



Optimizing Inventory with Open To Buy

OPTIMIZING INVENTORY

Facilitator Guide

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Notes to Facilitator

This guide is designed to help you manage the information for this training module.

Materials Needed

- PowerPoint Deck
- Facilitator Guide
- Participant Guide

Equipment Needed

ILT

- Computer
- Projector
- Screen

vILT

- Computer
- Microphone
- Webcam
- Internet Connection

Facilitator Pre-work

- Look over this guide to familiarize yourself with its content and flow.
- Please add a photograph of yourself on slide #3 and prepare a brief introduction about yourself.
- Please update slide #6, the 'Land Acknowledgement' slide, to reflect where you are based. The default location is set to X.
- Key talking points and questions are provided in this guide, but be prepared to add your own commentary, examples, and questions.
- Send the Participant Guide to the learners ahead of the scheduled training.

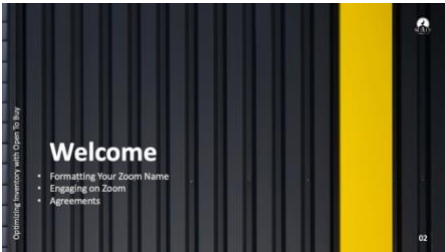
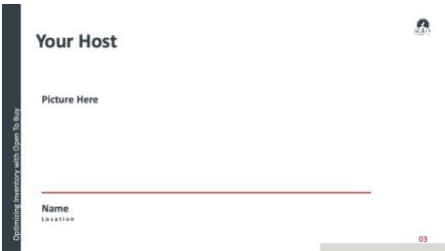
Please ensure learners have enough time to engage with practice slides without feeling rushed. A window of 3-5 minutes is allocated for each practice slide for learners to orient themselves, study the reports, answer the questions, discuss the answers and request assistance as required.

Timetable

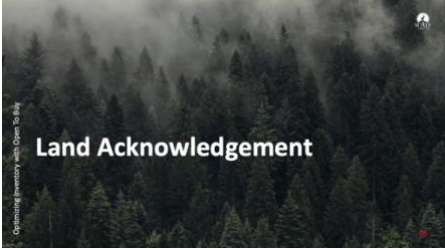
This is a 90-minute module. Please see the suggested timetable below.

For groups that have participated in multiple ILTs before, it is not necessary to provide an extensive explanation of the concept of clearing as presented here. However, for groups that are new to ILTs, it is beneficial to go through the process step by step for better understanding.

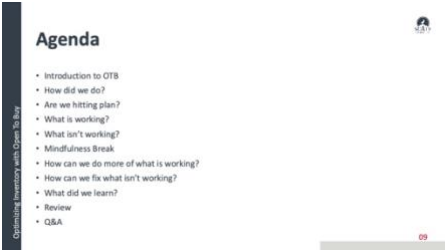
Topic	Time
Welcome	11 minutes
Getting Warmed Up	2 minutes
Introduction to OTB	4 minutes
How did we do?	10 minutes
Are we hitting sales plan?	8 minutes
Are we hitting inventory plan?	12 minutes
What is working?	7 minutes
What isn't working?	6 minutes
Break	5 minutes
How can we do more of what is working?	8 minutes
How can we fix what isn't working?	8 minutes
What did we learn?	2 minutes
Review	1 minutes
Q&A & Thank you	6 minutes

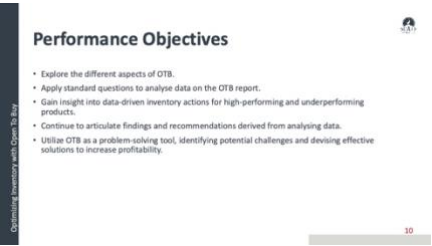
3 minutes	Title
SLIDE 1	FACILITATOR
	Hey, everyone! We're just waiting for a few more people to join the call. LAND: We'll get started in a few moments.
15 seconds	Welcome
SLIDE 2	FACILITATOR
	Welcome to Optimizing Inventory with Open to Buy! We've put together a great presentation. Let's jump right in. LAND: Welcome to Optimizing Inventory with Open to Buy!
2 minutes	Your Host
SLIDE 3	FACILITATOR
	<i>Introduce yourself.</i> <i>Things to mention:</i> • <i>your role & location</i> • <i>time with the organization</i> • <i>hobby, personal goal, or passion</i> LAND: Each host introduces themselves.

2 minutes	Formatting Your Zoom Name
SLIDE 4	FACILITATOR
	To ensure inclusivity, let's take a moment to customize your Zoom name. Please include your preferred name, location, and pronouns. This will help create a welcoming environment for everyone. To do this, click on 'participants' in the toolbar at the bottom of your screen. Then hover your mouse over your name and click 'more', then 'rename'. Enter your preferred name, location and pronouns. LAND: Personalize your Zoom name with preferred details for inclusivity. <i>Wait for participants to format their name. Answer questions as they arise.</i>
15 seconds	Engaging on Zoom
SLIDE 5	FACILITATOR
	During the Zoom session, you can actively participate by utilizing the emoticon reactions and chat features located in the bottom toolbar. Additionally, there will be occasions where you'll have the chance to contribute verbally and share your thoughts throughout the session. LAND: During the Zoom session, you can actively participate by using emoticon reactions, the chat feature in the toolbar, and verbally share your thoughts.

