:

1. Pressure Garments

Without proper treatment, more than 80% of patients suffering partial and full-thickness burns will develop hypertrophic scarring. The immediate application of constant, even pressure to newly healed skin can prevent hypertrophic scarring and promote smooth, pliable skin. Pressure garments help reduce the pain and can be customized for every part of the body.

2. Customized Garments

Self-help clothing is adaptable and expandable according to the desired function; it protects its wearer without curtailing movement, and makes the wearer feel good.

The fabric is reinforced against wear occasioned by braces, crutches or other aids. Suitable clothing is easy to wear, maintain and repair.

Clothing can match physiological needs; patches or stripes of insulating textiles can be inserted near ankles, wrist, neck or ears to meet thermal requirements.

Adaptive garments are inconspicuous, and seldom

single out the wearer in any way. When possible, they conceal the disability or at least do not attract attention to the wearer. They contribute to the wearer's sense of well being. Functionally, their design enables the wearer to take care of personal needs as much as possible, help maintain proper body temperature, and provide freedom of movement.

Adaptive Clothing

Clothing should be well constructed, with double stitching at key areas of strain; it should be expandable to permit special functions; openings and sleeves need to be simple to manage and easy to fasten.

Clothes with front openings are easiest to put on. Wrap-around styles allow freedom of movement as well as easily conceal appliances. Velcro fasteners have revolutionized closing garments.

For a person with severely restricted mobility, clothing should be made of flame-retardant fabrics. For most persons with restricted mobility, crease-resistant, easy-to-care-for, stretch or knitted fabrics are best.

Strategies for Marketing Adaptive Wear

Today's marketplace for rehabilitation aids has expanded far beyond the walls of hospitals and institutions. Skyrocketing costs have

created demands for alternative, cost-effective approaches to health care, with a greater emphasis on rehabilitation. This marketplace situation presents excellent opportunities for knowledgeable, creative, and intuitive businesses to meet consumer needs.

A manufacturer could begin by using the time generated by style variations or extra capacity. Assistance in designing garments could come from rehabilitation centers.

Marketing could start by identifying institutes and hospitals for the physically disabled, and convincing them to buy adaptive clothing by highlighting the advantages of these special garments. Marketing can also use the Internet by putting up a Web page that gives information about the business, its services and receiving orders online. Another avenue is advertising through trade and medical journals and catalogues.

Immense Opportunities

There are immense benefits to taking up adaptive wear manufacturing.

There is no need to install extra manufacturing capacity as it aims at using that capacity. It would not only offer monetary benefits, but also build a socially responsible brand image and be a boon to millions of people with locomotor disabilities.

Top of the pack

Branding Study confirms KSA's market strength, potential opportunities

ATLANTA

The consulting marketplace is undergoing a great deal of change as we enter the new millennium. The trend is toward consolidation of consulting groups, resulting in fewer, larger firms. Mirroring that is

Experience and core values position KSA to attract new business in ever-expanding marketplace.

consolidation of companies within KSA's target industries, resulting in fewer, larger buyers of consulting services.

To explore the implications of consolidation and our market position, KSA hired the research firm of Clark, Martire and Bartolomeo to conduct an independent study of our target clients.

Methodology

The study targeted CEOs, CFOs, COOs and VP level officers of large and mid-sized companies who purchased consulting services in the past two years. Blind telephone interviews were conducted with a broad sample

of CPD clients and prospects in the following industries: Retail, Fashion Oriented Manufacturing, and Direct Marketing.

Questions probed clients' information and attitudes about business challenges and their potential use of outside consulting services to address these challenges.

In 127 interviews, the study also examined client perception of the importance of consulting firm size, as well as how KSA was perceived in relation to competing firms: Deloitte & Touche, Andersen Consulting, Ernst & Young, Arthur Andersen, PricewaterhouseCoopers, McKinsey and KPMG.

Findings

KSA's industry specialization has clearly paid off, as indicated by the fact that KSA had the highest penetration percentage within the target client pool sampled for this study. Of those participating, well over 40% had worked with KSA in the past two years. Other firms fared less

well, with Deloitte & Touche at 35%, PricewaterhouseCoopers at 33%, Arthur Andersen at 32% and Ernst and Young at 31%.

