

Winter 2005

The KSA Observer

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KSA's All-Star Client

CEDARS-SINAI MEDICAL CENTER | By Cyrus Yang and Jeff Hoffman

FROM TREATING ELIZABETH TAYLOR TO DELIVERING JULIA ROBERTS' TWINS, CEDARS-SINAI MEDICAL CENTER (CSMC), ONE OF THE NATION'S LEADING MEDICAL CENTERS, HAS PROVIDED SUPERLATIVE CARE TO HOLLYWOOD'S A-LIST, AS WELL AS PATIENTS FROM AROUND THE WORLD, FOR MORE THAN A CENTURY.

KSA began working with CSMC in 2002. Since then, CSMC has engaged all three facets of KSA's Health Care Consulting Group. Initially, KSA's Information Technology (IT) group performed a readiness assessment and provided oversight for implementation of an internally developed information system. The group has continued to support CSMC with planning, vendor selection, and oversight projects. CSMC enlisted the Strategy group to work with the organization's senior management, board members, and physicians on its strategic planning efforts, and the Facility practice helped guide CSMC's master facility plan for its complex urban medical center.

CSMC's worldwide recognition and reputation is based not only on its star clientele, but also its provision of sophisticated procedures and services, which is on par with the nation's leading academic medical centers. With 50,000 patient admissions filling nearly 1,000 hospital beds, it is one of the largest non-profit hospitals in the nation. More than 1,800 physicians in virtually all medical specialties are affiliated with CSMC.

They join more than 8,000 employees, 2,000 volunteers, and 15,000 fundraising support group members to form a unique partnership. CSMC physicians are research leaders, bringing advances in medicine directly from the laboratory to the bedside. In addition, they teach more than 245 medical residents and fellows in nearly 60 graduate medical education programs.

In 2005, seven of CSMC's specialties, including digestive disorders, heart surgery, kidney disease, orthopedics, and neurology and neurosurgery, ranked among the nation's best in *U.S. News & World Report's* guide to "America's Best Hospitals."

Across services, CSMC is a leader in patient care quality. Since 1990, it has been named in a National Research Corporation (NRC) survey as Southern California's "gold" standard in health care. Recently, CSMC ranked No. 1 in the Los Angeles area in best overall quality, best doctors, best nurses, most personalized care, best image and reputation, and best accommodations and amenities.

Moving Forward Together

REFLECTING ON THE FIRM'S 2005 ACCOMPLISHMENTS | By Bill Pace



KSAers ONCE AGAIN SHOWED THEIR TALENT AND GENEROSITY IN 2005, BLAZING NEW TRAILS IN ASIA AND EUROPE, DELIVERING OUTSTANDING RESULTS FOR CLIENTS AROUND THE GLOBE, AND PROVIDING RELIEF TO HURRICANE VICTIMS IN THE UNITED STATES. IT IS ENERGIZING TO REFLECT ON OUR ACCOMPLISHMENTS.

NEW OFFICES. We expanded our global reach by opening offices in Amsterdam and Shanghai. Many thanks to Ingmar Kraak and others for their hard work in opening the Amsterdam office, and kudos to Diane Wang and team for getting the Shanghai office up and running. Brief articles on these new offices are included later in this publication.

70TH ANNIVERSARY. As featured in our last edition, KSA celebrated its 70th year of operation in 2005. Kurt Salmon's legacy of clients' interests first, collegiality, and excellence continues to inspire us in the new millennium. Read about the latest group to pick up the torch in the orientation article in this publication.

AMONG THE BEST AGAIN! For the third year running, KSA has made *Consulting Magazine's* short list of "The 10 Best Consulting Firms to Work For." It is an honor to be acknowledged, repeatedly, in this fashion. While the consulting market continues to be challenging, our values keep us on course and ensure we remain a highly desirable place of employment.

BUSINESS OUTCOMES. One of our key strategic initiatives centers on building our ability to track, document, and communicate the significant results we achieve for our clients. In 2005, KSA trained more than 100 people in the tools of the business outcomes program and began implementing these tools with great success at clients such as Brown Shoe and Talbots. A summary of our progress to date is included in the pages to come.

INTEGRATED SERVICE DELIVERY. We continued to fulfill KSA's vision of being the premier provider of best-of-class capabilities in planning and integrated value chain management. Integrated project teams sold and delivered transformational results at a wide range of clients. A few recent examples are:

- **ACE HARDWARE:** A cross-functional team is transforming this U.S. home improvement chain's systems, product flow, and logistics network.
- **ADIDAS:** In Asia, we are helping this sporting goods conglomerate with its logistics and retail strategies and management. We are also implementing SAP in its China operations.
- **CEDAR SINAI HEALTH SYSTEM:** Integrated teams delivered an array of services to this world-class medical center, including strategic plan support, IT strategic planning, and facilities planning. Other engagements focused on physician practice support and patient accounting.
- **FEDERATED:** KSA is assisting this U.S. retail giant with its historic merger with May Company Department Stores, as well as its network and systems strategy, warehousing, and store processes.
- **KINGFISHER:** KSA teams continue to advise this European home improvement retailer regarding its systems, distribution operation, and speed to market.
- **LL BEAN:** Our latest work with this U.S. multi-channel purveyor of outdoor equipment and apparel focuses on supply chain strategy, inventory management, distribution operations, and channel flow.
- **LAREDOUTE:** In France, KSAers are guiding this apparel direct marketer on its client services transformation, product productivity, and other analyses.

GENEROSITY. Finally, many of our U.S. colleagues were challenged directly and indirectly by the impact of Hurricane Katrina. As thousands of people found themselves unexpectedly without food and shelter, many KSAers opened their homes and wallets to clothe, feed, shelter, and support family, friends, and complete strangers. One KSAer even requested that the funds earmarked for her 10-year service award and celebration be redirected to the relief effort. It was a heart warming gesture and seemed to capture the spirit we see so often displayed within the firm.

Warm thanks to all of you for all you do for your clients, colleagues, and communities. I hope your holidays are peaceful and fulfilling, and I look forward to celebrating our accomplishments and successes in 2006!



THERE ARE MANY WAYS KSAers CAN HELP OTHERS AS WE TRAVEL THE WORLD. HERE ARE JUST A FEW.

SPONSOR A CHILD LIVING IN POVERTY. Through a sponsorship agency you may donate money each month to sponsor a child, his family, and his community for scholarship programs, health care, and nutritional food. You may correspond with your sponsored child and send small gifts or souvenirs from your project sites and pictures from your travels. You will receive a translated response from your child, and most agencies will send a picture of your child each year. Large agencies include Plan, Children International, and Christian Children's Fund.