1 minutes	Land Acknowledgement
SLIDE 6	FACILITATOR
	I would like to acknowledge that I am grateful to live, play and work on the unceded X territory of the X, 'X-X-X' and X Nations, otherwise known as X. I recognize there are people in virtual attendance who are working and living on the territories of other Nations and respectfully acknowledge the land they are joining from. Feel free to drop in the chat where you are joining us from today. LAND: I'm grateful to live on unceded X territory, known as X. <i>Read from the chat where participants are located and welcome them in.</i>

2 minutes	Agreements
SLIDE 7	FACILITATOR
	Often, we begin sessions with agreements, or a common understanding of how to participate together. I'll share our four Agreements to Create a Brave and Inclusive Space. You may be more familiar with the practice of creating or holding a 'safe' space. Speaking from "I" It is important to speak from "I" to own our own experiences. Remember, your experience might not be everyone's experience. Confidentiality Take away lessons and themes while protecting identities and stories. Intentional Listening Being present is where I am in my body and focused on what matters. Being interested and receptive are where I listen with openness and the intent to understand. Take Space, Make Space Consider your impact in the space and the importance of your contribution to it. Use your favourite emoticon to share with the group that you are in support of practicing our 4 agreements today. LAND: At the start of our sessions, we establish four agreements: speaking from "I," maintaining confidentiality, practicing intentional listening, and considering our impact in the space. Use your favourite emoticon to show your support for these agreements. <i>Call out names as they roll in the chat and thank them for their participation.</i>

15 seconds	Getting Warmed Up
SLIDE 8	FACILITATOR
	LAND: First, let's have a brief look at our agenda.
30 seconds	Agenda
SLIDE 9	FACILITATOR
	We will begin with an introduction to OTB, followed by a deep analysis using our standard questions. We will wrap up with a review and a Q&A session. But first, let's look at our performance objectives. LAND: We will begin with an introduction to OTB, followed by a deep analysis using our standard questions. We will wrap up with a review and a Q&A session.

30 seconds	Performance Objectives
SLIDE 10	FACILITATOR
	These are the intentions for this course. Let's take a look at the objectives to understand what we will be learning. • Explore the different aspects of OTB. • Apply standard questions to analyse data on the OTB report. • Gain insight into data-driven inventory actions for high-performing and underperforming products. • Continue to articulate findings and recommendations derived from analysing data. • Utilize OTB as a problem-solving tool, identifying potential challenges and devising effective solutions to increase profitability. That sounds like a lot, but we will take it step by step and practice along the way. And remember, I'm here to guide you and answer any questions you may have. Let's begin with a clearing! Land: These are the course intentions guiding our learning today.

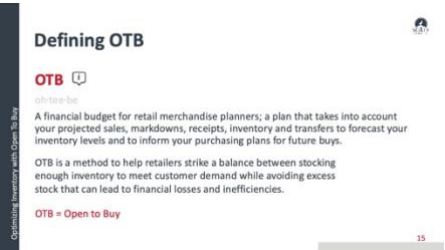
1 minute	Clearing
SLIDE 11	FACILITATOR
	“The clearing is an access to the present moment, the only known location of the sacred. The degree to which we dwell on the past is the degree to which we limit our transformation.” Matthew + Terces Engelhard from Sacred Commerce A clearing is a space to: • Acknowledge, then let go of, whatever may be preventing you from being in the present moment. This may include complaints you have about others or yourself, resignations, such as “it’s just the way it is”, beliefs, assumptions, stories, or something that is so exciting you’ll burst if you don’t share it. A clearing is a space to: • Take responsibility for being present A clearing is a space to: • Connect with what you are committed to There are 4 steps to clear. 1. Set your intention. 2. Ask a question. 3. Say it out loud. 4. Create something new. Let’s practice together. First, set your intention for this session. <i>Give participants 30 seconds.</i> Choose to be clear and present. <i>Give participants 30 seconds.</i> Next, ask a question. For example: What is going on for me that would prevent me from being fully present? <i>Give participants 30 seconds.</i>

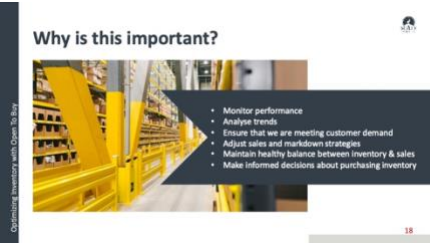
1 minute	Clearing
SLIDE 11	FACILITATOR
	Now, say it out loud. Saying out loud what's going on for you can help you to let it go. <i>Give participants 30 seconds.</i> Finally, create something new. Sometimes clearing yourself of what is in your way is all you need. And sometimes, you may want to create a commitment to yourself to help. Ask what's required or what the commitment is in order to be present for yourself. <i>Give participants a minute here.</i> Fantastic, we're in a good headspace and can continue fully present and open to receiving new information. LAND: By clearing, release hindrances, take responsibility, and connect with your commitments through these steps: set an intention, ask a question, speak it aloud, and create something new. Let's practice together to stay present and open.

