

MFI's Dramatic Turnaround

UK home furnishings retailer will continue successful partnership with KSA

By Phil Davies

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Two years of collaborative effort between KSA and MFI Homeworks has resulted in a dramatic business turnaround that increased sales by 30 percent and profits by 300 percent. The work included development of a new business strategy that established sales and profit targets, improved store space productivity, developed new store formats, and launched a new merchandising strategy.

Noel Lister and Donald Searle founded MFI Homeworks as *Mullard Furniture Industries* in 1964. Both men had been buying and selling government surplus stock after WWII, and often met at auctions. They joined forces and based themselves in Edgware, North London. The first store was in Balham, South East London. They began to specialize in flat-pack furniture selling by mail order. By the late 1960s the company had a number of stores selling the same goods as by mail order. The company went public in 1971.

MFI stores were rebranded *MFI Homeworks* in 1994 with the aim to make the store environments lighter and

fresher, with a more contemporary look and feel. In 1997, the cash-and-carry format was replaced with a nationwide distribution system offering free home delivery.

In February 1999, John Hancock was appointed Chief Executive Officer. Mr. Hancock invited KSA to work with MFI, following a 12-month period of falling sales and profit warnings.

Today, MFI Homeworks is the largest retailer of kitchens and bedrooms and integrated appliances in the UK, with a market share of over 30 percent—more than twice the nearest rival. MFI stores also feature comprehensive ranges of home office furniture, beds, and lounge/dining furniture.

MFI and KSA will continue their partnership with a three-year program targeted to international growth and maximization of the vertical manufacturing/retail supply chain model. Areas of focus will be: selection and implementation of all business systems, integration of the supply chain across all channels, coordination of all vendor activities and enhancement of MFI's information to deliver improved margins and sales.

MFI has asked KSA to coordinate the further development of supply chain planning and implementation across all channels, including retail, distribution, and manufacturing. As the furniture industry continues to consolidate, KSA will assist MFI in evaluating new market opportunities and potential acquisition candidates. This is a most exciting opportunity to support MFI as it continues on its spectacular road of growth and profitability.

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Core Values Endure in Hard Times

KSA continues a tradition of high integrity

By Peter Brown

FROM THE CHAIRMAN



“In times such as these...we really focus on the values we must not compromise.”

When times are good it is easy to send out posters and laminated cards espousing a firm's values. But in times such as these, with weak economies in most of our regions, we really focus on the values we must not compromise. These are our core values, and they include:

Integrity. Doing the right thing and operating with high integrity is even more important now, even when we are tempted to cut corners in the interest of short-term results. KSA has always enjoyed the highest reputation for integrity in our dealings both internally and with clients. This reputation was not a gift—our predecessors and all of you earned it; we must keep earning it every day.

Client Interests First. We are, at times, faced with a choice between what is in KSA's best interest in terms of what we recommend to our client, versus what is in the clients' best interest. Frequently these are in full congruence; at times one recommendation can mean much more business for us, or avoiding a certain recommendation can make our job easier. We must resist this temptation. We have been successful for over 65 years, by putting clients' interests first, and this value will take us successfully through the next 65.

Fairness and Integrity.

Practice leaders at KSA have had to make very difficult decisions during the past year as we deal with the weakening economy and overcapacity. All individuals involved in these discussions have worked hard to develop programs, reach decisions and implement them in a manner that is fair and maintains respect for the individual. These types of tough decisions and how we handle them comprise some of the defining moments of our culture, and it is essential we all continue to strive to address these in the most constructive manner.

Teamwork. We have always had an organization in which colleagues are willing to share information and insights. We have an open culture, and our technology has increased our ability to share knowledge. However, our normal operating methods do not always encourage teamwork. As we focus more of our energies on larger clients and more complex engagements, our ability to operate in a continuous, focused manner as a team will be more important than ever. At times, we must be willing to sacrifice a bit in the way of individual freedom and latitude to achieve the most as a team, but there is a balance we can strike. Our Global and Regional

Account Program is providing us excellent opportunities to further develop and integrate our teaming methods in our daily behaviors.

The key to our future success lies in our willingness to learn and improve while not losing our grounding values. Let's all keep talking about them and, most importantly, living them every day.

Anniversaries

Congratulations to the following KSAers, who recently celebrated a milestone anniversary at KSA:

10 years

Heike Blank
Mike Boguszewski
Jan Griesinger
Jesse Hill
Arlene Ialacci
Steve Jeffries
Robert Kaufman
Rob Oglesby
Bob Roge
Lynn Senior
Jeff Stiely
Soscha Sturm
Wolf Wagner
Barbara Wecht
Hubert Wöffen

20 years

Ken Walker
Denise Trostle

Foster Farms is No Chicken When it Comes to Strategic Planning

By Rob Culin and Jasjit Mangat

Foster Farms, a Swander Pace & Company client for several years, is the largest chicken processor in the western United States. The company is known for its premium branded California-fresh chicken, as well as its quirky commercials (“The Foster Imposters”). Located in Livingston, California, this \$1B+ processor also produces turkey, corn-dogs, and other prepared meats.

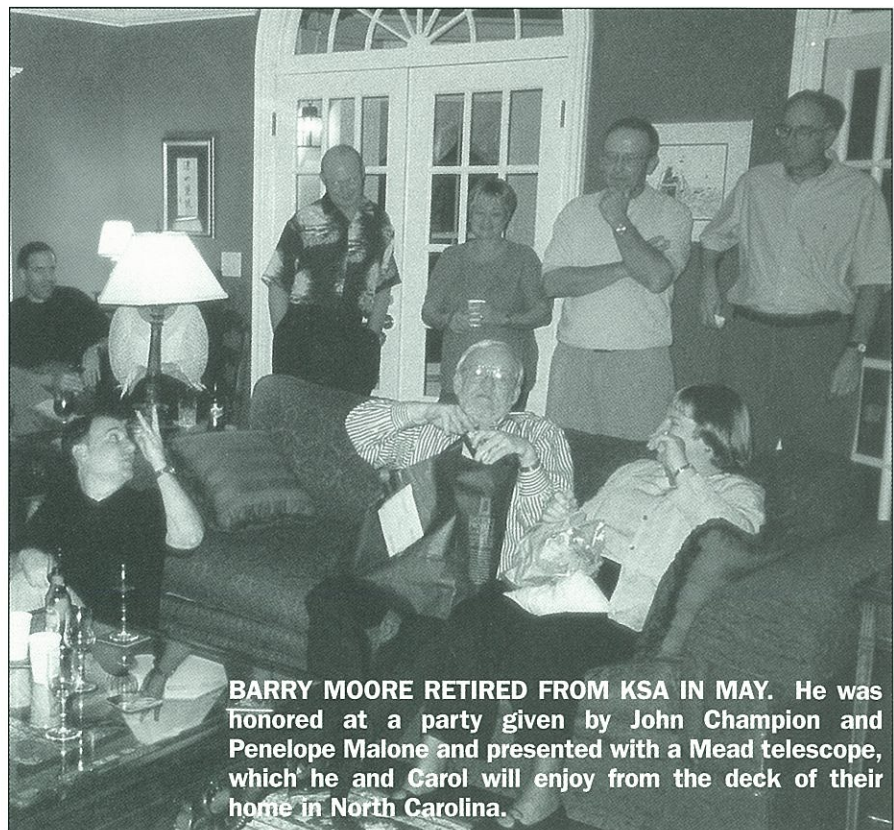
The Strategy practice first worked with Foster Farms in 1998 to craft a long-term strategy for the entire company. The project analyzed both the forces of change likely to impact the industry and company over the next 10 to 20 years, and how to best prepare the company for growth (given its changing environment). A subsequent project in 2000 developed a business unit strategy for the retail deli business. This strategy was designed to maximize sales growth while maintaining the traditional role of the deli business as a by-product division.

Currently, KSA has two projects underway at Foster Farms. The first involves developing a three-year strategic plan, as well as a replicable strategic planning process. The initial phase entailed defining corporate objectives and strategies that will re-position Foster Farms as a more consumer-driven business. In the second phase, Strategy practice consultants are spending 12 weeks with various business-unit teams to develop individual strategic plans that link to the corporate strategies. The final output of this project is a strategic “master-plan” for Foster Farms, approved by the Board of Directors, that is specific and actionable for individual business units. The project team includes *Todd Hooper, Rob Culin, Mark Magers* and *Bill Shen*, all from the San Francisco office.

The second initiative currently underway involves developing a strategy for the “Supply Chain of the Future.” The objective of this four-phase project is to develop supply chain strategies for Foster Farms that help in its goal of having “conveniently unbreakable” links with key customers such as Costco, Safeway and Sysco. The first phase of the project, a quick network analysis of a part of its business, was followed by a second “customer requirements” phase. In the second phase, a joint Fulfillment/Strategy team determined Foster Farms’ supply chain capabilities compared to its major competitors, and conducted an in-depth analysis of the supply chain needs of key customer groups. This needs

assessment led to possible supply chain strategies and “enablers” that Foster Farms could potentially adopt. The cost-benefit impact of these strategies and the actual implementation planning will be carried out in Phases III and IV of the project. The cross-functional team staffed on this project includes *Lynn Spuhler, Troy Van Wormer*, and *Mike Kincaid* from the Fulfillment practice in Los Angeles, and *Rob Culin, Jasjit Mangat* and *Amanda Hoche* from the Strategy practice in San Francisco.

These ongoing projects add to an already strong relationship with Foster Farms, and future work is envisioned in Fulfillment, IT, and Strategy.



BARRY MOORE RETIRED FROM KSA IN MAY. He was honored at a party given by John Champion and Penelope Malone and presented with a Mead telescope, which he and Carol will enjoy from the deck of their home in North Carolina.

MFI: Doing Whatever it Takes

Scotland whiskey distillery proves interesting venue for presentation of IT proposal

By Richard Collier

Picture the scene: We are in the middle of both a European expansion strategy, as well as an analysis of potential new product categories for KSA's biggest client in Europe, MFI Homeworks. We get a call from the project sponsor. "Can KSA present summaries of both projects to the MFI executive group in a whisky distillery in North Scotland?" (!!!) Do we:

- a) Refuse on the grounds that this is an inappropriate place to hold a discussion, and could influence the company's future?
- b) Agree, as long as we can minimize time waste and just get the job done?
- c) Agree to be there for as long as it takes and volunteer to drink anything put in front of us?

Phil Davies, Scott Spring and I voted unanimously for Option C. *Dorothea Ern*, however, decided that an appraisal training course was crucial, and decided to take Option B—the tightest travel schedule to minimize time wasted. This would turn out to be a slightly unfortunate decision.