DONATE AIRLINE MILES TO A GOOD CAUSE. Some airlines allow you to donate miles to a reputable non-profit agency such as Make a Wish, United Way, or Fisher House. Donations to CARE, UNICEF, or the American Red Cross will assist these organizations in their relief efforts.

DROP FREEBIES AT A LOCAL SHELTER. In addition to food, shelters often try to provide people with basic hygiene supplies. The bottles of shampoo, conditioner, soap, lotion, and mouthwash provided by your hotel could make a difference for someone on the street.

UNITED WAY CAMPAIGN EXCEEDS TARGET FUNDRAISING GOAL | By Kelley McGuire

Campaign pledges for this year's KSA United Way of Metro Atlanta campaign totaled \$46,321, exceeding our \$45,000 target. The campaign, which kicked off September 23 and concluded October 7, included a silent auction September 30 with bidding items such as golf with Jerry Black at Sugar Loaf Golf Club, an LCD TV, and a week-long trip to Dave Cole's vacation home in Vail, Colorado.

At the kickoff party in the Atlanta Office, Jerry Black spoke about KSA's long-standing support of United Way and the organization's positive impact in our community. John Seidl spoke about his son who has special needs, and mentioned that organizations supporting children with special needs are valuable to many families. He reminded everyone that they have the option of making targeted contributions to any of hundreds of United Way organizations. We raised \$9,235 at the campaign kickoff.

I mentioned that several KSAers had family members displaced by Hurricane Katrina (including my own) and that United Way was directing substantial funds to aid these victims. Our United Way representative, Brittany Williams, said donations were helping 50,000 displaced Katrina victims in the Metro Atlanta area and that United Way helps victims weeks and months after other benefits have ended.

Lori Cox and I drew pledge forms for several gift certificates from Madison Grill, Pottery Barn, Sports Authority, and Gap. We also drew for a Polaroid digital camera, which Greg Milton won. We were very pleased with the results of this year's campaign and want to extend special thanks to Jerry Black, Lori Cox, Yana Feldman, Libby Morgan, and John Seidl for helping make it a success.

HSD Completes Honor Roll Client Base

ADDS CLEVELAND CLINIC HEART CENTER TO ROSTER | By Sherman Moore



THE CLEVELAND CLINIC HEART CENTER HAS BEEN THE NO. 1 PLACE IN THE UNITED STATES TO RECEIVE HEART CARE FOR THE PAST 11 YEARS RUNNING.

It has also been a fixture on the *U.S. News & World Report's* rankings of top places to receive medical care in the United States.

In the mid-1990s, HSD leadership set out to work for all of the top listed (Honor Roll) health care institutions in the United States as ranked by *U.S. News & World Report*. Significant effort has been expended to position the firm and the practice as the consultant of choice for these major players.

In the beginning of 2005, KSA had worked with all but two Honor Roll institutions — the Cleveland Clinic Foundation (CCF) and Stanford University Medical Center. By the end of February, both institutions were part of the HSD client base.

A multi-office HSD team led by Archie Aamoth (MO), Sherman Moore (AO), and Dave Ping (SBO) was invited to present qualifications for helping CCF position itself and its campus for development over the next 10 years. KSA was selected and partnered with an architectural firm to plan for the clinic's future.

Demolition of a parking structure in the middle of the 140-acre campus was already in progress to make way for the largest single-specialty hospital building in the United States — the new Cleveland Clinic Heart Hospital. This 400-bed, one-million-square-foot structure would house the world-renowned CCF cardiologists, cardiac surgeons, and other cardiac-related specialists.

Other priorities existed, including some promised by a previous administrative team. KSA worked to understand the organization's priorities, vision, and strategic direction. The team then launched a comprehensive site and facility assessment to understand the opportunities and challenges presented by the existing conditions of each of the facilities on campus.

This assessment led leadership to expand the scope of the engagement to include similar analysis of its regional hospitals that comprise the Cleveland Clinic Health System (CCHS) — nine additional hospital campuses. The combined projects represent the largest simultaneous engagement ever for a single client within HSD.

The project is expected to be completed by year-end 2005, and has required the work of a broad team representing each practice group: Archie Aamoth, Michael Arend, Farzan Bharucha, Michael Boguszewski, Elizabeth Brinkley, Phil DeBruzzi, Ben Johnson, Greg Milton, Sherman Moore, David Ping, and Jennifer Rusk — as well as support staff from the Atlanta, Madison, Minneapolis, and San Bruno offices.

Projected outcomes include a detailed master plan for the future of the main CCF campus, as well as a strategy for development of additional CCHS campuses in the broader market over the next 10 years.



OVER THE YEARS, KSA HAS WON PROJECTS WITH SEVERAL OF THE MANY CONSUMER GOODS COMPANIES HOUSED IN THE BENELUX. ON FEBRUARY 1, KSA OPENED ITS AMSTERDAM OFFICE TO BETTER SUPPORT THIS REGION.

The term “Benelux” is an abbreviation for Belgium, Netherlands, and Luxemburg, and is usually used to describe Netherlands and Belgium, as Luxemburg is a rather small dot on the map — luscious in scenery, but distinctly lacking in potential clients. The area was initially supported by other KSA offices in the region (mainly Düsseldorf, London, and Paris), and more recently (since 2001), by a focused push from full-time business development associate, Fred Schroeder, who has managed to open more doors.

Arnoud Maas joining KSA Europe as a Principal in 2002, and my return to Europe after a three-year stint in the United States, gave occasion to structurally pursue opportunities in this market. A surprising number of household-name companies either originate from this region (Ahold, Heineken, Mexx, Philips, Unilever, Vendex KBB), or have significant logistics operations or European headquarters here (Levi’s, Nike, Polo Ralph Lauren, Tommy Hilfiger).

Competition consists of the usual suspects (Cap Gemini, IBM, McKinsey, AT Kearney), but KSA offers a unique perspective with its global reach and deep knowledge of the consumer goods industries.

A small team of local resources is in place and recruiting efforts are underway. The growth of

this practice area has been a team effort, with other European offices pitching in to sell and deliver projects and keep us afloat administratively. The office is a serviced space where we rent a suite and several meeting rooms as needed, and have some flexibility for expansion.

KSA has completed or is executing projects this year with De Bijenkorf, Vendex DIY Group, Vroom & Dreesmann, Mexx, Levi Strauss, Unilever, M&S Mode, Philips, and Maxxium.

IN CASE YOU WERE WONDERING

- Just about everyone in the Benelux region can speak English, so at most clients we use a mixture of Dutch- and English-speaking teams.
- A large picture of Kurt [Salmon] hangs on the office wall, so he can oversee and guide us.
- Bill Pace visited for an office “christening” and several meetings with business leaders this summer, and the European Leadership Team recently held a meeting in Amsterdam.
- KSAers are always welcome; we may even offer some advice about things to do (and not to do) in the beautiful canal city of Amsterdam.