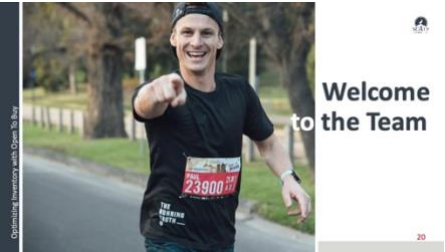
15 seconds	Introduction to OTB
SLIDE 12	FACILITATOR
	So, what is OTB? Why is it important? LAND: Let's begin by going over the definition of OTB.

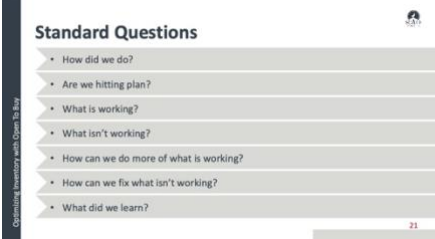
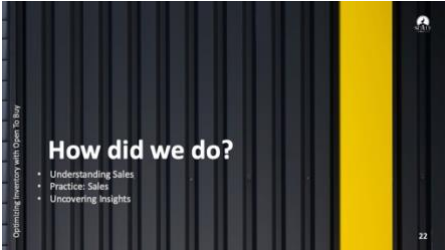
15 seconds	Defining OTB
SLIDE 13	FACILITATOR
	<i>Participant Guide Page 2</i> LAND: OTB is a financial budget for retail merchandise planners; a plan that takes into account your projected sales, markdowns, receipts, inventory and transfers to forecast your inventory levels and to inform your purchasing plans for future buys.

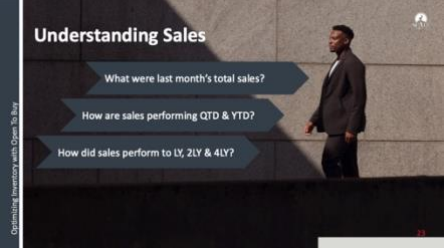
15 seconds	Defining OTB
SLIDE 14	FACILITATOR
	<i>Participant Guide Page 2</i> LAND: OTB is a method to help retailers strike a balance between stocking enough inventory to meet customer demand while avoiding excess stock that can lead to financial losses and inefficiencies.

30 seconds	Defining OTB
SLIDE 15	FACILITATOR
	<i>Participant Guide Page 2</i> OTB stands for open to buy. If last month's OTB to this month's OTB we beat plan by 10 million dollars, we are potentially open to buy. We have the opportunity to invest in additional inventory. This means we can allocate the surplus funds toward purchasing more inventory to support our increased sales projections. However, if we missed our sales plan, it would result in an overstocked inventory situation. In such cases, we may be required to take corrective action to bring the EOP inventory back in line with plan. This could involve offering increased markdowns to reduce excess inventory and avoid potential losses. LAND: OTB stands for open to buy.
30 seconds	OTB is a Report
SLIDE 16	FACILITATOR
	OTB is a report that is generated on a monthly basis encompassing a wide set of essential data. This report presents metrics from the balance sheet, including shrink, transfers, BOP, EOP, and markdown devaluation. Additionally, the report provides inventory KPIs such as FWOS, S/S, Stock Turn, and GMROI. LAND: The OTB report is generated on a monthly basis.

15 seconds	OTB is a Meeting
SLIDE 17	FACILITATOR
	OTB is also a monthly meeting where planners and merchants assess sales and inventory performance while crafting forward-looking plans. During this meeting, we present actionable recommendations based on performance and revised expectations to the leadership team. LAND: OTB is a monthly meeting.
30 seconds	Why is it important?
SLIDE 18	FACILITATOR
	Effective management of OTB is a fundamental factor in ensuring the success of retail operations, as it directly impacts profitability and operational efficiency. With OTB, we can closely monitor our performance, analyse trends, and ensure that we meet customer demand effectively. It allows us to make timely adjustments to our sales and markdown strategies, ensuring a healthy balance between inventory and sales. With the insights gained from OTB, we can confidently make informed decisions about purchasing inventory. LAND: Effective management of OTB is a fundamental factor in ensuring the success of retail operations, as it directly impacts profitability and operational efficiency.

30 seconds	OTB vs MBR
SLIDE 19	FACILITATOR
	The Monday Business Review and OTB are valuable tools for analysing our business and implementing actions based on the insights gained. They differ, however, in frequency and focus. The Monday Business Review is conducted on a weekly basis, allowing us to address immediate concerns and take prompt actions to tackle short-term challenges. It helps us stay agile and responsive to the rapidly changing business landscape. On the other hand, the OTB is a monthly review that primarily centers around sales and inventory plans. By analysing last month's performance, we gain a broader perspective on long-term trends and can make strategic decisions to enhance our overall performance. LAND: The Monday Business Review is held weekly and focuses on the short term. OTB is held monthly and focuses more on long-term performance.
15 seconds	Welcome to the Team
SLIDE 20	FACILITATOR
	Welcome to the Men's 2nd layers team! We're thrilled to have you here as we look into the OTB report together. So, let's dive right in! LAND: Welcome to the Men's 2nd layers team! Let's look at the OTB report together.