On the morning of the day before the presentation, we were quietly patting ourselves on the back for excellent preparation of the presentation. *Henning Füllers, Christina Wiharto, Fiona Bravery* and *Karen McGuigan* all worked religiously to get everything done, but just before we left, the client called and told us to make our presentation as short as possible to leave more time for discussion. Ninety pages were taken rapidly down to 30, including a new executive summary, in less than an hour. A nice relaxed way to leave the office.

Our journey from London to Edinburgh to Inverness was uneventful, apart from

our nervous glances when, in Edinburgh, we boarded what could only be called a "shoebox with wings," probably last flown by the Wright brothers. On our arrival, however, we found the most beautiful hotel you can imagine, positioned next to the sea, among beautiful rolling hills and forests. Phil and I even enjoyed a gentle run (well, I thought it was gentle) along the ragged coastline. We just hoped Dorothea, who was traveling separately, could make it in time for dinner...

Of course, Dorothea's flight was delayed, meaning she missed the only possible connecting flight. Surely it would be no problem—there must be a train. Nope, no trains run up there after 6 p.m. Fair enough, we'd just call a taxi firm in Glasgow to drive her up. "Not a chance—a four-hour drive into the middle of nowhere? You must be joking!" In the end, our hotel agreed to send a driver to pick her up, but as it was a four-hour drive, it would mean she would have to wait three hours at the airport and would arrive at the hotel at 3 a.m.

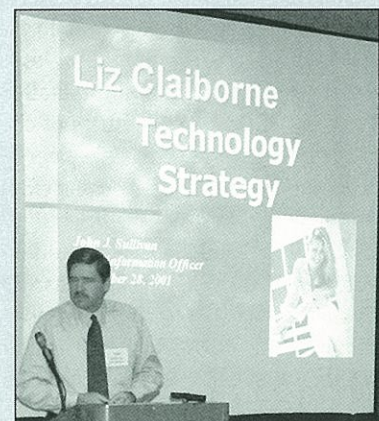
On discovering this, Dorothea, who still wanted to make changes to the next morning's presentation, commandeered a taxi in Glasgow to "just drive north!" At 10:30 p.m. the Glasgow taxi and the hotel taxi met at a junction in the middle of nowhere and exchanged the passenger. The passenger barely noticed the exchange as she was on the phone to the project manager dictating changes to the presentation...

Meanwhile, back at the hotel, we were enjoying the fruits of our hard labor by consuming the free (yes, free) Glen Morangie whiskey at cocktail hour. After drinks came "communal dining." There we were—three KSAers, one ex-KSAer (Nick Garratt now works for MFI), and 20 very wealthy holiday-makers. Was MFI's strategy development our topic of conversation? Heck no. There were important things to discuss, like deer stalking, grouse beating, where to buy jumpers with sheep embroidered into them, and whether haggis should be eaten with or without a dram (small helping of whiskey) poured onto it.

Liz Claiborne CIO Speaks at KSA Roundtable

KSA's Greensboro office hosted its quarterly CIO Roundtable in September. The event was a success, with record-breaking attendance. John Sullivan, CIO of Liz Claiborne, presented the company's perspective on our topic, "ERP versus Best of Breed."

Mr. Sullivan highlighted Liz Claiborne's technology strategy and systems implementations, prompting many questions from attendees throughout the presentation. Mr. Sullivan had high praise for KSA's role in helping the company successfully navigate through this process.



Nike: Clients for Life

KSA and Nike enjoy success through teamwork and collaboration

By Dan Purefoy

Imagine our new-found friends' delight when my mobile kept ringing. It was the first time I have been booed by 23 people for answering a phone. To help you understand why I answered the phone, Scott helpfully suggested, "If you know Dorothea, you would answer the phone too, because, after all, she's a fire-breathing 6-ft.-tall German woman." Eventually the intrepid traveler arrived, more whiskies were consumed, changes were made and we escaped our fellow guests back to our "communal" sleeping quarters. No further comments can be made here to prevent libel cases.

The next day the Executive Group arrived 30 minutes late from the castle they were frequenting the night before. Rather than get straight into work though, it was decided a whiskey was needed before starting. So we presented, with our audience drinking whiskey, at 10:30 a.m. The meeting went well—no one was asked to stand on a chair and be serenaded to (as had happened to *Karen McCormick* just months before with the same group), and the client was happy.

Anyway, what's the point behind all this rambling nonsense? It was a great example of KSA going to great lengths to meet the client's wishes, leaving ourselves worn out and wondering if it had all been worthwhile for 90 minutes of client time. What happened two days later proved that it was, as those same executives voted unanimously for KSA to carry out their IT ERP implementation—KSA Europe's biggest-ever European IT project. This was a vindication of not only our IT credentials but their extreme comfort and satisfaction levels with KSA over the last 2.5 years.

Over the past seven years, Nike has used KSA in multiple projects covering several service offerings. From a Y2K Readiness Assessment, to USA Distribution Network Strategy, to Base Plus®, Nike and KSA have enjoyed success through focused teamwork and collaboration. Though the road has not always been smooth, KSA's approach has been the same—build trust by 1) keeping Nike's interest first, 2) being innovative, and 3) providing a quality product.

Currently, we are implementing our second Base Plus® program in two years, along with a North American warehouse

management system (WMS) selection project. This means there are two Nike/KSA teams, working independently. Although they have separate missions, they have the same purpose—results that add value! Other future opportunities include a third Base Plus® program at Nike's Wilsonville, Oregon, facility and Customer Service Base Plus®.

"Although trust can't be bought, it's worth a fortune, especially if we intend on keeping a client for life."

—Jagdish Sheth, *Clients for Life*



L to R: Tim Townsend (Nike Engineer), Chuck Easley, Dan Purefoy, Brad Sampson, Joni Burke, JuJuan Timberlake, Ken Wilson, Brian Horton (Nike Engineer), Kim Wilson (Nike Engineer), Nathan Burkland. Not Pictured: Kyle Koestler (Nike Engineer), Susan Kyles (Nike Project Manager)

Give me a W...

Give me an A...

Give me an L...

Give me a squiggly...(huh?)

Give me an M...

Give me an A...

Give me an R...

Give me a T...

What's that spell?

WAL★MART®!

By Scott Vifquain and Ashraf Eisa

There you have it—the first half of the famous Wal-Mart cheer. Imagine starting every day like this. It's sure to get your blood moving!

This daily cheer is one of many aspects of a very unique company with a culture as big as its revenues. Of course, part of this culture is to do everything “in house,” from logistics to IT to real estate, and minimize the use of external professional services. So how did KSA land a multi-million dollar, multi-year, multi-service project with Wal-Mart? Simple...Wal-Mart recognized our expertise in an area in which it needed to move quickly—dot com. Like the rest of the world, Wal-Mart caught the dot com fever and set up for a fast-track, market-grabbing attempt at the lucrative direct-to-consumer space.

FACILITY DESIGN

KSA's work on Walmart.com's fulfillment center began in the spring of 2000 as the result of a separate logistics strategy engagement. The mission was clear—build a world-class direct-to-consumer fulfillment center capable of quickly processing a large number of small orders of a diverse product mix, have it up-and-running by Fall 2001, and make the process easily repeatable for

several additional facilities by 2005. Working closely with Wal-Mart's own logistics and engineering departments, as well as with representatives from its online division, our design team selected Carrollton, Georgia, as the site for the first highly automated fulfillment center. Soon thereafter, following the selection of Rapistan as the material

handling equipment (MHE) vendor and Retek as the warehouse management system (WMS) vendor, the detailed design effort was underway.

**SYSTEM DESIGN/
TESTING PREPARATION**

Beginning in the fall of 2000, the focus of Wal-Mart's attention shifted to H2K (Holiday 2000) preparation efforts. Several additional KSA engagements were kicked off to support the rollout of a new Walmart.com Web site and the newly formed 3rd party logistics network.

When the holiday fever was over and the dust had settled, January was an exciting time of revelation and change:



L-R: Walmart.com team members Ash Eisa, Brad Taylor, Marty Farley (glasses), Benjamin Mokotoff, Scott Vifquain (crouching), Craig Morin fight over a Sonic hat (later given to John Karonis).

- The KSA teams supporting H2K had done an outstanding job!
- From a customer service perspective, Walmart.com's first holiday season was a success.
- From an overall sales perspective, it was apparent that Walmart.com's long-term revenue forecasts were too high.

For the Carrollton team, the impact of the revenue shortfall was a fundamental shift in the mission of the project, from Capacity First, Efficiency Second to the total opposite—Efficiency First, Capacity Second. Although the facility was largely complete and much of the MHE was already being manufactured, the design team was able to trim millions of dollars from the original design. Even so, the adjusted forecasts indicated that the most cost-effective strategy would be to delay the start-up of the Carrollton facility until after Holiday 2001, and use its

CARROLLTON DESIGN HIGHLIGHTS

- RF-guided tote picking by large pick wave for efficiency, unit sort labels printed on demand for quick start
- Automated tote marshalling by small pack wave to balance workflow between picking and order consolidation
- Order consolidation via cross-belt unit sorter at pack wave level
- Documentation printed in-line and on-demand between consolidation and packing—no batch printing
- Packing completed downstream of consolidation/printing for scalability.

existing 3rd party network until then. This business-driven delay was a blessing-in-disguise for the implementation effort, which would have been hard-pressed to meet the original go-live date due to a significant amount of system integration and modification work. To further save costs, the KSA team was challenged to restructure its involvement to support the extended timeline.

By spring 2001, the team was working from a temporary office in Carrollton, focused on supporting the vendors, preparing for testing, and helping build the Carrollton-based Walmart.com organization. This period of the project marked the beginning of a weekly visit to nearby Sonic—a drive-in fast-food “restaurant” with cholesterol-laden servings powerful enough to counteract the excitement of the morning cheer. Stock tip: Buy stock in the company that makes Zocor®.

TESTING

This past summer the team moved into the facility and began an intense period of testing and training. The major testing components (interface testing, WMS testing, MHE testing) culminated in an integration testing effort led by Wal-Mart operations. This past October, the project successfully met its objectives of providing a stable system for which Wal-Mart could continue the training and start-up preparation activities.

WHAT'S NEXT?

KSA has been asked to provide start-up preparation support through at least January 2002 due to the value delivered to-date. KSA will be working with Wal-Mart to capture the full potential of the

Carrollton fulfillment center. Stay tuned for more exciting news from Wal-Mart.

By the way, if you're interested in knowing what a “squiggly” is, anyone from the Wal-Mart team will be happy to demonstrate...