Business Outcomes

MEASURING OUR IMPACT | By Helen Amick and Linda Scott

BUSINESS OUTCOMES MEASUREMENT IS ONE OF KSA'S MOST IMPORTANT STRATEGIC INITIATIVES. ALL SIGNS INDICATE THAT THE FUTURE OF CONSULTING WILL BE GROUNDED IN THE ABILITY TO MORE CLEARLY TRACK AND DEMONSTRATE THE VALUE OF SERVICES.



In fact, KSA's credibility as industry experts demands we deliver better results than our competitors. The Business Outcomes initiative is fundamentally changing aspects of how we sell, deliver, and follow-up.

KSA's Global Leadership Team recognized that a structured program would facilitate calculation, capture, reporting, and marketing of the results we provide to clients. After testing the concepts and tools with several pilot teams in North America, Europe, and Asia, the Business Outcomes program was officially launched in NA CPD in March 2005. All NA CPD projects with fees of \$250,000 or more are now required to track their Business Outcomes. The European launch took place in October 2005, and Asia will begin implementation in 2006.

CLIENT RESULTS

Twenty-six teams have begun or completed the steps required to measure and track KSA project results. Early results include:

Talbots Assessment of Planning, Allocation, and Replenishment Processes and Planning Design and Implementation Projects

The team estimated Talbots could potentially achieve an estimated cumulative \$250 million in additional income over five years through a:

- 3% to 5% improvement in sales dollars.
- 2% to 4% improvement in gross margin percent.
- 2% to 4% reduction in inventory dollars.

These outcomes would be achieved by implementing the following recommended changes:

- In the short term (early 2005), apply more comprehensive analytics in the planning process for assortment, locations, and inventory flow.
- Develop standardized reporting, business rules, and procedures for consistent use of analytics in each planning area.

- Implement new processes and systems for assortment, location, and allocation/replenishment planning.

The team's ability to explicitly show the projected financial benefits and level of investment required (using the Business Outcomes tools), as well as the rigor of analysis used to validate KSA's recommendations, were instrumental in Talbots' decision to proceed with these initiatives and to hire KSA to assist them. While Talbots was expected to begin to realize these benefits as early as spring/summer 2006, they may be delayed due to management changes.

Brown Shoe Supply Chain Transformation Project

To realize its growth and margin goals, Brown Shoe needed to redefine how it brought product to market, and to manage inventory with an emphasis on planning, flexibility, and speed. The goal was to achieve best-in-class lead times and redefine retail partnerships. Brown recognized this was a transformational undertaking that would dramatically alter the supply chain. The project (and its associated Outcomes analysis) produced:

- A \$35 million net present value commitment to Wall Street.
- A 50% production lead time reduction.
- \$470,000 in 2004 benefits realized.
- Current 2005 benefits estimate of \$4.5 million.
- Planned total benefits of \$37 million in 2008.

We continue to track results on both of these projects.

THE OUTCOMES MEASUREMENT LEADER

An important new role supporting the Outcomes process is the Outcomes Measurement Leader (OML). Typically filled by a Senior Consultant, the OML role will be critical to achieving KSA's objectives. The OML acts as an Outcomes measurement subject matter expert for the team and is largely responsible for analysis and



tracking. However, all members of the team, including Principals and Managers, must be involved. The OML role will be important to professional development in the areas of quantitative acumen, communication with client senior management, and business development. By the end of 2005, successfully acting as an OML will be required for promotion to Manager in NA CPD.

BUSINESS OUTCOMES TRAINING

Two training modules support Business Outcomes:

- **BUSINESS OUTCOMES ANALYSIS I: FINANCIAL STATEMENT ANALYSIS (BOA I)** is an introductory course that covers basic financial statements and how to use the information contained within them. This class is required for all staff. You may request an exemption from BOA I if you have recently taken something similar or are well-versed in financial accounting. BOA I or an exemption is a prerequisite for BOA II.
- **BUSINESS OUTCOMES ANALYSIS II: MEASURING FINANCIAL OUTCOMES AND THE OML ROLE (BOA II)** builds on the concepts in BOA I and adds

the tools and processes we will use for measuring outcomes at KSA. BOA II is required for all Principals, Senior Managers, Managers, and Senior Consultants, regardless of background.

As of November 2005, 131 people have attended BOA I training, and 188 people have attended BOA II. Feedback from the sessions has been extremely positive.

Additional training sessions are scheduled as follows:

Asia:

- BOA I – All levels: December 17, 2005
- BOA II – All levels: first quarter 2006, dates TBD

North America CPD:

- BOA I – All levels: January 26-27, 2006 in Atlanta
- BOA II – All levels: first quarter 2006, dates TBD

Please contact Libby Morgan if you would like to sign up for one of these courses, or if you would like more information about exempting out of BOA I.

EXAMPLES OF CURRENT BUSINESS OUTCOMES PROJECTS		
Client	Project	Key Roles
Specialty Retailer	IT, Product Flow, and Logistics Network Strategy	MacFarlane, Mays (Mgr.), Sahib (OML)
Department Store	Direct-to-Consumer Conceptual Design and WMS Assistance	Kumar, Bessho (Mgr.), Taylor (OML)
GM Supplier	Product Development Detailed Design and Implementation Planning	Brown, Findikyan (Mgr.), Miles (OML)
Specialty Retailer	Performance Improvement – CA DC	Unger, Kincaid (Mgr.), Klisz (OML)
Specialty Retailer	Base Plus	Severyn, Unger, Whitehouse (Mgr.), Webster (OML)
Specialty Retailer	ProfitLogic Implementation Assistance	Katz, Hyatt (Mgr.), Habibi (OML)

From Russia with Love

JEANS AND EMBROIDERY IN ROSTOV-ON-DON | By Christoph Berendes



IMAGINE A TRIP TO A VERY FOREIGN COUNTRY. YOU DON'T KNOW THE CULTURE, YOU DON'T SPEAK THE LANGUAGE, YOU DON'T KNOW THE LAY OF THE LAND, AND NO ONE HAS COME TO MEET YOU AT THE AIRPORT.

That's precisely what happened on my first flight into Rostov-on-Don, home to Gloria Jeans Corp., KSA's first Strategy client in southern Russia. As my colleagues had been delayed, I found myself striking off alone. Project manager Ghislain Vathelot of France was without a visa, and Heidi Müller, a Düsseldorf-based consultant, and Scott Spring, managing principal on the project, were delayed in Munich and London respectively.