15 seconds	Standard Questions
SLIDE 21	FACILITATOR
 Standard Questions • How did we do? • Are we hitting plan? • What is working? • What isn't working? • How can we do more of what is working? • How can we fix what isn't working? • What did we learn?	<i>Participant Guide Page 2</i> These are the questions we will be using to analyse the OTB. • How did we do? • Are we hitting plan? • What is working? • What isn't working? • How can we do more of what is working? • How can we fix what isn't working? • What did we learn? LAND: These are the questions we will be using to analyse the OTB.
15 seconds	How did we do?
SLIDE 22	FACILITATOR
 How did we do? • Understanding Sales • Practice Sales • Uncovering Insights	LAND: Our first question is 'How did we do?' In this segment, we will delve into an exploration of the month's sales performance.

15 seconds	Understanding Sales
SLIDE 23	FACILITATOR
	<i>Participant Guide Page 3</i> Here are some useful guiding questions to assess our performance for the last month. • What were last month's total sales? • How are sales performing QTD? • How are sales performing YTD? • How did our sales last month perform to LY, 2LY, 4LY? LAND: Here are some useful guiding questions to assess our performance for the last month.

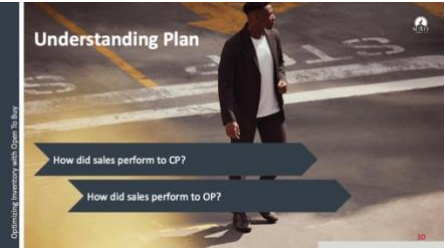
5 minutes	Practice: Sales
SLIDE 24	FACILITATOR
 Practice: Sales Use the OTB report below to identify: • What was the WP Tot \$ for June? • What was the June WP Tot Sls Build? • What was June Tot Var % to LY, 2LY & 4LY?	<i>Participant Guide Page 4</i> Let's take a look at this portion of the OTB. In the left column, you can see our plans as well as the various LY metrics. Along the top we can see the months, followed by the quarters. Use the OTB to answer the following questions: • What was the WP Tot \$ for June? • What was the June WP Tot Sls Build? • What was June Tot Var % to LY, 2LY & 4LY? Take your time. There is no rush. <i>Give the learners a few minutes to complete the questions.</i> Let's start with the first question. What was the WP Tot \$ for June? <i>Call on participant to share answer.</i> Answer: X To put this in context, Men's 2nd layers made X million dollars in June. WP here is the actualized sales figure. What was the June WP Tot Sls Build? <i>Call on participant to share answer.</i> Answer: 1.26 To put this in context, June this year built 1.26 to May this year, meaning June had a 26% increase in sales over May. What was June Tot Var % to LY, 2LY & 4LY? <i>Call on participant to share answer.</i> Answer: 44.5%, 89.8%, 307.3% To put this in context, Men's 2nd layers beat June last year by 44.5%, beat June 2 years ago by 89.8%, and beat June 4 years ago by 307.3%. Are there any questions? Very good! LAND: Use the OTB report to answer the questions.

3 minutes	Practice: Sales
SLIDE 25	FACILITATOR
 Practice: Sales Use the OTB report below to identify: <i>2</i> Which channel had the higher Tot Var % to LY in June? 2023 OTB Retail NA&E Mems 2nd Layers Retail Dollars USD 2022 OTB Ecomm NA&E Mems 2nd Layers Retail Dollars USD	<i>Participant Guide Page 4</i> These two charts are also from the OTB. They break down sales by channel. The chart at the top is retail and the chart at the bottom is ecomm. Use the charts to answer the following question: Which channel had the higher Tot Var % to LY in June? Take your time. There is no rush. <i>Give the learners a minute to complete the question.</i> <i>Call on participant to share answer.</i> <i>Answer: Ecomm growth to LY was 46.3%. Retail growth to LY was 43.3%</i> To put this in context, ecomm's growth to June last year was 46.3%. Retail grew 43.3% to June last year. Are there any questions? Very good! LAND: Use the charts to answer the question.

1 minute	Uncovering Insights
SLIDE 26	FACILITATOR
	Let's go a little deeper here to see what a planner can see between the lines of this reporting. We notice that sales increased in Q2 over last year. Total variance % vs LY for Q2 accelerates from 13.5% to 25.1%, while vs 2LY, it stays the same at 62%. Two factors are driving this. First, softness in the base sales of LY is due to out-of-stocks in core product. Secondly, a promotion specifically targeted at high-value Guests in Q2 led to additional sales, positively impacting the overall results for the quarter. We had a strong June sales build. The 1.26 June build was driven by robust Father's Day demand and the successful high-value Guest promotion held throughout the month. We can also see that the sales were driven by ecomm. Both the total variance % vs LY acceleration from Q1 to Q2 and the high June sales build were driven by ecomm. This was due to Q1 ecomm sales growth underperforming and the promotion being redeemed by more Guests in ecomm vs retail. LAND: In June, we experienced a sales boost attributed to the success of a promotional campaign and the strong performance during Father's Day. The surge in sales was primarily driven by our e-commerce efforts.