WAL-MART TEAM MEMBERS

In the past 18 months, over 40 KSAers have contributed to the great successes at Walmart.com, including representatives from Fulfillment, IT, and TransTech:

- The Carrollton design and implementation team included Marc Bessho, John Champion, Faith Cox, Torre Crupie, Chris Davis, Ash Eisa, Andrea Etwaroo, Marty Farley, Robert Fulghum, Cameron Geiger, Debi Hamrick, John Karonis, Ashwani Malhotra, Craig Morin, Benjamin Mokotoff, Brad Taylor, Mark Thomas, Scott Vifquain, Jan Watson, Rick Wolfe and Kirk Ziehm.
- The H2K support teams included Johnny Bao, Kelley Burrows, Iris Chang, Thom Dickson, Eric Dietz, Lori Digulla, Brian Ehlenberg, Carol Evans, Michelle Fong, Keiko Inuzuka, Bob King, Connie Kwok, Marianna La Vecchia, Richard Machan, Tom McVeigh, Steve Nevill, Sean Payne, Dan Purefoy, Rick Sanqui, Palak Solanki, Jeff Stiely, and Robert Wong.

KSA's Holiday Card Fund Results

245 participants

**\$85,628
donated to charity**

Global and Regional Account Teams Make Significant Progress

By Stephanie Shern

KSA began an exciting new chapter in its esteemed history July 13 and 14 in Atlanta when about 140 Principals and Managers from KSA offices around the world participated in an unprecedented two-day launch of KSA's new Global and Regional Account Strategy.

The strategy brings together the processes, technology and resources required to manage our 22 target Accounts effectively as markets. By following this program, Account teams are able to respond more quickly and collaboratively to marketplace demands, thereby taking advantage of every opportunity to demonstrate value to our target Accounts.

The program was launched with the following goals:

- Build and foster strong long-term relationships with key executives
- Forecast sales and revenues by Account and functional service offering
- Generate minimum 12-month sales and revenue goals

The first 30-day Global and Regional Account update was a great success. On August 16-17, each Account team reported on its progress since the kick-off meeting. As expected, teams were moving forward at various rates, focusing on relationship management strategies, crafting hard-hitting value propositions, submitting proposals and selling work.

After completing the third in a series of 30-day update calls October 17-19, the Global and Regional Account teams are making significant progress. As they focus their efforts on creating demand, teams are developing innovative and



STEPHANIE SHERN JOINS KSA

Stephanie M. Shern, former Vice Chairman and Global Director of Retail and Consumer Products for Ernst & Young (E&Y), joined KSA in May as Senior Vice President and Global Managing Director, Retail and Consumer Products.

A 30-year veteran of E&Y, Stephanie was responsible for developing and overseeing E&Y's strategy, sales, marketing and thought leadership in the retail and consumer products sectors. She was also a leader in cultivating the firm's relationships with the largest and best known retail and consumer products companies, and she actively consulted with senior executives at those organizations in the areas of strategy and branding issues, mergers and acquisitions, and business-to-business initiatives. She led consulting teams to assist clients with integrated solutions, developed new product and service offerings for the retail and consumer products sectors, and served as vice chairman of marketing for E&Y.

At KSA, Stephanie is continuing her work with leading retailers and consumer products companies. She assists clients in developing solutions to their business challenges, leads new client initiatives, and coordinates services across all KSA's regions.

In announcing her arrival, Peter Brown said, "Stephanie Shern's counsel has been sought by leading retailers and consumer products companies around the globe. She will consult with KSA's clients on strategy and marketing issues, including merger and acquisition opportunities and business-to-business strategy, technology deployment initiatives, and supply chain matters. Stephanie's arrival is a win-win for KSA's clients and KSA."



compelling value propositions around key business issues with which KSA can assist. Several key themes are emerging around supply chain needs and innovation, brand portfolio management, systems and business process integration challenges, and retail store operations needs. We have prepared a Value Proposition Matrix to summarize the value propositions for all Accounts.

Sales and proposal volumes continue to be significant, and the total sales and revenue forecast for the 22 continuing Accounts is in line with the established global objectives. Several substantial opportunities exist for KSA to sell additional work.

Account teams will continue to participate in 30-day update calls to monitor and manage their progress. Teams will continue their focus on client facings and proposal generation for the next series of calls. As a result of this program, KSA will enter 2002 with positive momentum and many significant opportunities.

Update: VF Intimates

By Sergio Cruz

KSA's contribution to VF Intimates' (VFI) offshore manufacturing capacity development dates back to 1992. We have helped VF add 11 division factories to an initial group of four; and implemented systems, methodologies and procedures to create the right manufacturing culture in areas of Mexico/Honduras (where there was none), while creating new manufacturing capacity. VFI now employs 6,700 operators in these factories, producing 1.5 million units/week. We are in the process of transferring many support activities from KSA to VFI, and implementing an enhanced quality assurance system while raising productivity under very unfavorable style-change scenarios. We continue to deliver high value services. VFI management sponsorship is second to none.

Federated's Merchants Look for Common Value

By Clay Parnell

In today's economy, large retailers are paying close attention to key measures such as sales, mark-downs, margins, inventory levels, and overall costs. Federated Department Stores (FDS) is no exception, and, with KSA's assistance, is undertaking a major initiative to bring common processes and systems to its merchants.

FDS as a corporation is made up of several distinct and unique divisions: Macy's East, Macy's West, Bloomingdales, Rich's-Lazarus-Goldsmith (RLG), Burdines, and The Bon Marche. In addition to these retail divisions, this effort is tied heavily to two other FDS divisions: a central design and sourcing organization—Federated Merchandising Group (FMG), and a central systems and technology division—Federated Systems Group (FSG).

This effort was actually originated within FSG, which is looking for consensus on new processes before beginning any development of new systems. The focus is merchandising, as this is a hotbed of opportunity for department stores and other retailers. Further, merchandising is a complex area in which to build commonality across divisions.

A landmark initiative for Federated, the initial eight-week effort to bring common processes and systems to the merchants will take us through the entire breadth of Merchandising across all divisions. Key areas included in the scope are Financial Planning,

Merchandise Planning, Assortment Planning, Buying, Ordering, Allocation, and Replenishment.

The goal of this phase is to define an agreed-upon high-level current process map, along with divisional differences, and high-opportunity improvement areas. While we are operating at a relatively high level of detail in this phase, we will focus particularly on links between the process areas, especially as they relate to various levels of planning among corporate, FMG, and the divisions. Also, we will pay close attention to the systems and tools being used today.

Following the initial overview phase, a 12-week design phase will focus on a subset of processes (e.g., Assortment Planning). This work will serve as foundation for new systems to be selected and/or developed in the chosen area. An iterative approach will then circle back to the other process areas for additional design work.

The KSA team is a multi-dimensional blend of talent consisting of *Dave Bassuk, Dave Birdsall, Mark Kaasa, Brooks Kitchel, Phil Kowalczyk, Phillis Lin, Jennifer Pritchard*, and me. The initial work was based in Atlanta with FSG, after which the team was able to "rest up" before our November and December cross-country Federated tour: New York (Macy's East, Bloomingdales, FMG), San Francisco (Macy's West), Seattle (The Bon Marche), Miami (Burdines), and back to Atlanta (RLG). If we could only find a place to do our holiday shopping!

Aeon Group CEO is Keynote Speaker at KSA's Third Annual Asia-Pacific Conference

By Bridget Chen

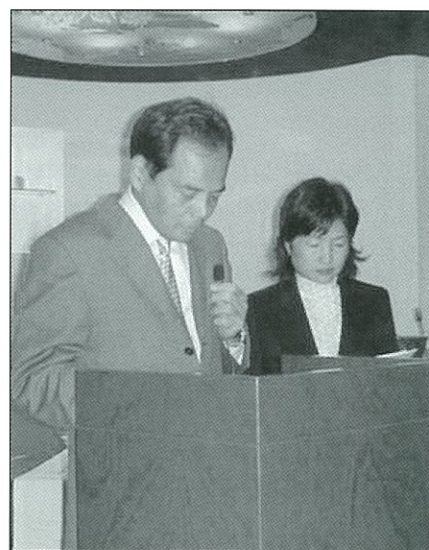
Held in Tokyo, this year's Asia-Pacific Conference was marked by the presence of President Okada of Aeon Group at the opening ceremony. It was a precedent-setting event for the conference to have a client participate.

Aeon Group (formerly Jusco), which has 114 subsidiaries and 34 affiliated companies, is one of Japan's largest retailers and is engaged in operations as diverse as supermarkets, department stores, financial services and shopping center developments. Obviously, the President of Aeon Group should be regarded as a VIP. So, when the nervous KSA MC of the evening (me) introduced the man *next* to the President (even worse—this man turned out to be a KSA colleague) as President Okada, it caused some slight disturbance in the audience. Fortunately, President Okada gracefully found this "unusual" welcome quite amusing and was more impressed with the MC's ability to make a quick comeback.

Speaking to over 40 KSA staff from Hong Kong and Tokyo, President Okada created another shock wave when he began his speech with the exclamation, "Help!" Fortunately, he was only referring to his experience in 1992, when a buyer at Jusco Malaysia related his concerns about the aggressive entry of US and European retailers. The event was significant because it made Okada-san realize he would have to do something to bring about changes to face the retail industry's globalization.

Aeon began a project in direct sourcing with KSA in 1996 and subsequently continued with projects in Supply Chain Management, Merchandising, Logistics and Store Operations, etc. Today, Aeon is Japan's most profitable retailer, largely through a turnaround project with KSA. The path to this was a long and difficult one; it required reengineering many core processes and dramatically changing a company in which the old ways of doing things were well established.

To this, President Okada gave credit to KSA. "When a consulting firm presents a new concept, I think the consulting firm is most appreciated and valued by



Aeon Group President Okada, assisted by a translator, prepares to address the audience.



its client...Thanks to KSA, Aeon has made a step forward to a new world a bit earlier within Japan...We will need KSA's support more and more. Can you help us? You can."

It is seldom that Asian clients so willingly share their thoughts and views, so President Okada's comments were invaluable, as they are the best way for us to understand, improve and better serve our clients. President Okada's public acknowledgement of KSA and our practice was indeed the best appetizer to the dinner that followed.

The next day of the conference began with business and strategy updates, followed by project updates that included Aeon, Shiseido, Hang Ten and L.L. Bean, as well as presentations on recruitment, PR and marketing initiatives. After a day of intense and focused discussion, we were quite glad to break for dinner.