Luckily, someone did meet me at the airport. The client had arranged for a driver; and while he did not speak English, he delivered me promptly to the client site. After much longer and (much more) exciting journeys to Rostov, especially for Scott, the remainder of the team made it to town.

Now together again, we were ready to start on our project: a five-year growth strategy for Gloria Jeans. The company is a fast-growing Russian manufacturer of denim apparel sold under two brands, Gloria Jeans (for girls) and Gee Jay (for boys). Current sales, primarily in Russia and the Ukraine, total approximately \$120 million.

During the project, we drafted key strategic themes around entering new and older consumer segments, as well as a massive roll-out of specialty retail stores. Additionally, we performed an operational quick-check of almost every functional area from merchandise planning to logistics, to assess Gloria's ability to deliver against such a strategy.

It quickly became clear that without further support in almost every functional area, Gloria

Jeans would not be capable of achieving the strategy. So we identified nine key initiatives, covering all areas of the business, which would be crucial to achieving the strategy. Thus far, we have sold three follow-on projects centered on improving Gloria's wholesale sales approach, optimizing the use of space in the company's distribution centers, and manufacturing capacity planning, and we continue to discuss more project opportunities.

Overall we all enjoyed our working experience in Russia. Gloria management is particularly keen on getting our views and recommendations. As such, one of the biggest challenges was to slow people down and keep the team from immediately jumping to implementation. It's very entrepreneurial. As such, achieving significant improvements is much easier as well. Given overall performance levels and business sophistication, you can actually improve performance from approximately 20% to 50% — instead of squeezing out the last 1% out of a company that is already operating at 95% of performance.

Life in Rostov, a city of 1.3 million people, was also a lot better than many of us had anticipated. Although Russians might appear quite grim at first (not as much smiling here), they are very friendly, and we had a pleasant time. The food is great and can be found in excellent quality everywhere. Oddly, sushi is a favorite in Rostov — who would have guessed that?

All in all, it was a great experience, and we all learned a lot, on a professional as well as personal level.

Back to School

KSA SUPPORTS UK RETAIL'S RISING STARS | By Vanessa Whittall



THE BRITISH SHOPS AND STORES ASSOCIATION'S (BSSA) ANNUAL SUMMER SCHOOL IS A MAJOR EVENT ON THE UK RETAIL CALENDAR AND ONLY THE BEST AND BRIGHTEST ASPIRING RETAIL MANAGERS ATTEND. KSA'S PRESENCE AT THE SUMMER SCHOOL PUTS US IN FRONT OF RETAIL'S FUTURE LEADERS.

The course is held at Keble College, Oxford and has been running for 76 years. The unique program aims to develop retail managers and motivate them to realize their potential.

KSA supports the day devoted to merchandising. We have created a game that imitates real work-life situations. Six months of decision making — and troubleshooting — are crammed into one intensive training day. Delegates must order stock and calculate profits despite obstacles such as suppliers going bankrupt and orders not arriving. They are split into teams and led by group directors, who are all experienced retail professionals. At the end of the day the results are posted outside the great hall and the winners receive Champagne.

leadership, and marketing. Every day, different industry movers and shakers are invited to speak. This year they included Mike Cutt, HR Director at B&Q and Philip Mountford, Chief Executive of Moss Bross.

Rollo, Vanessa, and Eric's hard work was rewarded with dinner in the great hall. This was a traditional English event with speeches, prize giving, and lots of toasts! The great hall at Keble College is also known as the great hall at Hogwarts, as it is used as a setting in all the Harry Potter films.

The evening ended with another team-building exercise — karaoke! The KSA team did not have to participate, but was entertained by



The day is notorious within KSA UK for being particularly hectic, but Rollo Hawkins, Vanessa Whittall, and Eric Zambon bravely went to Oxford to manage the game. Much to their surprise, the day went smoothly due to an ingenious Excel program Rollo and Hayley Cartwright developed to run the exercise. The program takes all possible variables into account.

Other subject areas covered by the summer school program are finance management,

renditions of "YMCA" and "I Will Survive" performed by enthusiastic delegates who had even created imaginative costumes and choreographed dances.

KSA has supported the merchandising day at the BSSA summer school for many years and will continue to do so. As a market leader in retail consulting, it is only natural that the BSSA counts on KSA for this major event.

Viva Las Vegas!

VALUE CHAIN EXECUTION CONFERENCE 2005 | By Josh Benton



Of course since “What happens in Vegas, stays in Vegas,” there is very little that can be shared regarding the events that occurred, except for the fact that all attendees managed to learn a great deal and have a memorable time.

Highlights also included numerous celebrity sightings: several Showgirls, the Blue Man Group, the Peanut Butter and Banana Sandwich guys, and, it goes without saying, Elvis (or is it Elvii when there are three?).



During the conference, the group was treated to presentations and discussions on a variety of topics, including:

- Business Outcomes
- Acceleration Program
- Project updates
- KSA updates (RFID, financials, Site View)

Anyone who knows members of the VCE group knows we work to have fun no matter what we do. To facilitate this, all presenters came up with creative ways to present their material to keep everyone alert. Presentations included a rap by Chuck Kaste (that’s no typo folks), an appearance as a peanut butter and banana sandwich by Jack Horst (as if you even had to guess at that one), and the crowd favorite, “Pimp my DC.”

When the morning business sessions ended, focus turned to fun activities, which in Vegas are plentiful. The entire group traveled to Lake Mead and participated in a volunteer activity to clean-up the shores, collecting more than nine cubic yards of trash. Other activities included golf, gambling, spa, gambling, tennis, gambling, jeep/boat tours, and more gambling.

A great time was had by all. It was a perfect opportunity to re-establish links with colleagues and develop friendships with our newest hires. Now that the group is well rested, there are already rumors surfacing about when/where the next conference might be held.



ON JULY 25, 57 INDIVIDUALS FROM 11 OFFICES, 10 SERVICE GROUPS, AND SIX COUNTRIES, ASSEMBLED IN ATLANTA, GEORGIA WITH THE COMMON GOAL OF LEARNING WHAT IT MEANS TO BE A KURT SALMON ASSOCIATE.

From accounting to value chain, from Düsseldorf to San Francisco, from Analyst to Principal, from extensive industry experience to “graduating in August,” diversity was the common element in this group.

The week commenced with a reception for non-Atlanta participants Sunday, and concluded with team presentations and goodbyes Friday. The time spent in between was a whirlwind of senior leadership presentations, training, and social activity. Highlights included:

A Q&A SESSION WITH DAVE COLE, JACK ULLMAN, AND DAVID PERDUE. A perennial event during which participants asked about the types of experiences that can be expected and received a prognosis for the future.