When asked what characteristics were used to select a consulting firm, 100% of those interviewed cited prior experience, addressing the specific issue at hand as highly important.

Other frequently cited characteristics were unique specialization/deep industry knowledge (94%), unique thought leadership (91%), collaborative style (85%), and relationship from prior engagements (84%). Only 15% identified the size of a firm as an important factor.

When asked to evaluate firms on their performance on these top-rated characteristics, in every category except one, KSA scored the highest when compared to competing firms.

For example, 90% felt that KSA offered unique specialization and deep industry knowledge. The consulting firm with the next highest score was D&T with 61%. More than 70% felt that KSA provides unique thought leadership to their industry. Almost 60% saw the firm as more collaborative than other firms.

KSA was second in only one category, and that was to McKinsey. KSA received a rating of 63% (vs McKinsey's rating of 75%) on the uniqueness of the firm's con-

sulting products, service and approaches.

On the issue of firm size, interestingly, more than 50% of participants perceived KSA as one of the largest consulting firms.

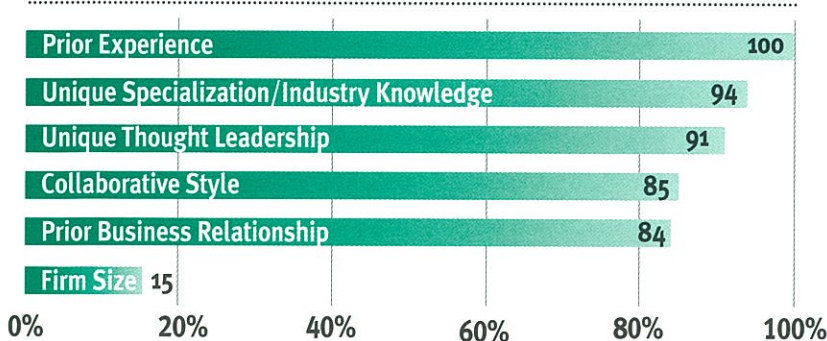
When asked what business challenges were of most importance to industry leaders, the most frequently named were growth/profitability (48%), technology/systems (44%), and employees/HR (30%). Direct marketing participants identified information technology most often as a key issue. Fashion manufacturing respondents cited marketing/branding as their top challenge.

Further exploration of important business challenges revealed six areas of consulting opportunities that KSA is well positioned to address:

- ✓ Selecting and implementing major software;
- ✓ Developing an overall IT strategy;
- ✓ Improving operational effectiveness and speed;
- ✓ Increasing distribution effectiveness;
- ✓ Building powerful brands; and
- ✓ Achieving sustainable and profitable growth.

This study was a surprising and gratifying confirmation of the strength of our reputation in the marketplace. It also provides valuable input on potential consulting opportunities in our market segments, and should be of great use in focusing our efforts going forward.

Criteria for Selecting a Consulting Firm



New managers

David Birdsall

Atlanta

Before joining KSA in 1997, David earned his BA from George Mason University and his MBA from the University of Pittsburgh, where he was recruited to join PEG IT.

David's previous experience includes 15 years at Hechinger



Company, where he spent the majority of his time on the sales floor and gained extensive knowledge of merchandising and inventory management.

David's project work at KSA has focused on software package implementations for clients such as The Home Depot, Fruit of the Loom, and Tiffany & Co.

David enjoys spending time with his wife Joni and their two daughters, Paige and Ashley. When he is not with "the Birdsall women," David follows pro football, baseball, NASCAR and hockey. He also enjoys freshwater fishing and hunting.

Marcos Corminas

Mexico

Marcos joined KSA in 1997 as a consultant for PEG Operation's practice team for projects in Latin America.

Before that, Marcos earned a BS in aerospace engineering from Texas A&M University, and completed one and a half years of MBA studies



at Monterrey Institute of Technology and Florida International University.

Marcos has contributed to several projects, including Vanity Fair Intimates, The William Carter Company, L.L. Bean and Renfro Corporation.

Marcos also has played a valuable role in conducting internal training and has been very active in recruiting efforts for OPS-USA and OPS C/LA.