The mood was good, and everyone seemed ready for a night of fun and relaxation. Unlike the previous evening, when we were aware that we would have to attend sessions the next day, *Gaku Wakabayashi* gave a short toast to the Administrative Assistants who coordinated the event, the new staff and all who participated in this year's A-PC, and the party began.

Even though it was brief, the Asia-Pacific Conference provided a good opportunity for the staff of the two Asian offices to mingle outside of work and improve future communication. I was finally able to meet a colleague from Hong Kong who had been staffed in Japan since before I joined. The updates were helpful in providing good direction to our practice, especially in uncertain times. If anything, the conference re-energized me.

KSA Opens Office in Bangalore

Second Indian office to spearhead KSA's penetration in South India

Our newest office was formally launched on November 1 with an evening get-together at the Sheraton Windsor Manor in Bangalore. About 50 clients/potential clients were present to wish us luck.

This new office is primarily responsible for serving the vast consulting potential in the firm's focus areas: consumer goods, retail, fashion (apparel, textile, accessories) and health care.

Dipankar Haider has moved from the New Delhi office to take charge and will be supported by *Raghav Gupta*, *Suhashini Sood*, *Maneesh Mohan*, *Hema Raman*, *Somya Nana* and *Daisy Eapen*.

Bruce Miller (kneeling, center) retired earlier this year, and was appropriately honored with a gathering of friends and associates at Midlands Hills Country Club in Minneapolis, where he was given a set of (what else?!) golf clubs.



TAL in Mexico: Surviving Garlic and Typhoons

Mexican operators travel to Taiwan to learn competitive manufacturing skills

By Rodrigo Lopez

The Textile Alliance Group (TAL), faced with the US textile industry's economic slowdown, decided to tackle the situation by using the over-supply of US-produced costly fabric and turning it into dress shirts under NAFTA. With Ramtex, a sister company, as the initial fabric supplier, TAL entered the Western Hemisphere with a new idea: initiate production in a facility of its own in Mexico.

KSA has been involved in the development of Alianza Textil (the group's 16th manufacturing facility) since the initial stages of the project, which include:

- Site selection
- Management training
- Systems implementation
- Operations start-up

The selected site was the town of Abasolo in the state of Guanajuato. Abasolo is mainly an agricultural area that has remained intact, despite the vast industrial development of Leon, only an hour and a half away. (Leon is the largest producer of shoes in the country and boasts one of the most modern GM plants on the continent.)

With many US companies failing to meet production goals in Mexico due to lack of trained management, cultural differences and high turnover rates, KSA helped TAL recruit and train its management group. TAL wanted managers that could be shaped to the group's philosophy. More than 400 candidates from the central states of Mexico were interviewed; only 30 were selected as the initial group.

The group began training June 4 in a secluded spa in Abasolo, where the

group enjoyed the hot springs each day after their eight-hour classroom sessions. Two weeks later, taking advantage of globalization opportunities, the entire group traveled to Kaoshiung, Taiwan. During this training each person:

- Learned how to operate a manufacturing facility
- Gained an understanding of competing with Asian companies in today's economy
- Sewed 18 dress shirts (some of which they continue to wear to work)
- Tasted more garlic in eight weeks than they had in their entire lives
- Survived seven typhoons

On August 10, and with twice the luggage they had brought, the group returned to Mexico craving Pozole (a traditional soup plate consisting of pork, peppers and corn) and ready to start operations. Direct labor recruiting/train-

ing began right away, with the first group of operators joining the plant on September 3.

During training in Abasolo and Taiwan, KSA continued to assist the team based out of Alianza Textil's office in Mexico City with the systems implementation part of the project. The system implemented is also a first, as there are currently no apparel manufacturing facilities in Mexico that use real time systems.

Operations have begun and the company now has more than 150 employees and a goal of completing the first 500 dozen oxford dress shirts by the time you read this. The next time you are looking to buy dress shirts, do not forget to look for the "Made in Mexico" label.

KSA will continue to assist Alianza Textil until April 2002. The project team includes: Jerry Armfield, Jose Gerardo Ayala, Gerson Coto, Nort Eberly, Rodrigo Lopez, Butch Price, Lisandro Sagastume, and Steve Schlehuser.



Group of trainees from Alianza Textil with Richard Lee, Walter Bosch, Erneso Mena, Lisandro Sagastume, Gerson Coto and Rodrigo Lopez at IIT in Kaoshiung, Taiwan.

TAL in Hong Kong: Software and Sightseeing

KSA creates tangible value in package selection, and has fun along the way

By Kurt Racine

In early September, KSA began a rapid enterprise resource planning (ERP) package selection for TAL Apparel (also called TAP). One of the largest apparel manufacturers based in Hong Kong, TAL Apparel has operations in China, Hong Kong, Taiwan, Thailand, Malaysia, and Indonesia. The company's often-quoted statistic is that TAP manufactures one out of every eight dress shirts sold in the United States.

The team consisted of *Mohan Komanduri* as the project manager, as well as *Mark Chandler* and me. The seven-week project was challenging and fun at the same time, making the experience both interesting and enjoyable. Even with a surprise or two along the way, the project was a clear success, with KSA creating tangible value in the package evaluation for the benefit of TAP. The possibility remains for larger, additional projects with TAL Apparel as a result, including pre-implementation and implementation support for the selected ERP.

In our spare time, Mark and I played tourist. We rode the Star Ferry across the harbor from Kowloon to Hong Kong Island—a trip that is even more extraordinary in the glow of the city lights after dark. One of Hong Kong's many street markets, the Stanley Market (located on the opposite side of the island from downtown's sea of skyscrapers) proved a shopper's paradise, and we found we needed both bargaining skills and a large bag for packing

Even with a surprise or two along the way, the project was a clear success, with KSA creating tangible value in the package evaluation for the benefit of TAP.

taking and so was climbing the steps to get to the base of the statue.

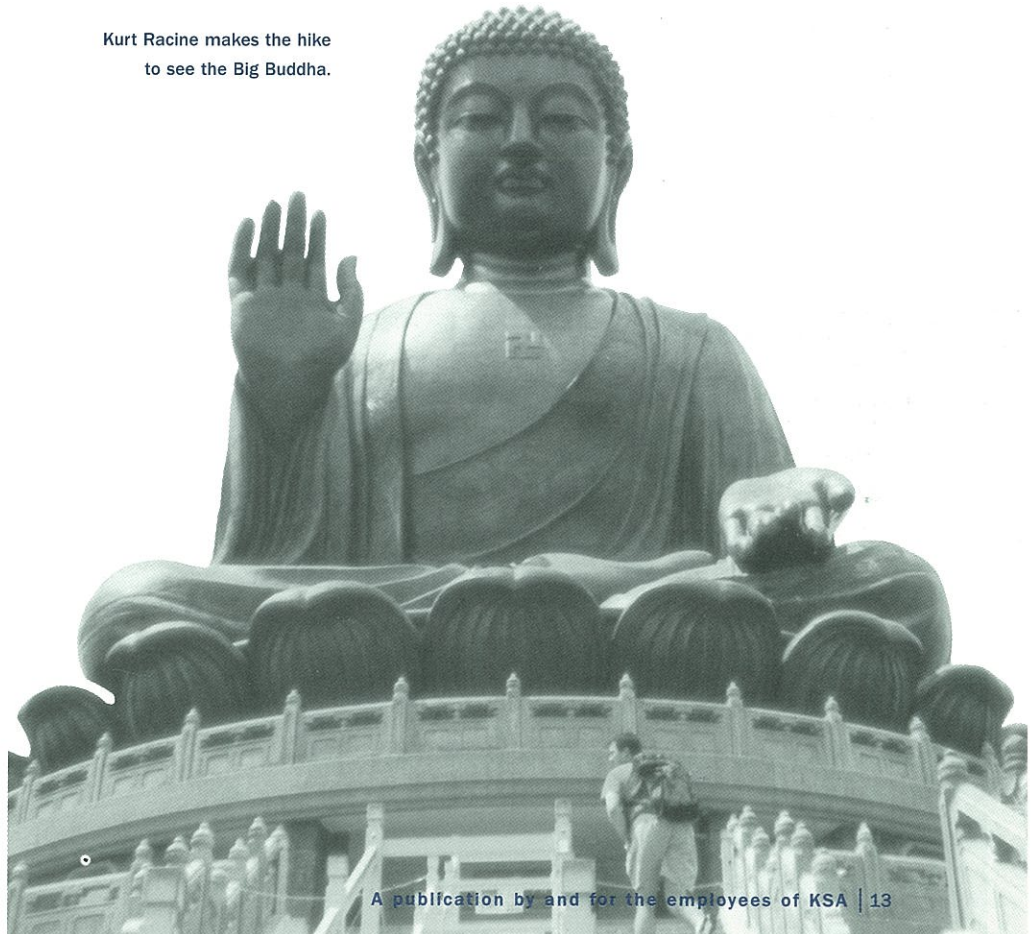
everything back to the hotel. Another enjoyable and impressive destination was the Big Buddha, located on neighboring Lantau Island. The largest seated Buddha statue in the world, it is perched on the top of a mountain and can be seen from miles away.

The view is breathtaking and so was climbing the steps to

Dining in Hong Kong can be quite an adventure as well, but it wasn't one we pursued very often. Driven by location, convenience, and familiarity, American fast food and the Hard Rock Café were routinely on the menu. Consequently, culinary experimentation will have to wait until next time.

Looking back on the package selection at TAL Apparel, it was a rewarding experience for the team and a valuable project for the client. We hope the future will hold more opportunities for KSA and TAP to work together. In conclusion, some advice: Hong Kong is a very manageable and fascinating place to visit, and has much to offer culturally—just don't let McDonald's become a daily event.

Kurt Racine makes the hike to see the Big Buddha.



Alumni News

A round-up of information about former colleagues

Edited by Joe Scheines

JIMMY ADAMS

P. O. Box 118
Hartwell, GA 30643

"Montelle and I still live on our farm in Hartwell. We have sold our cattle and planted all pastures in pine trees. About 2-1/2 years ago Montelle suddenly experienced some health problems, so now I am a full-time care-giver. We are managing just fine. Cannot travel, but are blessed in many ways."

JON AMSLER

703 Cumberland Circle NE
Atlanta, GA 30306

"Now with Egon Zehnder International, an executive search firm, as head of Global Knowledge Management. Responsible for all processes and systems for this global (54 offices, 38 countries) firm. Get to travel to all the offices, which makes for fun times and strange food. Susan and the boys are well. Just finished a house on the Gulf Coast of Florida."