A PERSONAL FINANCE SEMINAR WITH BILL BECKEMEYER. The group learned it is never too early to start saving, KSA has a strong retirement program, and scratch-off lottery tickets are not a great investment vehicle.

MANAGEMENT OF CHANGE WITH JACK HORST AND SPEAKEASY (OFFSITE). The group was given a choice to take advantage of developing change management or public speaking skills. Jack Horst was incredibly entertaining and effective in his presentation of Management of Change.

GROUP DINNERS. Each event was attended by practice leaders and associates from the

Atlanta office, which created a welcoming atmosphere for all. The group took advantage of Midtown Atlanta’s dining options the first night by splitting up and going to One Midtown Kitchen (G&P), Front Page News (HSD), Vinocity (TI&E), and Madison Grill (VCE). The following night the group took a chartered bus to Jerry Black’s house for an informal gathering of Georgia hospitality and BBQ.

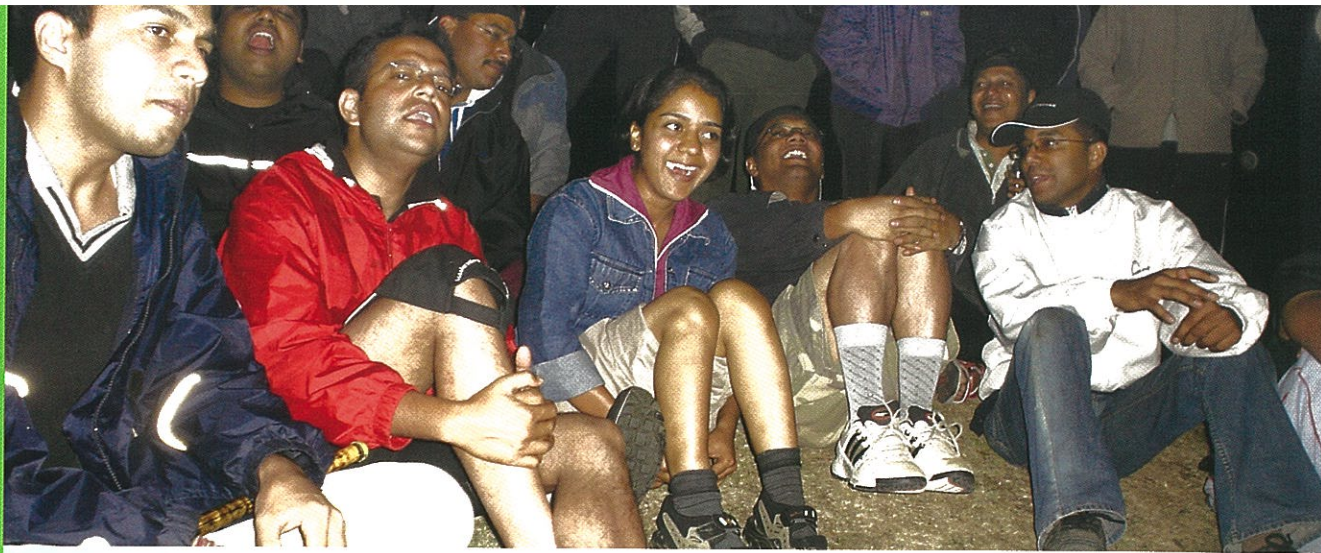
The knowledge gained, experiences had, and relationships built left a lasting impression with this orientation class. The group ended the week with a solid foundation on which to build a strong and lasting career with KSA.

You Know You’re a Consultant When...

- You decide to re-org your family into a trans-based organization.
- People ask you what you do and you can’t explain it.
- You understand your airline’s fare structure.
- The bridal party at your wedding includes a hotel concierge and bellman.
- You use the term “value added” without falling down and laughing.
- Your deliverables for Sunday are clean laundry and paid bills.
- You ask the car salesman if the car comes with a whiteboard and internet connection.
- You give constructive feedback to your dog.

A Learning Expedition

KSA TECHNOLAK OUTBOUND 2005 | By Mukta Saxena



KSA TECHNOLAK TOOK ITS ANNUAL OUTBOUND TRIP TO DEORIA TAL-SAARI VILLAGE AND SRINAGAR IN UTTARANCHAL JUNE 1 TO JUNE 5. IT IS ON EXPEDITIONS SUCH AS THESE THAT THE GROUP RISES ABOVE INDIVIDUAL BOUNDARIES TO WORK AS A UNIT.



Despite no electricity (we used gas lamps and torches), no hot bathing water, and only tents to sleep in, it was great fun.

The focus was primarily on outdoor skills like rafting, trekking, and a few others involving participation in logistics, leadership, and group decisions. The trip began with a train journey to Haridwar, which is the nearest railhead; from there we took luxury buses to Saari Village.

The five-hour drive to Saari village in the late hours of the day gave us a good idea of what lay ahead. The forest cover became much thicker and small waterfalls crisscrossing our path gave us an inkling of the lake.

The outing provided a great opportunity to mingle with people at other levels and divisions in the company and improve team communications. For instance, each night we discussed the day's activities and their key learnings, talked about what we liked and didn't like, and identified what changes we wanted to see in ourselves.

We also had a bonfire, at which quite a few musical talents were unearthed. We realized we had great vocalists and excellent drummers and flutists on our team. All activities were fun, intriguing, invigorating, and motivating.

A small group armed with torches went for a night trek in search of an unknown destination. The jungle around reverberated with ghost stories while the night sky glittered with stars. One could expect anything: a leopard jumping out of the bushes or even a wildcat, but, alas, everyone got back to their tents unharmed. This activity boosted team morale and confidence levels for upcoming challenges.

Over the next three to four days each team participated in activities such as trekking, kayaking, rafting, flipping the raft, and body surfing. Each activity presented individual and team obstacles. The whole program enabled us to explore individual limits and barriers to self-development within a group context and encouraged risk taking, trust building, and the development of personal vision and commitment to organizational goals and values.



IT HAD BEEN NEARLY 20 YEARS SINCE MY LAST VISIT TO INDIA, SO WHEN GIVEN THE CHANCE TO WORK WITH COLLEAGUES FROM KSA-TECHNOPAK ON A LOGISTICS NETWORK AND WAREHOUSE DESIGN PROJECT IN MUMBAI, I WELCOMED THE OPPORTUNITY.

On the second day, work was interrupted by a power failure. This is often referred to as load-shedding, a mechanism by which the public authority reduces electric consumption. In this case, however, the secondary network failed as well, leaving us in complete darkness. A steady rain had set in and we called for a driver to take us to our hotel. The distance from the hotel to the client site is about four miles, but takes 30 minutes by car.