30 seconds	How did we do?
SLIDE 27	FACILITATOR
	Let's take a step back to look at the big picture and ask the overarching question: "How did we do?" LAND: In June, Men's 2nd layers made X million dollars in sales. Q2 this year is outperforming Q2 last year, and the June build TY was higher than the June build last year, two years ago, and four years ago.

15 seconds	Are we hitting sales plan?
SLIDE 28	FACILITATOR
A presentation slide with a dark background and vertical stripes. The title 'Are we hitting sales plan?' is in white. Below it is a bulleted list: 'Understanding Plans', 'Practice: Plan', and 'Uncovering Insights'. The slide number '28' is in the bottom right corner.	LAND: Next, let's assess whether we achieved our monthly plans.

1 minute	Defining Plans
SLIDE 29	FACILITATOR
	<i>Participant Guide Page 6</i> First, let's do a quick review of our plans. OP is the original plan. It is a quarterly plan set at the time the buy is placed, 9 months before start of the quarter. CP is the current plan. It's a quarterly plan set just prior to the start of a new quarter. CP is the most important plan to achieve. Ideally, we want to come within 5% of the CP. Next is RP, or the revised plan. This is a monthly plan set after each OTB meeting. Finally, we have WP, or the working plan. This plan is changed weekly. This plan becomes the RP, after the OTB meeting. When WP is seen in reports, it represents the actualized numbers. During the OTB meeting, we analyse discrepancies in both sales and inventory plans. The objective is to develop an action plan to either bridge the gap for missed plans or sustain the momentum for exceeding the plan. LAND: OP is the original plan. CP is the current plan and the most important to achieve. RP is the revised monthly plan set at OTB. WP is the working plan, subject to weekly changes, and becomes RP after OTB. It's important to remember that when WP is seen in reports, it represents the actualized numbers.
15 seconds	Understanding Plan
SLIDE 30	FACILITATOR
	<i>Participant Guide Page 5</i> LAND: We look to our plans to analyse if we achieved our monthly sales goals. How did sales perform to CP? How did sales perform to OP?

5 minutes	Practice: Plan
SLIDE 31	FACILITATOR
 Practice: Plan Use the OTB report below to identify: • What were WP TOT \$ for Q2? • What was our Q2 CP TOT \$ Plan? • What was our Q2 OP TOT \$ Plan? • How much did we beat Q2 CP by and by what %? 2023 OTB NAE Total Memo 2nd Layers Retail Dollars USD	<i>Participant Guide Page 7</i> Let's take a look at the OTB again. In the left column, you can see our plans as well as the various LY metrics. Along the top we can see the months, followed by the quarters. Use the OTB to answer the following questions: • What were WP TOT \$ for Q2? • What was our Q2 CP TOT \$ Plan? • What was our Q2 OP TOT \$ Plan? • How much did we beat Q2 CP by and by what %? Take your time. There is no rush. <i>Give the learners a few minutes to complete the questions.</i> Let's start with the first question. What were WP TOT \$ for Q2? <i>Call on participant to share answer.</i> Answer: X In context, Men's 2nd layers sold X million dollars quarter to date. Remember to look at the WP for the actualized dollars. What was our Q2 CP TOT \$ Plan? <i>Call on participant to share answer.</i> Answer: X In context, total dollars for Men's 2nd layers Q2 CP were X million dollars. What was our Q2 OP TOT \$ Plan? <i>Call on participant to share answer.</i> Answer: X In context, total dollars for Men's 2nd layers Q2 OP were X million dollars. How much did we beat Q2 CP by and by what %? <i>Call on participant to share answer.</i> Answer: X, 8.4%. In context, we beat Q2 CP by X million dollars, which is 8.4%. LAND: Use the OTB report to answer the questions.

1.5 minutes	Uncovering Insights
SLIDE 32	FACILITATOR
	Why did we do so well in June and in Q2? When we dig in deeper, we can uncover the following insights. We had an exceptional performance of core products. Despite initial concerns that customers might grow tired of them, the demand for our long-standing core items remained remarkably strong. Even after years in the market, these items, especially in timeless colours like black and grey, experienced exceptional sales across X, X, and X Franchises. A highly effective June promotion helped elevate sales. Our strategic decision to offer a 25% discount to Guests who hadn't made a purchase with X in over a year resulted in significant incremental sales. The primary goal was to drive sales in June, while also successfully re-engaging with these customers and transforming them into repeat shoppers. The X blazer was a favourite. The X Blazer's success was driven by a combination of pent-up demand from its Q1 stockout and its first-time availability in all doors. This led to an unprecedented level of demand and surpassed both CP and OP expectations. We also had an impressive Father's Day performance. Excitement around the brand is driving Guests to shop with us more for these holiday gifting periods, which we saw benefit Men's and 2nd Layers specifically for Father's Day. LAND: After digging deeper, we uncovered that we overperformed in June and in Q2 because core product overperformed expectations, the June promotion led to incremental sales, the X Blazer outperformed its CP and OP plans, and Father's Day traffic and demand was higher than expected.