JOHN BEDDOWS

1 Marquis Grove
Stockton on Tees
Cleveland, England TS20 1QQ
john@beddows.fsnet.co.uk

Although he retired officially four years ago, John has stayed in touch through occasional consulting assignments ("...there aren't many of us apparel dinosaurs around in UK"), as a trustee of the retirement benefits plan, and organizer of KSA-UK's annual golf competition. Other rust-prevention efforts include business ventures with former clients (targeting under-resourced small businesses in need of turnarounds) and a retail home furnishings store with one of his daughters. ("I exclude myself from merchandise selection and customer contact, and we have a good operation. Just completed our third year...and contemplating expansion.")

"Connie's death early last year after a long struggle with Alzheimer's had a big impact on the family, and we are still in the process of adjusting to life without her. We have a holiday home in sunny Spain, adjacent to the sea and

a golf course, and I spend an increasing amount of time there. My other main leisure interests are watching soccer, with a season ticket at Leeds United, and walking; garden and yard maintenance is my default activity."

RUDY GREER

6473 N. Regal Manor Dr.
Tucson, AZ 85750
520-615-3696
RudyGreer@aol.com.

"We finally moved out of New York snow country and came to Tucson, Arizona. This is no empty desert—it is full of interesting leisure, cultural activities, and spectacular scenery."

JOANIE GROSS

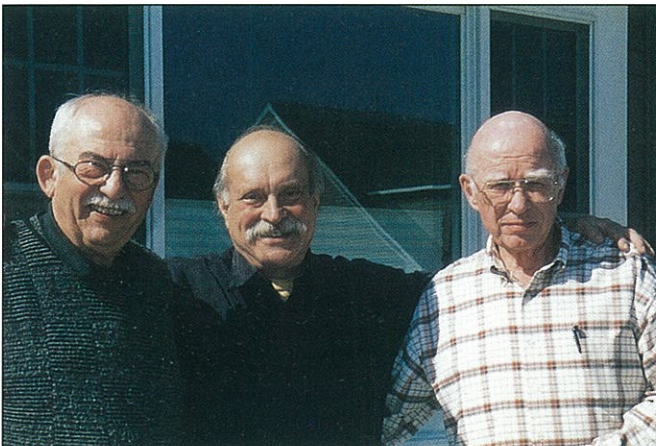
1820 Brocton Glen
Atlanta, GA 30329

Retired from Carter's after a challenging and rewarding six years, now a stay-at-home mom with Kevin (6), Catherine (5), and John (1). Three years ago bought a log cabin on 10 acres up in Blue Ridge, Georgia, for weekends and vacations. "Fun for me now is when I can steal away for a weekend with other 'tee-ball/soccer moms' to spend the night watching back episodes of 'Sex in the City'! (We live vicariously...)"

BOB GUMAER

4081 Club Drive, NE
Atlanta, GA 30319

"Married Paula on August 29, 1997, a wonderful woman with three great boys (men) and two cool cats. I've just moved into a new role as Chief Knowledge Officer as I start my seventh year at SynQuest, Inc., a supply chain management software vendor in Norcross, Georgia."



Joe Scheines, Chick Schwartz, and Mahlon Saibel

DOUG MOORE

9307 Chevoit Dr.,
Brentwood, TN 37027
dougjmoore@worldnet.att.net

Can a seemingly respectable textile systems consultant make it in show business? Why not? Consulting is in many ways a performing art, according to some, and Doug Moore is proving the point. Since he retired from KSA in 1993 and moved to Nashville, Doug has been in two plays and a (local) movie. He also reads for the Nashville Talking Library; if you live in Nashville and have the right receiver, you can hear him broadcast live every other Tuesday morning reading the Tennessean (Nashville's newspaper). To keep in touch with reality, however, he still does a little consulting work, both with a Louisville client and on contract with KSA; and manages to keep up with the yard that came with the house in Brentwood.

Meanwhile, *Elaine*, who officially retired from her midwifery practice in 1999 in Atlanta, has found that she can't keep away from her avocation, and started working part-time once again as a nurse midwife at Vanderbilt University Hospital, where she is also a faculty member. Daughter, *Paige*, and her husband, *Jeff*, Callahan are in Bedford, Indiana, where both teach high school. Son, *Bret*, is single, and Vice-President of Marketing for the Journeys retail division of Genesco. Courtesy of Jeff and Paige, they have one grandson—*Brandt*.

The Moores have also enjoyed traveling to the Mediterranean, the Baltic, Hawaii and Panama over the past few years. On a recent trip to Texas, they stopped off to check out a metropolis in Kansas

Continued on next page

KSA ALUMNI PLAY BRIDGE, BUY JAMS IN SALUDA, NC!

Seven KSA alumni and their wives gathered for a weekend of togetherness, eating, bridge-playing, shopping, and deep-breathing in the crisp mountain air of Saluda, North Carolina, last month. On the cover (l-r)—Back row: Ken Osborne, John Caldwell, Jeanne Taylor, Kline & Bill Reed, Bill Cobb, Doug Moore. Front row: Vivian Osborne, JoAnne Caldwell, Josh Taylor, Elaine Moore, Jan Cobb, Rita & Joe Scheines.

Results of the Mixed-Pairs Bridge Competition: the Caldwelles

spread the field and took most of the money. Unfortunately, there is no room to show a diagrammed deal of the hand in which JoAnne bid and made six spades while Ken Osborne was looking for the cheat sheet. But it can be reported that Kilpatrick's "Peach Perseves" (sic) from Horse Shoe, North Carolina, won Best-of-Show honors at the Hendersonville Outdoor Farmers' Market (which has been held indoors since 1962), and that a great time was had by all.



At dinner, above: Ken & Vivian Osborne, Elaine Moore, John & JoAnne Caldwell, Kline & Bill Reed. Below: Joe Scheines, Jeanne Taylor, Bill & Jan Cobb, Rita Scheines, Josh Taylor.



Continued from page 15

(Oketo—population 90) which two of his uncles helped establish in the late 1800s.

KSAers passing through Nashville are more than welcome to stop over and listen to Doug rehearse for his next role.

DICK PRINCE

11120-86th Street
Pleasant Prairie, WI 53158

Dick is president of Kenosha Leatherette, which serves a niche market in the hand tool industry. “Domestic manufacturing continues to be a difficult business for our labor intensive sewn and sealed products, but we are keeping our nose above water.

“Jane is on a new career in the horticulture field, currently working as a crew foreman for a company in the Chicago suburbs that plants and maintains flower beds and flower pots in Chicago (roof gardens provide quite a view) and suburban area. Not only has she finished a number of classes in horticulture, but she is learning Spanish as well.

“Two grandsons are really fun!”

BETTINA (NEUMAIER) WEHNER

31329 NE 111th Place
Carnation, WA 98014
425-788-7587
kbwehner@msn.com

“Three years ago my husband, Kirk, and I moved to the beautiful Pacific Northwest (right outside of Seattle). Aside from the lovely scenery, we are both enjoying our current careers at Microsoft. In my role as Hardware Supply Chain Director there is never a dull moment. If it’s hardware (mice, keyboards, modems, joysticks, steering wheels, etc.), I’ve had my fingers in it. Lately, we’ve had a lot of fun with our newest product, Xbox.

“Aside from work, Kirk and I spend a lot of time with our pets and, when the weather is good, the hiking & gardening are exceptional up here. My latest stress-reducing endeavors include all areas of the fiber world (spinning, knitting & weaving)—very relaxing. The only drawback to living up here is the distance from our good friends & family on the East Coast.”

MOHSEN MOAZAMI

1807 Edgewood Lane
Menlo Park, CA 94025
650-926-9519

“Laleh, the kids and I have moved to Menlo Park, California. We really enjoy it here. I am busy as Vice President of Internet Business Solutions Group at Cisco Systems. Miss KSA folks a lot.”

JACK SANDERS, who headed KSA’s first textile industry activities back in the early ’60s, died in September.

KEN CAMPBELL, a member of KSA’s Systems Division for many years, died in June.

KSA ALUMNI WEB SITE COMING SOON

Due to your overwhelming letters of interest, we have created an evolving online network to help you keep in touch with other alumni, and access previous alumni editions of The KSA Observer. This Web page will be part of KSA’s corporate site. Soon, the more than 100 of you who returned surveys will be notified by e-mail that the Alumni Exchange is up and running!

For more information, e-mail alumni@kurtsalmon.com.



Turby Turbyfill is ready to be taken for a ride on one of Bill Cobb’s four bikes.

KSA Participates in America's Largest Day of Service

By Noam Paransky

Update: International Multifoods

By Bill Pace and Andy Tully

International Multifoods Corporation (IMC) will proceed with its previously-announced acquisition of Pillsbury's Desserts and Specialty Products (DSP) division. The transaction will close concurrent with or soon after the acquisition of Pillsbury by General Mills, which is expected to occur by the time you read this. KSA/Swander Pace & Company assisted IMC with acquisition due diligence and has been integrally involved in planning the integration of the DSP division and IMC.

Dan Swander Joins International Multifoods Corp.

Dan Swander has been named Chief Operating Officer of International Multifoods Corporation, a \$2.5-billion food manufacturer and distributor with businesses in the US and Canada.

Dan cofounded Swander Pace & Company with Bill Pace in 1987. The company developed into the leading strategy consulting firm serving the Food and Consumer Packaged Goods sector.

Dan and Ann will move with their children to the Minneapolis area. While we will miss the services of Dan as a thought leader and professional colleague, we are pleased that he will be leading a significant KSA client and therefore will still be in the KSA extended family.

On October 6, an unusually cold and rainy Saturday, a hardy group of KSAers participated in the 11th annual Hands On Atlanta Day. With 15,000 volunteers, Hands On Atlanta Day is recognized as the United States' largest day of service.

KSA employees coordinated a campus beautification project at Jerusalem House, a shelter for AIDS patients with deep KSA roots. Jerusalem House was founded in 1989 with Evelyn Ullman, wife of former KSA President Jack Ullman, as a driving force in its creation. Since then, Jerusalem House has grown significantly and provides housing to 15 families and 26 single individuals annually.

KSA employees, along with a sizable contingent from Kaiser Permanente, pulled weeds, cleaned flowerbeds, planted flowers, annihilated kudzu*, raked leaves, and trimmed hedges. We were aided by tools loaned from the Atlanta Tool Bank, James (the facility manager) with his trusty chainsaw, and Les—Jerusalem House's longest living resident (14 years)—who, before his illness, was a professional landscaper.

Hands On Atlanta Volunteers Affected:

- 13,559 Individuals with HIV/AIDS
- schools & programs that reach 48,112 children and teens
- 8,900 individuals who were ill or needing care
- 1,263 senior citizens

*a very fast growing vine. Some southern-US residents say it is possible to actually see kudzu grow!