No drivers were available, however, and the building owner wanted to lock up the office and asked us to leave. A six-inch torrent was running in front of the office. Our shared umbrellas were mere tokens of resistance and within 50 meters I was soaked.

We took a shuttle bus to the station, but the route to the hotel was closed. The only alternative was a “short cut” over a hill. A colleague and I convinced a rickshaw driver to take us. She invited me to join her and other KSAers at their guest house until the rain subsided, but I decided to continue on to the hotel.

After about 500 meters, the road was flooded and the rickshaw driver abandoned me in near darkness with virtually no idea where to go. I started to walk and flagged down a driver who offered to take me the rest of the way. We navigated the “short cut” and emerged in a more affluent and modern district.

But the roads here were flooded too, and we could not continue. I took a bus as close to the hotel as possible and a taxi driver agreed to take me to the hotel for 300 RS (the total journey normally costs 300 RS). In no position to negotiate, I climbed in. Forty minutes and a mere half mile later the road was closed, but I knew the entrance to the hotel grounds was only about 500 meters away.

I treaded through the waist-deep water. I tripped and lost my footing, submerging the rucksack containing my KSA laptop. I noticed several large rodents swimming past me. The road in front of the hotel was too deep to cross and the current was strong; I pulled myself along a fence until I could climb onto the roof of a submerged car. In “Frogger” video game fashion, I hopped from car to car to finally reach the hotel after a three-hour journey.

LESSONS LEARNED

- Business suits are no good for this weather and umbrellas are useless.
- Tuck your trousers into your socks to prevent rodent access and ensure your waterborne disease immunizations are current.
- A waterproof rucksack is essential.
- Indian people are very helpful and friendly.
- A stiff drink at the hotel bar never tasted so good.

HSD IT Makes a Splash!

GROUP GATHERS FOR ANNUAL POOL PARTY | By Denise Dilley



ONE SATURDAY EVERY SUMMER, THE HSD IT GROUP TRADES BUSINESS SUITS FOR BATHING SUITS TO CELEBRATE THE YEAR'S ACCOMPLISHMENTS WITH SOME POOLSIDE FUN.

The gathering takes place after a day-long Friday meeting in the New York office. This year, Marilyn Wilson and her husband, Mark, hosted the event at their home in Westchester, New York. The relaxed atmosphere of the party affords an opportunity for group members and their signifi-

cant others to meet and mingle outside the office and catch up on personal happenings. After a few games of pool volleyball, the group congratulated Brian Lin and his wife, Lauren, and Stacy Melvin and her husband, Matt, on the impending additions to their families.



MILESTONES

Births:

HELEN and Mike **AMICK** welcomed their 7 lb. 3 oz. baby, Jordon, September 20.

Wendy and **DAVE BASSUK** welcomed a baby boy, Ethan Daniel, July 5. He weighed 7 lbs. 1 oz.

AMY and Michael **BURNS** had a 7 lb. 2 oz. baby boy, Zachary Michael Allen (Zack), February 18.

Annie and **DAVID CHAMBERLAIN** had 5 lb. 12 oz. twin boys, Max Richard and Leo Robert, September 12.

Karilin and **RYAN FLANEGAN** welcomed a 7 lb. 6 oz. baby boy, Aidan James, March 8.

Heather and **STEVE HOLLEY'S** son, Tanner Cole, was born August 14. He weighed 7 lbs.

Denise and **BROOKS KITCHEL** welcomed a 10 lb. 14 oz. baby boy, David Brooks Kitchel III, June 22.

STACEY and Paul **LEIBOWITZ** welcomed a 6 lb. 1 oz. baby girl, Charlotte Tyson, October 19.

Lauren and **BRIAN LIN** welcomed baby girl, Ainsley Hazel August 9. She weighed 7 lbs.

STACY MELVIN and her husband, Matthew Linick had a 5 lb. 1 oz. baby girl, Megan Lindsey Linick November 6.

RAQUEL SHORT'S 7 lb. 12 oz. baby girl, Makayla D'Amaris, was born July 16.

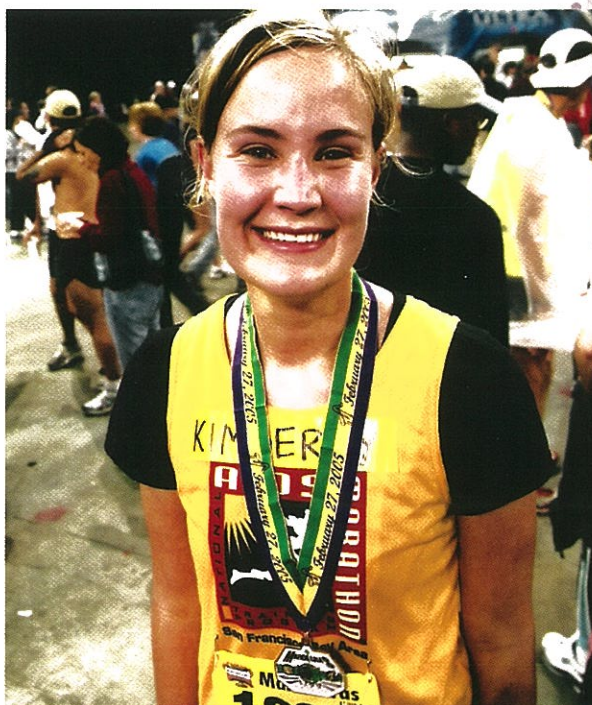


I DID IT! I FINISHED THE MARDI GRAS MARATHON! THE ENTIRE EXPERIENCE, FROM FUNDRAISING AND TRAINING TO CROSSING THE FINISH LINE, WAS INCREDIBLY REWARDING.

I could not have completed it without the support of my fellow KSAers; thank you for your encouragement donation to the San Francisco AIDS Foundation. I raised a little more than \$3,000, and the AIDS Marathon training program raised more than \$2 million for this very important cause.

The marathon route, which began with a light drizzle and ended in the Superdome, took us on a 26.2 mile tour of New Orleans, including the French Quarter, the Garden District, and Audubon Park. (Unfortunately we did not get to stop at Café du Monde for beignets.) Mentally it was one of my more difficult runs, but physically I felt fantastic. The six months of training leading up to the February 27th, 2005 race really paid off. I ran and completed the race with my running team, encouraging one another every step of the way.

My personal goal was to complete the race in less than five hours, which I did with a time of 4:48:31. This put me in the top third for my age bracket, satisfying my competitive side. The cheering of friends and AIDS Marathon supporters along the route made that possible. This has been a fabulous journey and I am grateful for your support.