15 seconds	Are we hitting sales plan?
SLIDE 33	FACILITATOR
Are we hitting sales plan? • We surpassed CP by 21.3% • We outperformed OP by 26.7% 33	LAND: Looking at the big picture again. Are we hitting sales plans? Yes. We beat June's CP by 21.3% and OP by 26.7%.
15 seconds	Are we hitting inventory plan?
SLIDE 34	FACILITATOR
Are we hitting inventory plan? • Understanding Inventory • Practice: Inventory • Uncovering Insights 34	LAND: Now, let's assess whether we achieved our inventory plan.

1 minute	Understanding Inventory
SLIDE 35	FACILITATOR
 Understanding Inventory - What is our WP Total EOP? - How is EOP performing to RP, CP, OP? - What is our WP S/S? - How is S/S performing to RP, CP, OP?	<i>Participant Guide Page 8</i> Inventory management and optimization is a critical part of a planner's responsibilities. To understand our inventory position, some of the questions we can ask are: • What is our WP Total EOP? • How is EOP performing to RP, CP, OP? • What is our WP S/S? • How is S/S performing to RP, CP, OP? We are looking to understand if inventory has performed to plan's expectations. What do the inventory metrics look like for the month, quarter and year? Are there any differences between retail and ecomm channel performance? Do we need to balance inventory between channels? Do we have too much, too little, or the right amount of inventory? LAND: To understand our inventory position, we can dig deeper into the following questions. What is our WP Total EOP? How is EOP performing to RP, CP, OP? What is our WP S/S? How is S/S performing to RP, CP, OP?

5 minutes	Practice: Inventory
SLIDE 36	FACILITATOR
	<i>Participant Guide Page 9</i> Let's take a look at the OTB again. Use the OTB to answer the following questions: • What WP EOP \$ are we ending Q4 on? • How much lower is WP EOP \$ to RP? • What is the WP EOP \$ variance % to LY? As a reminder, use WP as the metric that represents actualized numbers. Take your time. There is no rush. <i>Give the learners a few minutes to complete the questions.</i> Let's start with the first question. What WP EOP \$ are we ending Q4 on? <i>Call on participant to share answer.</i> Answer: X In context, Men's 2nd layers inventory was valued at X million dollars at year-end. How much lower is WP EOP \$ to RP? <i>Call on participant to share answer.</i> Answer: X In context, based on our last RP plan, WP has come in X million dollars lower. Essentially, we beat inventory plan by X million. What is the WP EOP \$ variance % to LY? <i>Call on participant to share answer.</i> Answer: -30.7% In context, compared to last year, we have 30% less inventory. Are there any questions? Very good! LAND: Use the OTB report to answer the questions.

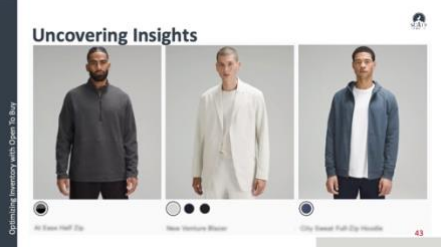
4 minutes	Practice: Inventory
SLIDE 37	FACILITATOR
 Practice: Inventory Use the OTB report below to identify: • What is the WP S/S for Q4? • What is the next lowest historical Q4 S/S? 2023 OTB NAI Total Mems 2nd Layers Retail Dollars USD	<i>Participant Guide Page 9</i> Let's look at two more questions. Use the OTB to answer the following questions: • What is the WP S/S for Q4? • What is the next lowest historical Q4 S/S? Take your time. There is no rush. <i>Give the learners a few minutes to complete the questions.</i> What is the WP S/S for Q4? <i>Call on participant to share answer.</i> Answer: 10.9 In context, we have about 11 weeks of supply for Q4. What is the next lowest historical Q4 S/S? <i>Call on participant to share answer.</i> Answer: 11.7 In context, the next lowest Q4 stock-to-sales was 2 years ago at 11.7. Are there any questions? Very good! LAND: Use the OTB report to answer the questions.

45 seconds	Uncovering Insights
SLIDE 38	FACILITATOR
	Let's dig in a little deeper and uncover some insights. There was an EOP reduction. The beats to sales plans and strong inventory management throughout the year has EOP beating RP and CP by 6.4%, and OP by 10.2%. The variance to LY at -30.7% shows how much inventory we had last year that wasn't needed to support LY sales. We had the lowest stock-to-sales in history. Q4 stock-to-sales is turning 2 weeks faster than RP and CP as a result of beats to sales plans. When compared to prior years, the 10.9 stock-to-sales warrants further analysis into whether it's enough inventory to support Q4 sales. LAND: After analysing the data presented in the previous slides, we can put it into context and observe two significant points. First, there was a notable reduction in EOP. Second, we observed the lowest stock-to-sales ratio in history.