Pam Beckerman clears kudzu vines.



Hands On Atlanta Participants included, l-r: Benjamin Mokotoff, Nathan Cray, Noam Paransky, Marianna La Vecchia, Iris Chang, Eric Watterson, and Jeffrey Sauls.

Jobapalooza!

By Mike Boyle

KSA's project team members at Timberland recently participated as a partner with the company during Timberland's company-wide community service day, called "Jobapalooza." *Randi Nolan, Mike Rice, Mike Boyle, Dave Bassuk, and Mike Barrett* joined Timberland employees for a day of improving playgrounds, fixing up schools, cleaning up parks, etc. in the Portsmouth, New Hampshire area.

Over the Rainbow* and into Wholesaling

KSA helps Payless ShoeSource move toward a wholesale business

By Jennifer Richards

Late last year, KSA's global sourcing practice scooped up a team of KSA consultants and dropped them in Kansas, where Payless ShoeSource needed help installing a software package to support its new wholesale business. In the past, Payless sold exclusively to its own retail stores and other divisions of the company. A wholesale business would expand the company into other markets internationally by marketing and distributing to mass merchants, category killers, other types of retailers—even shoe companies. Unfortunately, its existing system limited Payless to distribution from only one location inside the United States.

Much like Dorothy's famed journey, there were some major obstacles for the KSA team to overcome at Payless. First, the users of the system had not been hired or identified in most of the functional areas. Because the users did not yet exist, the ease of use of the system the team was designing was hard to gauge. Second, the company's entire retail business was run using a custom-developed system. The differences between coding and using a custom-built system, and installing and using a packaged software system are significant. Third, and most important, the business processes were not well defined, as the wholesale business did not yet exist. Visions of what the business should look like in the short term or long term were unclear to the team and to most of the Payless leadership.

To overcome these obstacles, KSA built a team (equipped with heart, brains and courage) to help define the business processes, build the organization for the system, and install the system itself. *Joseph Oriano* and I started in

November as the core of the team. *Bob Danielson, Chuck Kaste* and *Robert Kaufman* joined along the road. Finally, *Jason Franklin, Erik LaValle, Helen McConnell* and *Greg Wells* joined in and the team was complete. We were off to face the challenges.

The first task was to run the conference room pilot of the software. Partnered with resources from the QRS Rockport organization, we developed process documentation relative to the footprint of the software Payless would use. The footprint was large, including the order management, shipment tracking, customs clearance and billing/pay-

Much like Dorothy's famed journey, there were some major obstacles for the KSA team to overcome at Payless.

ing functions for the wholesale business. To help balance the large footprint, the number of users to which the system was rolled out was kept to a minimum.

After the completion of the conference room pilot, the implementation team was

divided by functional areas (sourcing, logistics, and finance). Each functional area was tasked with finding the best way to support the business process using the system, then configuring the system to match. KSA consultants also worked closely with Payless resources to test the system, define and specify needed reports and interfaces, address gaps in functionality, and develop a



Clockwise, from top, the Payless team: Jason Franklin, Jennie Richards, Helen McConnell, Joe Oriano, Greg Wells. Not pictured: Chuck Kaste, Erik LaValle.

Gold and Silver Circle Awards

By Laura Legg

training program. Paras Pradhan, a TransTech resource, was also brought in to help with the development of the reports.

The results of the project were outstanding: The install of the system was on time and under budget. Also, the system was configured to be flexible enough to handle almost any business scenario the users could think of for the new wholesale business. Dennis Mahan (the Payless group manager with primary functional responsibility for the project) was so pleased with the team's performance that he sent out a video (more appreciated than any pair of ruby slippers) thanking everyone in his own unique manner. Although there's no place like home, the KSA team members really enjoyed the challenges and accomplishments during its time in Kansas.

*Some of our colleagues outside the US may not be familiar with Dorothy and Oz. *The Wonderful Wizard of Oz*, written by L. Frank Baum in the late 1800s, was set in the US state of Kansas, known for its tornadoes. The book was made into a movie starring Judy Garland in 1939, and is now an American classic. In the story, Dorothy is picked up by a tornado and blown "over the rainbow" and into the land of Oz. There, she learns she must journey to the Emerald City to ask the Wizard of Oz for help in returning home. Along the way, she meets Scarecrow, who badly needs a brain; Tinman, who wants a heart; and Cowardly Lion, who is in search of courage. They begin their journey together by linking arms and singing, "We're off to see the Wizard," as they skip down the yellow brick road. They encounter many obstacles, but eventually find the wizard and receive everything they were looking for. Dorothy finds new friends and grows up a little, but mainly discovers, "There's no place like home." She realizes at the end of the journey that she has only to tap her heels together three times, and her ruby slippers, given to her by a good witch, will carry her there.

At the end of each KSA project, an evaluation form is sent to the client. Twenty four positively-phrased questions are asked in the areas of Quality, Service, Management, Relationship, and Administration. When the forms are returned, those that receive 100% of responses as "Strongly Agree" are

awarded KSA's Gold Circle Award. Those projects that receive 90% to 99% "Strongly Agree" responses are given the Silver Circle award. For the second half of 2001, the following projects will receive Gold and Silver Circle Awards:

Type	Client	Project Description
Gold	City of Hope National Medical Center	Scientific Strategic Plan
Gold	Executive Health Group	IS System Selection
Gold	Government of El Salvador	Marketing Assistance
Gold	Publix Super Markets	Supply Chain Strategy
Gold	Santa Clara Valley Medical Center	Selection
Gold	Satilla Regional Medical Center	Information Systems Plan
Gold	St. Rita's Medical Center	CIS Pre-Implementaiton Planning
Gold	VF Corporation	Logistics Strategy
Silver	Alegent Health	Campus Development Plan Implementation
Silver	Applied Information Marketing	Trademax Implementation For Hillshire Farms
Silver	Aramark Uniform Services	Manufacturing Management Assistance
Silver	Bear Creek Corporation	Cost Tracking Improvement
Silver	Cutter & Buck	IT Strategy
Silver	eToys	EDC Design & Implementation
Silver	Johnston Industries	Review Business Plan & Corporate Finance
Silver	Lifespan, Rhode Island	IT & Management Strategic Plan
Silver	Longview Regional Medical Center	Master Plan
Silver	MadeToOrder.com	3PL selection for company stores
Silver	Milliken & Co.	Encasing Fabric Study
Silver	Riverside County Health Services Agency	Lawson Negotiations
Silver	Santa Clara Valley Medical Center	Data Warehousing Design Support Continuation
Silver	Scott & White	Business Plan for Williamson County

New Managers



JUDY BLACKBURN

Judy started her career with Rowntree MacKintosh, now part of Nestlé, where she received early training in logistics/warehousing operations. Judy joined MMM in 1990 as a junior consultant and has built significant technical and project management experience over this period. In recent years she has played a leading role in our logistics strategy work with clients, including MacDermid, Burberry, National Blood Service, British Gas, and Wolseley Centers.



MICHELLE BOGAN

Michelle came to KSA two years ago with significant retail experience, including product development responsibilities for Disney. Michelle's impressive track record of project results include work for Nike Europe, Holland and Holland/Chanel, Polo, EpiCenter, and, most recently, Kellwood. Michelle is one of KSA's leading experts on product development and was recently called on to consult directly with the President of The Body Shop UK on product development process and organizational effectiveness. While delivering results globally, Michelle has also delivered on her utilization budgets, managed projects and helped sell. She is currently the head of our Peer Advisor program. Michelle's drive and commitment to achieve outstanding results and her ability to quickly establish credibility with senior executives at our clients

is greatly valued by her colleagues at KSA. Newlyweds Michelle and *Michael* make their home in Manhattan.



RICHARD COLLIER

Since joining KSA, Richard has become an important project resource for clients, with key expertise in strategy and supply chain projects. He has added great value to big clients such as Nike, Glaxo SmithKline and MFI, where he developed very good relationships with senior management, leading to significant follow-on sales. Richard has been working throughout Europe, as well as globally, with projects in Germany, the UK, France, and the US. Due to his technical skills, as well as his management and people skills, Richard has made, and will continue to make, a significant contribution to the development of KSA Europe, our key services, and client objectives.



JUDY GNAEDIG

Judy joined KSA two years ago, bringing with her a wealth of retail experience gained mainly at Marks & Spencer. While there, she undertook assignments in retail operations, buying and merchandising, as well as retail and product strategy. Since joining KSA, Judy has made a significant impact to the business, working with clients such as Lacoste, AlainManoukian, Jacqueline Riu, and currently, La Redoute. Of Scottish heritage, Judy now lives in Paris.

JAMIE HYATT

Jamie is on loan to the European practice from KSA's New York office, where she had already built a great reputation based around IT projects at Kmart, RG Barry and Saks Fifth Avenue. Since her arrival in Europe, Jamie has played a leading role in IT implementations for Allders and Woolworth-Germany, further building her expertise in Merchandise Planning and Decision Support systems, a core service area for KSA Europe. (Photo not available.)



INGMAR KRAAK

Ingmar came to KSA in 1997 from United Biscuits (one of the leading names in cookies and snacks in Western Europe), where he gained strong consumer goods supply chain experience in a number of international roles while based out of its Hungary and UK operations. Ingmar's project track record includes successful work at leading UK retailers including WHSmith, J Sainsbury, Iceland Frozen Foods and Debenhams. His work is characterized by a strong commitment to client satisfaction and a high rate of sell-on work. He has displayed a wide range of skills at these clients, guiding them through reviews of operations and systems. He has helped progress previously deadlocked investment decisions, and identified creative solutions. For the last 18 months, Ingmar has been based in the US, where he has played important management roles in the large system implementation at Sears and is currently leading the process side of a similar engagement at Talbots. A native of The Netherlands, Ingmar currently resides in Manhattan.



STACEY LEIBOWITZ

Stacey came to KSA through our summer internship program at NYU, with a strong background in retail operations. She quickly distinguished herself by delivering value at major clients, including Polo, Kmart, The Thread, Luxlook, and Carhartt. Stacey has demonstrated an ability to handle a wide breadth of KSA services—from strategy and marketing through organization and process—including new economy technology-based initiatives. While consistently delivering quality work to her clients, Stacey has also delivered on her utilization budgets, managed and sold projects, and assisted on several important internal activities, including both recruiting and co-leading the wildly successful Merchandising Conference in the summer of 2000. Stacey's positive can-do attitude and infectious energy are appreciated by all with whom she works. Stacey and her husband, *Paul*, make their home in Manhattan.