In his spare time, Marcos likes to travel to Cancun to visit his family and enjoys water sports. He is also fluent in English, Spanish and Catalan.

Rich Dec

Chicago

Rich joined KSA's Logistics Group in 1995 after graduating from Cornell University with a BS in operations research and industrial engineering.

His project work has included DC Strategy, DC Design, DC Implementation and Start-Up, DC Performance Improvement and Call Center Strategy.

Rich has worked with numerous clients, including The Home Depot, Wolverine World Wide, Family Dollar, Border's, Mervyn's, Lillian Vernon, Book-of-the-Month Club, One Price Clothing, Foster Grant and Tilia.

Rich also has been involved internally; he is a Junior Achievement instructor at Princeton and has been active in recruiting at Cornell University and the University of Wisconsin.



In his spare time, Rich enjoys working out, reading and playing tennis.

Dawn Kale

Atlanta

Since joining KSA's Logistics Systems group in 1998, Dawn has been involved in a variety of projects, including a strategy project for Russell Athletics, WMS Package selection and implementation



for Lippincott, Williams & Wilkins and a CRP and training project for Phillips-Van Heusen.

Dawn is acting as the first Process Manager for the Logistics Systems Group Methodology roll-out. Dawn came to KSA with a strong logistics background.

She worked as a facility manager for third-party logistics companies for three years and for the Distribution group at Bristol-Myers Squibb for 16 years.

Dawn received her MBA from Georgia State University and her BBA from Dallas Baptist University.

In her free time, Dawn enjoys hiking, reading and spending time with her family.

Chuck Kaste

Atlanta

With nine years of experience with manufacturing processes and systems in the aerospace industry, Chuck joined KSA's PEG IT group in 1998.

Before that, Chuck worked for Lockheed Martin Corporation, where he managed the

implementation of an aircraft assembly shop floor control system.

Over the past 18 months, he has taken advantage of his extensive manufacturing experience, with valuable contributions to the J.D. Edwards implementation team at Tiffany & Co.

Chuck earned a BS in management from Georgia Tech and an MBA from Kennesaw State University.

In his free time, Chuck enjoys playing financial advisor to his family and friends, following Atlanta sports teams and spending time with his wife, Lisa, and son, Robert.

Brian Lin

New York City

Since joining Hamilton-HMC in 1996, Brian has specialized in network infrastructure design, selection, and implementation. He also has been involved in several IT strategic planning and systems selection projects.

Brian has participated in engagements that include the creation of a centralized billing office at Mount Sinai Medical Center, and network design, selection, and contract negotiations for Long Island Jewish Medical Center and St. Barnabas Health Care System.

Before joining KSA, Brian worked as an information systems consultant for the Univer-



New managers

Continued from previous page

sity of Cincinnati's Medical Center. He received his BA and MA in economics and an MS in health administration and planning from the University of Cincinnati.

Outside work, Brian enjoys spending time with his wife, Lauren, and their award-winning cat, Bailey (Mr. November in HSD's first annual cat calendar). He also enjoys playing golf and exploring Manhattan's culinary delights.

Matt Maddox Princeton

Matt joined KSA in 1996. Before moving into KSA's eStrategy group, he worked as a consultant in the Logistics group, developing logistics solutions with leading retailers, wholesalers, and manufacturers.



He has gained industry exposure (fully clothed) on podiums speaking about B2B, and B2C in the soft goods industry.

Before coming to KSA, Matt earned his BA from the University of Virginia. He also served as an Army officer and subsequently founded a marketing partnership in the Czech Republic.

His client work has included Kay Bee Toys, Borders Group, Inc., Jockey International, and Wakefern Foods.

Matt has been involved in recruiting efforts at the University of Pennsylvania and in the Princeton office.

Outside work, Matt enjoys photography, running and chain-saw juggling.

Dan Purefoy Atlanta

Before joining KSA's Logistics group in 1996, Dan earned his BS in civil engineering from Howard University.

After graduation, Dan served four years as an engineer officer in the U.S. Army.