KSA ANNIVERSARIES

25 Years

Jim Severyn	6/16
Beth Souther	8/27

10 Years

Richard Dec	7/10
Emily Ford	5/24
John Jantson	6/19
Brooks Kitchel	6/20
Laura Legg	7/24
Randy Mell	10/16
Mary Stoeffhaas	8/14
Richard Tungay	12/7
Scott Vifquain	5/22
Scott Walters	6/26
Cassandra Whitcomb	8/7

APPOINTMENT AS A VICE PRESIDENT, REPRESENTING THE OFFICERS OF KSA, IS THE FIRM'S HIGHEST RECOGNITION OF PROFESSIONAL ACCOMPLISHMENT AND CONTRIBUTION. THESE APPOINTMENTS HAVE BEEN WELL EARNED BY THE FOLLOWING TWO INDIVIDUALS. PLEASE JOIN US IN CONGRATULATING THEM.

BERTRAND JAUFFRET



During his career with KSA, Bertrand has demonstrated significant technology and supply chain expertise. In 1998, he pioneered the launch of the supply chain management

suite of PeopleSoft in France. Under his leadership, KSA's PeopleSoft practice is one of the strongest of this type in Europe. Bertrand also originated KSA's "Quick Wins" methodology to accelerate the implementation of integrated business solutions, guaranteeing go-live and differentiating KSA. In addition, he has made key contributions to KSA's Acceleration Program, a new go-to-market approach.

Bertrand became the leader of the European Global Technology practice and a member of the European Leadership Team (ELT) in 2001. Since then, the IT division has grown by 20% to 30% annually across Europe. He also serves on the European RFID team and was appointed to the Global RFID steering group. Bertrand has driven numerous successful engagements and developed strong relationships with key clients and alliance partners.

- Bertrand has a master's degree in Information Technology from the Ecole Supérieure des Sciences Economiques et Commerciales. He began consulting in 1988 at Eurosept Associés and joined Cleversys in 1990 as a Senior Consultant. Bertrand was promoted to partner with Cleversys in 1996, and KSA acquired the French consulting firm in 1998.

Bertrand lives in Paris with his wife, Anne-Christine, and four wonderful children.

SCOT LATIMER



Scot has been a major contributor to KSA's Health Care Consulting Group. He led the design group in the mid-1990s, assumed leadership of the facility group in 2003, and was appointed National Director of Facility Services in 2004.

Scot has driven outstanding revenue growth and gross margin improvements, leading the majority of the facility practice's largest engagements over the last 10 years. He has developed an exceptional client list of industry leaders, including Johns Hopkins, Penn, Brigham and Women's, and the Mass General, among others. He also has extensive experience with Children's Hospitals, and has served many of the leading institutions in this sector.

For more than five years, Scot has coordinated the external marketing of the facilities practice and has built strong relationships with the American Society for Healthcare Engineering (ASHE) and the American Institute of Architects Academy of Architecture for Health (AIA-AAH). In 2003, the AIA-AAH nominated Scot to serve on its Board of Directors, and he is slated to serve as its President in 2006.

Scot earned an MBA and master's degree in Architecture from the University of Illinois. He worked in corporate real estate at the Bank of America for seven years before joining KSA in 1987 as a Consultant. Scot was promoted to Manager in 1989 and Principal in 1991.

Scot lives in Evergreen, Colorado, with his wife, Nancy, and three terrific daughters.

STEVE BOGART



Steve joined KSA as a Principal in the Value Chain Execution group in January to lead KSA's North American RFID efforts. He works with all service areas across the globe to ensure we

are aligned and positioned as thought leaders.

Steve has 20-plus years of consulting experience and a record of building and delivering new service offerings. He led several supply chain and technology practice units as a partner with CSC and CGE&Y. Most recently, he was the National Director of Commercial Consulting at Siemens.

At KSA, Steve has developed solutions to help clients reduce out-of-stocks and improve inventory accuracy. He led a broad-reaching industry study, co-sponsored by VICS and AAFA, that has helped establish KSA as an RFID business and technology leader. He has also forged several alliance partnerships and worked with clients such as GS1 Hong Kong and Intermec to develop strategies for RFID deployment.

Steve has a bachelor's degree in business from The Ohio State University and an MBA from Case Western Reserve University. He lives in Alpharetta, Georgia with his wife, Kate, and three children, Julie, Kara, and David. He enjoys motorcycle riding on the rural roads of northern Georgia and playing tennis.

SYLVAIN COLLET

Sylvain joined KSA's European IT practice in 1998 after working with IBM Global Services for seven-plus years. At KSA, Sylvain helped develop a successful PeopleSoft practice, further establishing the firm as an IT implementation leader. He developed many client contacts, reinforcing KSA's position as a premier PeopleSoft partner throughout Europe.

Sylvain's systems implementation and supply chain management expertise has led to several project leadership roles and yielded significant benefits for clients such as Poclairn Hydraulics, Intergestion, Berger-Levrault, Morgan, SNCF, and Pfizer.

Charged with the overall development of KSA's Oracle practice, which includes Retek, Sylvain leads the IT Retail Team within the French Global Technology group. He is involved in Global IT recruiting and has made important contributions to the BOK, including an IT project methodology template.

Sylvain holds an engineering degree from Ecole Nationale Supérieure d'Arts et Métiers (ENSAM).

He lives near Paris with his wife, Marie-José. In his free time, Sylvain enjoys mountain activities and trail running, including long-distance races.

JERRY DARBY



Jerry joined HSD in 1998 and settled into the Facility Group in 2000. Prior to joining KSA, he managed a multi-hospital outpatient pharmacy system in Chicago. Jerry is an

integral part of the HSD team and has led projects for KSA's highest profile clients, including the Mayo Clinic, Massachusetts General Hospital, Brigham and Women's Hospital, and University of Pennsylvania.

Jerry is an expert in operational planning, simulation modeling, and new hospital activation planning. He has developed relationships with clients who invariably seek out KSA for additional project work. In addition to his facility-related work, Jerry has been a leader in structuring cross-service-group projects.

Jerry holds an undergraduate pharmacy degree from Ferris State University and an MBA from the University of Iowa's Tippie School of

Management. He lives in Stillwater, Minnesota, with his wife, Brooke, and children, Marcus, Ethan, and Eliza. In addition to family activities, Jerry enjoys fly-fishing, sports, and outdoor activities.

JUSTIN MACFARLANE



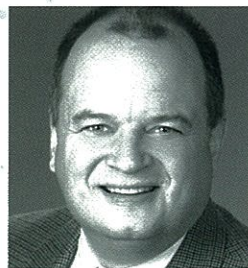
Justin joined KSA's Technology Innovation & Enablement team in December as a Principal. His experience includes Big Five consulting and a partnership with a national boutique consulting firm focused on strategy, process improvement, and supply chain and technology implementation within the consumer products industry.