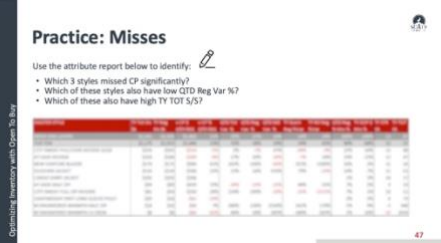
30 seconds	Are we hitting inventory plan?
SLIDE 39	FACILITATOR
Are we hitting inventory plan? - EOP \$ is beating RP, CP, OP, and is lower than LY - S/S is 2 weeks faster than RP and the lowest in history 39	Zooming out, are we hitting inventory plan? EOP is beating RP, CP, OP, and is lower than LY. Stock-to-sales is 2 weeks faster than RP and the lowest in history. Let's take a moment to pause and acknowledge that many of these numbers are neutral rather than inherently good or bad; they are factual data. The significance of these metrics lies in their context and how they compare to the previous year. For instance, a lower EOP value than last year doesn't necessarily imply a positive outcome. Context is crucial in interpreting the implications of these metrics. LAND: Zooming out, are we hitting inventory plan? EOP is beating RP, CP, OP, and is lower than LY. Stock-to-sales is 2 weeks faster than RP and the lowest in history. The significance of these neutral metrics depends on context and year-over-year comparisons. A lower EOP value doesn't automatically indicate a positive outcome.
15 seconds	What is working?
SLIDE 40	FACILITATOR
What is working? - Understanding Wins - Practice: Wins - Uncovering insights 40	LAND: Now that we have a comprehensive understanding of the overall business and our performance against our goals, let's shift our focus to specific products.

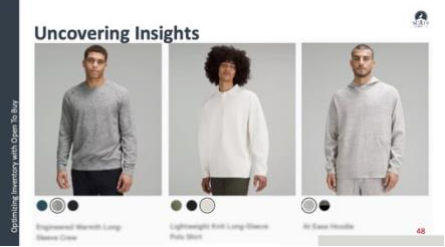
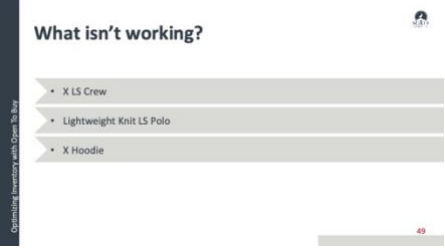
15 seconds	Understanding Wins
SLIDE 41	FACILITATOR
	<i>Participant Guide Page 10</i> LAND: Let's look at the attribute report to understand where we are winning. Which products are overperforming for the month?

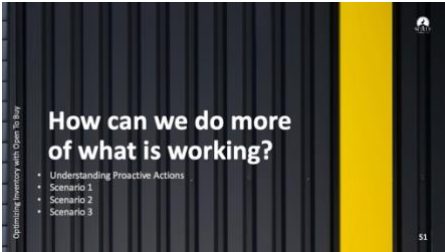
5 minutes	Practice: Wins
SLIDE 42	FACILITATOR
 Practice: Wins Use the attribute report below to identify: • Which 3 styles beat CP significantly? • Which of these styles also have high QTD Reg Var %? • Which of these also have low TY TOT S/S?	<i>Participant Guide Page 11</i> Look at the attribute report and answer the following questions: • Which 3 styles beat CP significantly? • Which of these styles also have high QTD Reg Var %? • Which of these also have low TY TOT S/S? Take your time. There is no rush. <i>Give the learners a few minutes to complete the questions.</i> Let's start with the first question. Which 3 styles beat CP significantly? <i>Call on participant to share answer.</i> Answer: X Half Zip, X Blazer, X Full-Zip Hoodie In context, the three styles that beat CP most significantly are X Half Zip, X Blazer, and X Full-Zip Hoodie. Which of these styles also have high QTD Reg Var %? <i>Call on participant to share answer.</i> Answer: X Blazer at 236% In context, over the quarter, the X Blazer had a 236% growth in regular dollars this year over regular dollars last year. Which of these also have low TY TOT S/S? <i>Call on participant to share answer.</i> Answer: X Blazer at 10 In context, the X Blazer had an average of 10 weeks of supply this year. Are there any questions? Very good! LAND: Use the attribute report to answer the questions.

1.5 minutes	Uncovering Insights
SLIDE 43	FACILITATOR
	The X Half Zip unexpectedly experienced higher demand than initially anticipated. In our initial planning, we had intended to reduce the inventory for this product. However, to our surprise, Guest demand remained robust, indicating that this particular style is still highly popular and on-trend. The success of the X Blazer in surpassing the sales plan can be attributed to two key factors. Firstly, pent-up demand played a significant role. Customers had been eagerly anticipating the availability of the blazer after a period of unavailability, which resulted in a surge of purchases once it became accessible again. Secondly, the blazer was made available in all doors for the first time. This expanded distribution allowed a broader customer base to access the product, leading to increased visibility and sales. The success of the X Full-Zip Hoodie can be attributed to an unforeseen surge in returning demand for full-zip sweaters. This unexpected resurgence in customer interest surprised us, as we had not anticipated such a significant uptick in sales for this style. The returning demand for full-zip sweaters, particularly in the form of hoodies, drove a substantial increase in purchases beyond our initial projections. While beating the CP is one aspect of assessing a product's success, it is not the sole metric we consider. To gain a comprehensive understanding, we must also analyse its growth, or reg var %, and the stock-to-sales ratio. A product can be deemed a true all-around superstar if it significantly surpasses CP, exhibits high growth or reg var %, and maintains a low stock-to-sales figure. LAND: Our most successful products for June were the X Half Zip, the X Blazer and the X Full-Zip Hoodie.