HAN NGUYEN

Han joined KSA in November 1997 after working in the semiconductor industry and serving in the US Army as a Military Intelligence Officer. He holds a BS, Aerospace Engineering, from the United States Military Academy and an MBA from Western International University. As a member of, first, the Operations and, later, the Fulfillment practice, Han has earned the respect of clients and colleagues alike for his work ethic,

teaching skills, and ability to generate innovative solutions. Noteworthy project work has involved productivity improvement for clients such as Consolidated Stores, Guilford Mills, Renfro Corporation, Michael Alan Designs, and Ross Stores. Most recently, Han traveled to Thailand while identifying opportunities for large engagements with Kimberly Clark. Han enjoys outdoor activities including playing sports, jogging, and cycling. He and his wife, *Linda*, live in Tustin, California.

EMMANUEL OBERTHUR

Since joining KSA last year, Emmanuel has become a key member of the PeopleSoft team. He has led projects at CGRCE and Valdunes, meeting tight deadlines and securing significant follow-on sales. Emmanuel has also contributed greatly to the enhancement of our PeopleSoft implementation methodology. Emmanuel's technical and project management skills, allied to his excellent PeopleSoft product knowledge and client management capability, will serve him and the team well as he takes on additional responsibilities for service development in this major European practice area. (Photo not available.)



JEROME SAINT MARC

Jerome joined KSA in 1998 after several years in operations and business development for a leading European third party logistics provider. Jerome has played a leading role on high visibility logistics and supply chain strategy and implementation work for important clients such as Sainsbury,

CWS, MFI, and Safeway. Jerome's ability to develop strong client relationships with senior managers at these key clients has been critical in developing long-term business streams for our European practice.



JEFFREY SAULS

Prior to joining KSA in June 1998, Jeffrey worked in the office furniture industry at Steelcase. Originally a member of the Operations practice, Jeffrey is currently with the Fulfillment group and is sought after by name when a potential manufacturing, furniture industry or supply chain project team is being formed. A versatile professional, Jeffrey has worked globally on engagements in the US and Europe, covering a wide range of services from supply chain diagnostic projects for Mattel and MFI to a costing study for Kimberly Clark. Other project work has involved clients such as Huffey, Louisville Bedding, Milliken, and Bear Creek. Jeffrey enjoys international travel and playing/watching all sports—specifically baseball, golf, and the KSA Sunday afternoon football games in Atlanta's Piedmont Park. Jeffrey also looks forward to spending time with his friends during his annual snow-skiing trip every winter and rafting trip every fall.

Continued on next page

Lynn Spuhler: 25 Years of Strategic Selling and Implementing Near the Links



GREG WELLS

Greg joined KSA in August 1999, after earning a Masters degree from Georgia Tech. His previous work experience

includes six years as a project manager at Dames & Moore, the third largest engineering firm in the US. Greg has distinguished himself at engagements at Sears, Carrefour (in Hong Kong), and Payless (as a Rockport system implementation expert). His persistence, global sourcing system expertise, and leadership skills have resulted in Greg being a pivotal resource in key, time-sensitive implementations. A member of the IT practice, Greg lives in Atlanta and enjoys skiing, reading, and following his hometown Cincinnati Reds.

Observer

A publication by and for the employees of KSA

PublisherPam Beckerman
 EditorJanice Ryer
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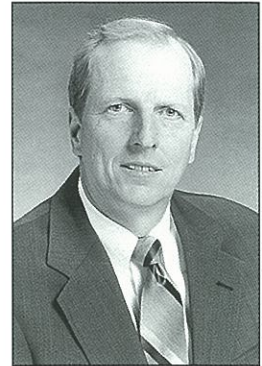
An Ohio native, Lynn joined KSA in 1976 after receiving his Masters degree in Industrial Administration from Purdue University and a Mechanical Engineering degree from the University of Cincinnati. He began his career at KSA as a relocating staff consultant in the Operations group, under the leadership of *Howard Cooley*. After relocating for six years, he settled in the Greensboro office to work with *John Wilcox*, *Ed Owen* and *Bob Malburg*.

In 1983, he was promoted to Principal and moved to the Los Angeles area, joining *Pete Cleaveland* and *George Soffron* to round out the skill set there. In 1988, Lynn showed his versatility by becoming the regional director for the West Coast Operations practice and at the same time regional director for the Logistics group. Lynn responded to this challenge particularly well; at one point he was successful in converting seven competitive selling opportunities in a row.

Lynn is an avid golfer who used to make an annual pilgrimage to Pebble Beach. He has been accused of focusing his business development activities in that area in order to take advantage of this interest. (At the moment he is, coincidentally, managing a project for Fresh Express in Salinas, which is about 25 miles east of the 9th fairway.)

In 1997, he moved to Tokyo to become the Managing Director of KSA's Asia-Pacific group, working with *Jerry Black*, *Guido Schild*, and all of the Asian colleagues. Shortly after arriving in Tokyo, Lynn submitted under duress to the obligatory rite of karaoke. According to Jerry Black, Lynn was not asked to make an encore...

A wine connoisseur and sports car enthusiast, Lynn made two great sacrifices prior to his move to Japan: He sold his sports car, and with wife, *Joyce*, spent the night prior to his departure opening and tasting many great bottles of wine acquired over the years because they (mis!)understood that they could not bring the wine along.



Lynn's "roots" called him back to Los Angeles in 2000, when he was appointed the National Service Director of the newly created Fulfillment Services group (formerly the Logistics and Operations groups). Lynn was appointed an Officer in 1995 and currently serves on the Board of Directors and CPD Service Directors Committee, in addition to his responsibilities as Fulfillment NSD.

Over the years, Lynn has served many of KSA's major clients, including Jansport, Levi Strauss & Co., Fingerhut, Liberty House, Kroger, Mervyn's, Vons/Safeway, Norm Thompson, Bear Creek, Disney, Jusco (Japan), Procter & Gamble (Japan), Foster Farms, and Fresh Express.

Lynn and Joyce fully enjoy the diversity of California lifestyle by splitting their time between homes in Marina del Rey and LaQuinta.

—Torre Crupie

Milestones

Congratulations to:

Corinna Bauckhage (Düsseldorf) and Frank Plate on the birth of a daughter, Anna-Lena, in September 2000.

Michael (London) and Ruth Marienfeld on the birth of a son, Ivo Guillaume, February 9.

Ashraf (Princeton) and Michelle Eisa on the birth of a son, Adam, April 3.

Kathy (Atlanta) and Brian Williams on the birth of a daughter, Ashley Nicole, April 22.

Dell (Atlanta) and Ta-Nika Brinson on the birth of a son, Malique RayShon Brinson, May 17.

Sharon (Atlanta) and Rusty Gavron on the birth of a son, Trent McLean, May 23.

Iris Bender (Düsseldorf) and Horst Buse, married June 1.

Dorothea Ern (Düsseldorf) and Markus Stockum, married July 23.

Chad (Atlanta) and Willa Doiron on the birth of a daughter, Taylor Marie, August 11.

Dietrich (Düsseldorf) and Bettina Brand, married August 18.

Anja (Düsseldorf) and Stefan Klein on the birth of a son, Niklas, September 27.

Jo (Atlanta) and Steve Tapper on the birth of a son, Alan Mitchell, October 14.

Julie Sherman (New York) and Jeff Baisley on the birth of a daughter, Jordan Lee, October 15.

Matt (New York) and Sheryl Katz on the birth of a daughter, Macy Smith, November 18.

KSA at Play

Twelve teams participate in 2001 Burkhalter Cup

By Bob Smith

On September 22, KSA's annual golf tournament, The Burkhalter Cup was held at the Stone Mountain Golf Course near Atlanta. Forty-seven golfers participated (a mix of clients, vendors and KSAers).

Registration for the tournament started at 7 a.m. *Debi Hamrick* signed everyone in, giving each participant a sleeve of KSA golf balls and offering them coffee and donuts. As usual, Debi did a tremendous job in helping organize and run the tournament. This year, everyone was given the option of buying up to two mulligans (free shots during the tournament). The proceeds from the mulligans totaled almost \$600 and went directly to the Red Cross in support of the New York relief efforts.

At 8 a.m. we all teed-off at the same time on different holes, which allowed us to all finish at approximately the same time. The day could not have been more perfect, with a temperature of 75°F and sunny. On the course, free refreshments and food were available. Plenty of "swing oil" (beer) was available to make everyone's game a little bit better (or worse, in some cases). Around 1 p.m., all the teams finished eighteen holes of competition and headed back to the clubhouse. We enjoyed a buffet-style lunch while sharing exaggerations of good shots and consolation on missed putts.

Butch Price had two closest-to-the-pins; however, we are not sure whether he hit the ball or threw it. Matt Austin (Bestform Intimates) had the longest drive. We would also like to thank *Mark Chandler* for not being there (he was working diligently in Hong Kong) and giving someone else a chance to win. However, we did miss Mark's usual great job of awarding the prizes, supplemented by his humorous comments. Also, we would like to commend *Carol Evans* for being the only woman to participate and winning one of the top prizes. In the end it was a lot of fun with golfers of all levels having a great time.



First Gross Winners, l-r: Carol Evans, Bob Smith, Ken Woods and Greg Ivey (Designed Conveyor Systems)



First Net Winners: Alain Poirier and Jeff Mitchell (Manhattan Associates), Britt Dayton

Hip Bikers at a Grand Weekend

"Bionic" men perform well during 50-mile bike race

Rewind to December 7, 2000: *Chuck Killian* is in the hospital, having just undergone total hip joint replacement surgery. On one of her visits, the nurse asks Chuck if he has any particular rehabilitation goals. "Yes," he replies. In addition to the rehab exercises that he will be religiously completing, his real goal is to compete in 2001 in a 50.5-mile bicycle race. This race, the Grand View Firehouse Fifty, takes place the first Saturday in August on a hilly course, past lakes and streams and through the Chequamegon National Forest in northern Wisconsin. Chuck has participated in this event with his oldest son, Tony, his older brother, Jim, and Jim's sons every year since 1986.

Fast forward to August 4, 2001: 9:22 a.m., eight-and-a-half months later. Chuck (57), Tony (31), Jim (62—and he had a total hip replacement 17 days before Chuck!), and Tom (28), riding as a four-man time trial team, are poised at the starting line in Grand View, Wisconsin. They are prepared for the course that has challenged them before, but which seems more daunting under the current circumstances. Chuck is riding his Klein Quantum Z, the bike he received seven years ago as his 25-year anniversary gift from KSA. A dry, beautiful, somewhat warm morning in northern Wisconsin fuels their anticipation. After handshakes, backslaps, and admonishments to each other to "ride safely" and "be careful out there," the Killians roll away from the starting line.