Justin has business development skills and a proven track record with Fortune 100 and middle-market companies. His experience bolsters KSA's supply side capabilities. Justin has sold large transformation projects and assisted clients with new product development, transportation and logistics, enterprise process improvement, software selection, and IT strategy. His experiences will assist in the development of end-to-end services to supply-side clients. Justin is also committed to mentoring and developing our people.

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Justin has a degree in MIS and quantitative methods from Babson College and an executive MBA from Duke University. He lives in Atlanta, Georgia with his wife, Jennifer. Justin is an avid baseball fan and enjoys traveling to Europe.

JOHN SEIDL



John joined KSA in June. A leader in supply chain management and related technology, John has a record of achieving transformational results for consumer products companies, developing

people, and building consulting practices. He provides integrated supply chain solutions and expands KSA's delivery capabilities.

Beginning as a programmer, John advanced to director of commercial applications systems for Computer Information Systems. He later joined Deloitte Consulting and became a partner with the firm's supply chain group. Most recently, John was the technology practice leader at Tompkins Associates. A significant portion of his career has been devoted to technology-related supply chain management. His experience ranges from warehousing management systems to transportation to supply chain management and demand planning, to issues of supply chain visibility, including Web-enabled in- and outbound logistics.

John holds degrees in business management and computer science from the University of Montana. He lives in Marietta, Georgia, with his wife, Lauren and their son, James. John and Lauren are involved with two local non-profit organizations that provide service and support to families with special needs children. Beyond this, you may find them in search of antique clocks for their collection.

TODD SOLLER



Todd was an officer for the Naval Nuclear Power Training Command for four years prior to joining KSA in 1997. He has applied his analytical and technical skills on multiple projects,

including Coldwater Creek and Federated Department Stores. Since 2002, Todd has worked for several clients in Japan, including Aeon and Isetan Department Stores, where he made significant contributions to distribution center operations and supply chain improvement.

His experience in the United States and Asia-Pacific provide him with a global view of business operations that is a significant asset to KSA clients and colleagues. Internal contributions include leading the development of the KSA Tokyo Value Chain practice and assisting with the launch of the 2004 performance and compensation program in Asia-Pacific.

Todd earned a degree in mechanical engineering from the University of Arkansas. He and his wife, Jennifer, live in Tokyo and plan to return to the United States in 2006. They enjoy skiing, hiking, tennis, and traveling throughout Asia.

TIM WEBB



Tim joined the HSD IT practice as a Principal in August. He brings a wealth of health care IT consulting experience that spans 20 years and includes previous positions as vice presi-

dent at Healthlink and First Consulting Group and manager at PricewaterhouseCoopers.

Tim has experience in practice development, interim IT technical management, IT strategic planning, IT infrastructure planning, outsourced IT start-up and management, data warehousing, and systems integration. He has a successful record of building and leading an IT practice, and is respected by clients and peers across the industry.

Tim has a bachelor's degree in electrical engineering from Purdue University. He lives in Atlanta, Georgia with his wife, Patty, and son, Michael. Tim enjoys playing tennis, reading, woodworking, attending Michael's soccer tournaments, and entertaining friends at home.



A GROUP OF WELL-KNOWN LEADERS FROM THE ATLANTA BUSINESS AND CIVIC COMMUNITY MET AUGUST 30 AT THE ANSLEY GOLF CLUB TO PAY TRIBUTE TO EVELYN AND JACK ULLMAN.

The event was held to roast, toast, and thank them for decades of extraordinary service to the Atlanta metropolitan area. It was occasioned by the Ullman's imminent move to their new home at Galloway Ridge near Chapel Hill, North Carolina.

The evening was sponsored by the Center for the Visually Impaired, Jerusalem House, Rollins School of Public Health of Emory University, and YMCA of Greater Atlanta. All of these organizations have received significant volunteer support from Evelyn and/or Jack for many years. Evelyn received the Founders Award from Jerusalem House for being the driving force behind this establishment.

Members of KSA, their family, and leaders from the sponsoring organizations in the community at large formally toasted the Ullmans.

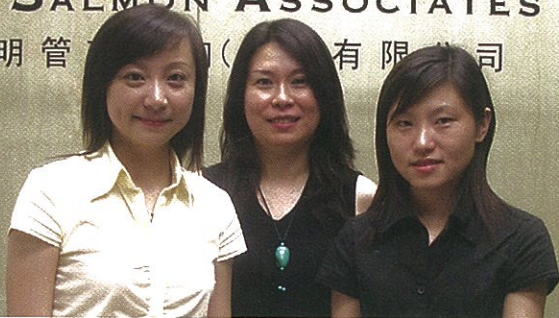
ATLANTA TOASTS COUPLE'S SERVICE TO COMMUNITY | By Dave Cole

Honoring the Ullmans

KSA Expands Presence in China

OPENS SHANGHAI OFFICE | By Glenn Hershey

KURT SALMON ASSOCIATES
嘉思明管...有限公司



KSA RECENTLY OPENED AN OFFICE IN SHANGHAI, EXPANDING ITS PRESENCE IN CHINA AND ENHANCING THE FIRM'S EXPERTISE IN THIS IMPORTANT MARKET.

Though KSA has been doing business with leading China-based companies for more than 15 years, the addition of the Shanghai office reflects our deep commitment to China and better positions us to help our clients grow their businesses and improve profitability.

The new office will enhance KSA's ability to support retail and consumer products clients in one of China's fastest growing regions, as our key services — market entry, sourcing, global supply chain, and retail strategy, operations improvement, and IT — continue to be of great interest to our clients.

information on a number of third-party logistics providers.

Our presence in Shanghai, combined with our knowledge of the China market, consumer, and supply chain, puts KSA in a very strong leadership position to help our clients achieve measurable and sustainable business results.

KSA held its Shanghai office opening reception July 27. Approximately 35 people attended. In addition to local KSA team members, visitors included Bill Pace, representatives from our



- Currently we have 22 people working in Shanghai.
- We completed more than 15 projects to date with nine clients.
- As part of these projects, plus research for the *Consumer Outlook*, we interviewed or surveyed more than 5,000 consumers and conducted more than 1,000 store visits.
- We have a network model and underlying data for logistics within China and detailed

local clients (Metersbonwe and adidas), and various business partners who helped establish our practice (attorneys, banks, and others). Most of our clients and business partners also sent large arrangements of flowers, a Chinese tradition to celebrate and wish good luck to a new business. Please join our Shanghai team in celebrating the office opening.