During his time at KSA, Dan has contributed to projects that include Base Plus®, Logistics strategy, and operations improvement. He has worked with clients such as Kay Bee Toys, Borders, Consolidated Stores, Cornerstone, Kmart and, most recently, Nike.

Outside the office Dan enjoys weight training, jazz and traveling.

John Sewell San Francisco

John joined KSA's Peg IT group as a consultant in 1995 after serving five years in the Navy as a submarine officer.

John earned a BS in computer science and a minor in French from the U.S. Naval Academy.

John's project work has included systems implementation and testing for both retail and apparel clients, point of sale implementation and IT strategies for leading clients, such as London Fog, JumboSports, Jones Apparel Group, Liz Claiborne, Liberty House and 800.com.

John has been an instructor for PEG orientation, and has



been involved in recruiting other junior military officers to KSA.

Outside work, John enjoys cooking and playing the piano. He recently settled in San Francisco.

Catherine Shin New York City

Catherine joined KSA in 1994 as a consultant in the Strategy group upon her graduation from Northwestern University, where she earned a BA in economics.

Since then, Catherine has established a solid skill base across a wide range of Strategy Services, including consumer marketing, merchandising process improvement for both retail and wholesale, strategic planning and inventory effectiveness.

She has put her skills to good use for leading clients, such as Bestform, Federated, Kmart, Blair, Jones, Oxford Shirting and, most recently, Timberland.

Catherine has served as a mentor for other staff consultants in the New York office, where she is also actively participates in recruiting activities.

Troy Van Wormer Los Angeles

Before joining KSA as a consultant in the Logistics group in 1995, Troy earned his BS in aerospace engineering at the University of Michigan and spent six years as a Naval officer.

Troy has contributed to numerous projects covering the breadth of the Logistics Group's

service offerings for key clients such as The Home Depot, Williams-Sonoma, Jockey International, Consolidated Stores, Adidas, Kmart, Hub Distributing and Nike.

When he is not consulting, Troy enjoys running, wine tasting, jazz and top-down driving. He also enjoys tackling home improvement projects with his wife, Natali, and coaching and refereeing soccer and Pokemon card trading with his 7-year-old son, Austin.

Andrew Zgutowicz Atlanta

Andrew joined KSA in 1994 with a BIE from Georgia Tech. In his six years with the firm, Andrew has been a member of KSA's Operation's Practice, the Logistics Group and the Merchandising Group.

Andrew has built a skill base in soft goods manufacturing, Base Plus® implementations and retail store operations.

Andrew has worked with key clients such as JumboSports, Southern States Cooperative, The Maxim Group, OfficeMax, Family Dollar Stores and Macy's West.

In his free time, Andrew and his wife, Anissa, enjoy hiking, fine dining and attending sporting events.



From worst to first

Finally gelling as a team, KSA's soccer squad snatches a miracle championship from the jaws of disaster.

By Manish Sampat

ATLANTA

Nobody—including us—would have given us a chance. We had entered the playoffs with a record so dismal—no wins, five losses and a tie—that our rating was zero, yet when the playoffs were over, KSA's team (with a few teammates playing when needed) had upset

the leaders and posted a championship in the Atlanta City coed soccer league.

Facing two games each Saturday, we began the season bristling with

excitement and enthusiasm (uninformed optimism) despite playing with only one substitute.

In our first two games, we were overmatched in terms of talent and experience and easily dropped both games by a combined score of 17-4.

Week two, several new members joined the team, but we fared little better. We managed to eke out a tie - which provided a spark of hope and optimism for the following week. We realized our team had the talent to win both games but did not perform as a unit. Team

chemistry seemed a significant component for success (life lesson).

Despite our attitude of rebirth, week three proved to be a disaster. We had all the makings of a victorious squad—a majority of members were present, we had worked hard on developing team chemistry (attending numerous happy hours together), and we even had practices. But still the team lacked the magic necessary to pull off a win; we lost both games by a combined score of 8-4, finishing the season a dismal 0-5-1 record.

Second Chance

All teams were invited to participate in the playoffs.