The first five miles are rolling, uphill terrain, climbing over 500 feet to the top of the Great Divide (water on one

side eventually flows into Lake Superior; water on the other side to the Mississippi River). They ride it well, not exhausting themselves, but nonetheless very conscious of their speed and time because, this year, as always, they don't just ride—they race. Well into the course, with only eight miles to go, they feel pretty good about their pace and position, but Jim is having a little trouble keeping up. However, they continually regroup, getting him back and tucked into their line. They also keep him out of the pulling (lead) position so he can benefit as much as possible by drafting on the other three riders. With the finish in sight, the team gets a final rush of adrenaline and crosses the finish line in two hours and 38 minutes—a great race! They are only nine minutes off their best time ever—two hours and 29 minutes—achieved several years ago. The 2001 race is completed safely

and smiling faces, high-fives, and the thrill of success prove to be adequate ointment for tired bodies at that time.

After ample amounts of watermelon, Gatorade, and a beer or two, the tradition and camaraderie of the day continues with lunch, a nap, church, a team-cooked dinner, and copious post-race discussions. Most of that discussion centers on the just-completed race and how they might be able to shave off a minute or two here or there. Before long, they are convinced their personal best of 2:29 is in jeopardy for 2002! The weekend concludes with golf on Sunday (as it began, with golf on Friday) and winds up with handshakes and hugs in the golf course parking lot, and anticipation of next year's race. Both Chuck and Jim are grateful that their "artificial parts" of titanium and stainless steel held up so well. Team Killian will be back in 2002.

"Team Killian" after the race: Tony; Chuck; Jim; and Jim's son, Tom



United We Ran. United We Ache.

KSAers conquer the New York City Marathon

“United We Run” was the theme of the 2001 New York City Marathon Sunday, November 4. This year more than 30,000 runners set off under sunny skies from the Verrazano-Narrows Bridge in Staten Island to the tune of Frank Sinatra’s “New York, New York” on a 26.2-mile trek through all five boroughs of the city (Staten Island, Brooklyn, Queens, Manhattan and the Bronx).

Among the crowd of international runners were four KSAers: Bob Galvin, Chief Administrative Officer, New York; Katherine Lackovic, Editor, Marketing Communications, New York; K.C. McDonnell, Marketing Communications Coordinator, New York; and Claire Trivett, Consultant, Manchester.

Galvin beat his time from last year’s NYC Marathon, crossing the finish line in 3:55:29. He has run several marathons across the country since last year’s NYC finish and has quickly become an “old pro.”

Lackovic, who also ran NYC last year, finished with a time of 4:44:01. “I had a lot of fun this year. We took some memorable photos along the course and really enjoyed the energetic crowd,” she said.

McDonnell, a first-timer, was amazed at how much fun the race was. “It was so great to see all the people running in memory of 9-11. All of the firefighters were out watching and they would go crazy every time somebody with an FDNY shirt ran past; it was really uplifting.” She finished with a time of 4:07:20.

Trivett traveled all the way from the UK to run this world-renowned race, joining thousands of fellow Brits. She finished

in 7:34:57. “It was a great experience and personal challenge to complete this marathon,” Trivett said. “I hardly set any records, but I raised money for Imperial Cancer Research in the UK.”

Congratulations to all our KSA runners!

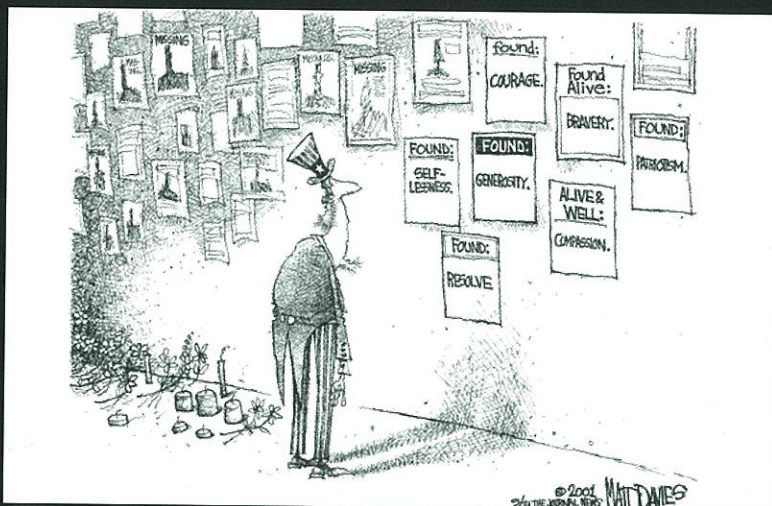
Since its humble beginning in 1970, the New York City Marathon has become the most prestigious footrace in the world celebrating friendship, sport and human potential. The 2001 Marathon was dedicated to the heroes and the victims of the tragic events of September 11. Along with its runners, members

and partners, Marathon organizer, New York Road Runners, is aiming to raise \$1 million to assist the victims of the September 11 tragedy.

Each year the New York City Marathon is a fantastic event, but this year in particular it was truly inspiring to see two million spectators lining the streets of New York to cheer on and support the marathoners. Not only did it help the runners; it helped people remember how diverse, energetic and resilient this city really is. Now, if only the Yankees had won the World Series...

SEPTEMBER 11, 2001

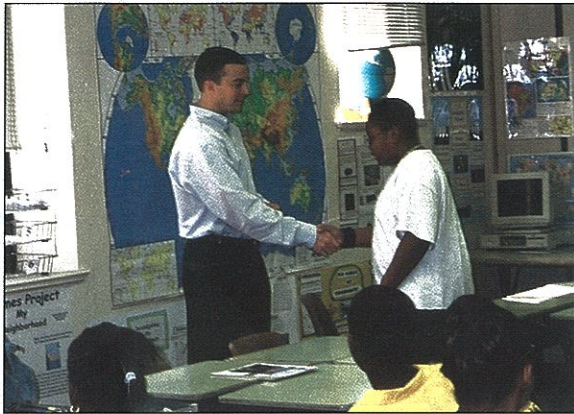
KSA USA appreciates the outpouring of concern from our colleagues worldwide related to recent events in New York. While the Observer staff considered compiling stories of personal experiences, we realized that this newsletter may not be the proper forum. The events of September 11 were traumatic and life-changing. We can help each other heal by individually volunteering our time and resources in whatever way seems appropriate.



Junior Achievement

KSA staff, teaching since 1995, have reached hundreds of children

By Michael Boyle



Mike Boyle conducts a mock job interview with a student.

Have you ever been in the Atlanta office on a Friday and wondered what's in the strange gray briefcases some KSAers carry out of the office? Rest assured they are not simply carrying a backlog of reports home for the weekend or clearing floor space for the carpet cleaners!

Those KSAers, with class materials in hand, are heading off to teach a Junior Achievement (JA) course at nearby Inman Middle School. This fall, 14 KSA volunteers are teaching Personal Economics to seventh graders. The semester-long course helps students assess their personal skills and interests, explore career options, learn job-hunting skills, and discover the value of an education. Students also learn about budgets, personal and family financial management, investing, and the effective use of credit in an encouraging, inspiring, and fun environment.

Although KSA has been involved with the program since 1995, 59 KSAers from the Atlanta office have volunteered in the program in just the past two years. This year's volunteer team is fortunate to have six new faces. Their willingness and creativity have combined seamlessly

with the experience and steadfast enthusiasm of the returning veterans.

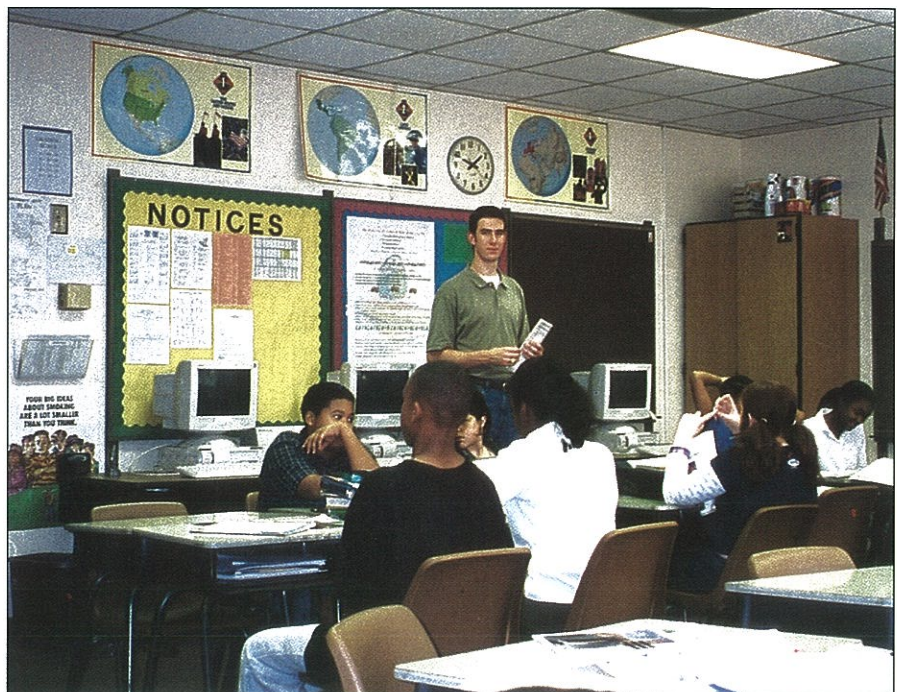
KSA also has been a strong corporate supporter of Junior Achievement, with KSA Chairman *Dave Cole* serving on the board of Junior Achievement of Georgia. Last year, *Sharon Gavrón* (Fulfillment Manager) and Dave chaired the development

of the five-year strategic plan for the JA of Georgia organization. Dave recently shared some of his thoughts on the value of this volunteer effort. "Personally, I believe free enterprise is the foundation of a democratic society. Anything we can do to ensure that young people understand the basics of

business and the importance of free enterprise equips them to be contributing members of society...and pays dividends over the long-term."

The students are not the only beneficiaries of the Junior Achievement program. Several volunteers have expressed the sentiment that they gained an even stronger appreciation for full-time educators and discovered the impact a volunteer can make in the lives of children.

Please feel free to talk to any of the current volunteers about their experiences. They are: *Mike Boyle, Amy Burns, Iris Chang, Mona Clifton, Nathan Cray, Mark Kaasa, Marianna La Vecchia, Tiffany Legington, Noam Paransky, Todd Soller, Seth Spofford, Dan Stonaker, Scott Vanags, Eric Watterson.*



Nathan Cray discusses budgets during a family finance lesson.