Braving the cold and renewed by the fresh start, we were filled with hope. The first game began with our opponents scoring a quick goal. But we rallied to hold the score to 0-1 at half time. The second half was hotly contested. With roughly three minutes remaining and still

trailing 0-1, the lucky bounce we needed all season occurred. *Andy Moose* found himself wide open in front of the goal. In the melee, Andy's kick bounced off of Nikki Le's leg and into the net. Since league rules mandate that goals scored by women count for two points, Nikki's goal gave us the lead! Despite the desperate efforts of our opponents, we held on for our first victory of the season!

Spirited by this win, we realized we had a chance to advance to the next round with another victory. In the second playoff game, our true ability and chemistry finally came together. We scored in the first half and, for the first time, led at halftime, 1-0. In the second half, our opponents tied the game at 1-1 but we decisively put the game away with three unanswered goals.

Two weeks later, we entered the second and final week of play on another cold, frozen weekend. Faced with needing three wins to claim

the season championship, we gave up an early goal but fought back for a 5-2 victory.

In our second game, our opponent had beaten us during the regular season. However, a couple of goals and strong defense proved to be the right combination as we won 2-0.

Now in the championship game, with no rest from our victory, we faced another familiar opponent.

The game began with our opponent taking the momentum. But despite numerous opportunities to score, strong goalkeeping by *Michael Schoon* and a lucky break resulted in a 1-0 lead at halftime. Our spirits were bolstered—20 minutes remained between the league championship and us. In the second half, we started strong and maintained that pressure. In the end, the lone goal proved to be enough.

We won the league championship and had gone from worst (in the regular season) to first!

KSA's "team spirit" coalesces in soccer finals to create an incredible victory.

KUDOS

- To coach and captain *Elisabeth Orsini*. Her diligent efforts kept us together through thick and thin.



The TEAM: (first row, l-r) Hong Van Le*, Nikki Le*, Elizabeth Orsini, Liza Caceres*, Andy Moose; (second row) Allison Young, Ben Holland*, Gregory Wells, Manish Sampat, Michael Schoon, Rayan Cheung, Paul Kimmick*, and Spencer Stephens

*non-KSA players

Milestones

Congratulations to:
Bill and Kendall Sussman
on the birth of a daughter,
Nicole Brooks, November
30, 1999.

▼
Manish and Bela Sampat
on the birth of a son, **Rajan
Manish**, December 14.

▼
**Melissa and John
VanArsdel** on the birth of a
son, **Zane**, January 22.

▼
**Ike Myers and Sharon Bat-
teast**, married February 6.

▼
Julie and Jeff Sherman on
the birth of a son, **Jason**,
February 8.

▼
**Keith Richards and Jennifer
Ferdinand**, married Febru-
ary 8.

▼
Judy and Kevin Salisbury
on the birth of a son,
Jordan, February 13.

▼
**Tosha Solomon and
Antoine Peck** on the birth
of a son, **Antoine Maurice
Peck, II**, February 21.

▼
John and Chris Thomson
on the birth of a daughter,
Caroline, February 28.

▼
Cullen and Laney McClure
on the birth of a daughter,
Emma Walker, March 23.

E-Gads! E-mprisoned by e-vil!

Sarah Walmsley e-xpresses the agony of being e-ngulfed by the e-virus

SOMEPLACE IN E-THER SPACE

It came to me in an e-mail from the e-SMART Group. It was the dreaded e-virus which threatened to e-mmerse me for e-ternity and hyphenate my very being. The clock struck e-leven and it began its e-vil work.

I gulped and choked on my e-spresso, unable to control my e-motions. I hit E-SCape, but e-verywhere I looked, the e-virus had e-stablished a hold and was in full e-ffect.

This was a full scale e-mergency.

E-verything had been e-clipped. All my e-ssential e-quiptment had been e-roded. How was I to e-vade the e-vil vowel? I surely couldn't e-equal the frightening e-fficiency of this new e-ruption.

I e-valuated my position. E-nough was e-nough. I would have to e-vacuate or e-vade the virus in some way. It began to cloud my e-vision, to strangle my e-strategy and create an e-void in my e-brain. My whole e-xistence flashed before my eyes. What would e-veryone think? How would my e-pitaph be e-xpressed?

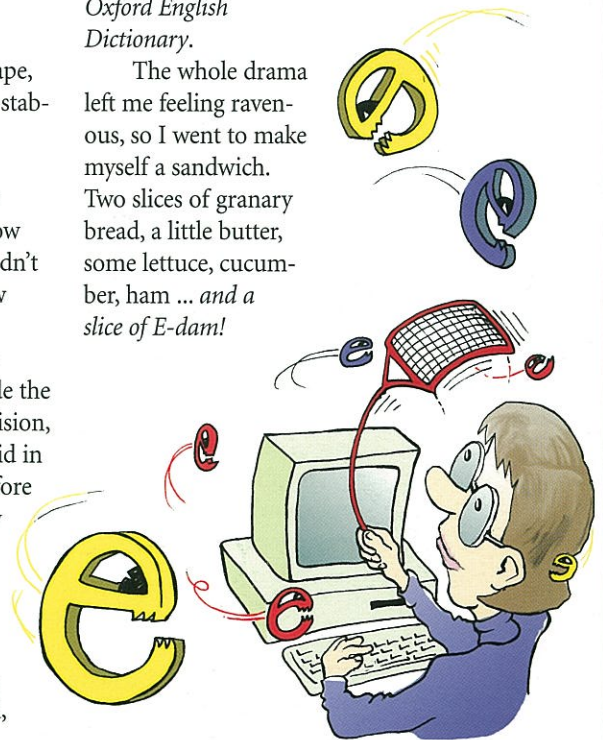
My e-fingers began to tremble as I grabbed the e-lectronic interface and yanked it away from my PC.

Several moments e-lapsed. E-ventually, I plugged the cable back in and as I watched,

the 'e' began to e-vaporate.

The hyphenation faded away, my vision cleared and my strategy became whole again. I was saved! The virus had been totally eradicated. Every word I now typed, could be found in the *Oxford English Dictionary*.

The whole drama left me feeling raven-ous, so I went to make myself a sandwich. Two slices of granary bread, a little butter, some lettuce, cucum-ber, ham ... *and a slice of E-dam!*



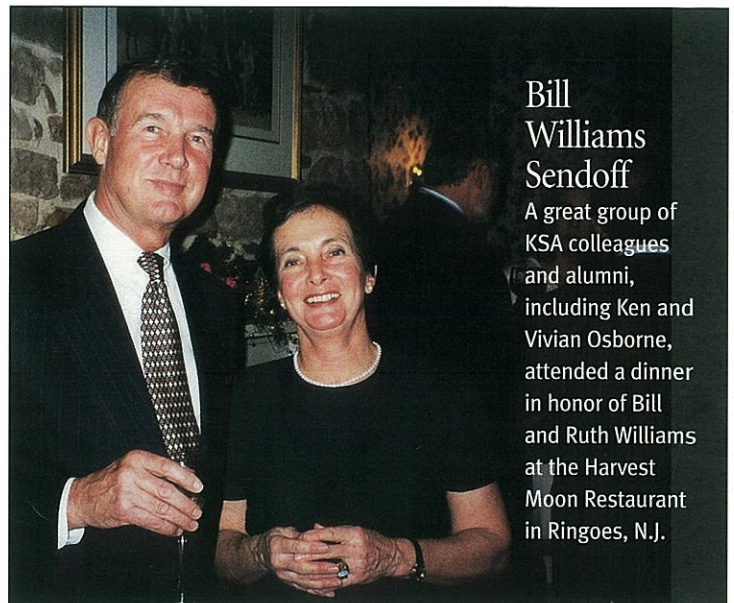
The Observer

Publishers ... Butch Price
Pam Beckerman

Editors ... U.S, Janice Ryer
Europe, Mary Anne
Lauretta

Staff Karen Pantzer
Mary Collins

The KSA Observer is pub-
lished by Kurt Salmon
Associates, Inc., 1355
Peachtree Street, N.E.,
Atlanta, GA 30309, solely for
the use of its employees. It
is not intended for general
distribution.



Bill Williams Sendoff

A great group of
KSA colleagues
and alumni,
including Ken and
Vivian Osborne,
attended a dinner
in honor of Bill
and Ruth Williams
at the Harvest
Moon Restaurant
in Ringoes, N.J.