15 seconds	What is working?
SLIDE 44	FACILITATOR
What is working? • Half Zips continue to be trendy • New blazer was a hit • Full Zip unexpectedly back on trend	LAND: Let's zoom out again and ask, what is working? Half zips continue to be trendy; the X blazer was a hit, and full-zip hoodies are unexpectedly back on trend.
15 seconds	What isn't working?
SLIDE 45	FACILITATOR
What isn't working? • Understanding Misses • Practice: Misses • Uncovering Insights	LAND: Now let's examine what isn't working. Where did we lose sales in June?
15 seconds	Understanding Misses
SLIDE 46	FACILITATOR
Understanding Misses • What products are underperforming? • What are our misses?	<i>Participant Guide Page 12</i> LAND: Let's identify the areas where we missed the mark and determine which products are underperforming. This will help us understand what needs our attention.

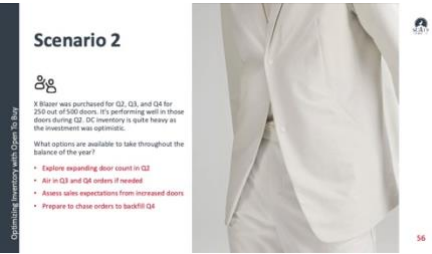
5 minutes	Practice: Misses
SLIDE 47	FACILITATOR
 Practice: Misses Use the attribute report below to identify: • Which 3 styles missed CP significantly? • Which of these styles also have low QTD Reg Var %? • Which of these also have high TY TOT S/S?	<i>Participant Guide Page 13</i> Look at the attribute report and answer the following questions: • Which 3 styles missed CP significantly? • Which of these styles also have low QTD Reg Var %? • Which of these also have high TY TOT S/S? Take your time. There is no rush. <i>Give the learners a few minutes to complete the questions.</i> Let's start with the first question. Which 3 styles missed CP significantly? <i>Call on participant to share answer.</i> <i>Answer: X Long Sleeve Crew, Lightweight Knit Long Sleeve Polo Shirt, X Hoodie</i> In context, the three styles that underperformed the most to CP are X Long Sleeve Crew, Lightweight Knit Long Sleeve Polo Shirt and the X Hoodie. Which of these styles also have low QTD Reg Var %? <i>Call on participant to share answer.</i> <i>Answer: X LS Crew 36%, Lightweight Knit LS Polo- no data, X Hoodie 50%</i> In context, over the quarter, the X LS Crew had a 36% growth in regular dollars this year over regular dollars last year. Which of these also have high TY TOT S/S? <i>Call on participant to share answer.</i> <i>Answer: X LS Crew at 2034</i> In context, the X LS Crew had an average of 2034 weeks of supply this year. Are there any questions on how we came to those answer? Very good! LAND: Use the attribute report to answer the questions.

30 seconds	Uncovering Insights
SLIDE 48	FACILITATOR
	By examining three key metrics comprehensively, we can assess both successful and underperforming products. To identify true misses, focus on products that significantly missed the CP. Among those, look for items with low growth, or reg var%, and high stock-to-sales figures. In our reporting, the style that satisfies all three conditions is the X Long-Sleeve Crew. LAND: By examining three key metrics comprehensively, we can assess both successful and underperforming products. To identify true misses, focus on products that significantly missed the CP. Among those, look for items with low growth, or reg var%, and high stock-to-sales figures.
15 seconds	What isn't working?
SLIDE 49	FACILITATOR
	LAND: Looking at June from a 10,000-foot view, what isn't working? In June, the X LS Crew, the Lightweight Knit LS Polo, and the X Hoodie all fell short of expectations and missed plan.

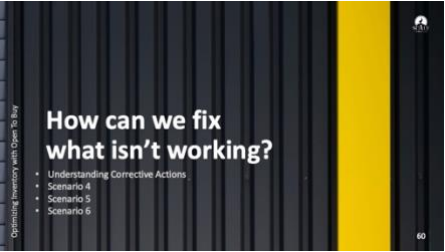
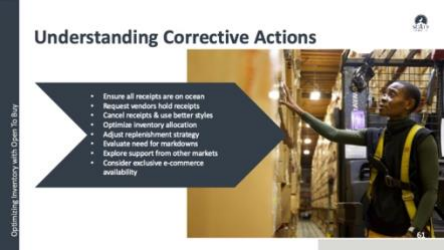
5.5 minutes	Mindfulness Break
SLIDE 50	FACILITATOR
	Let's pause for a break. Take a moment to relax, stretch, hydrate yourself, and perhaps prepare a cup of tea. I'll be here waiting to continue our discussion in 5 minutes. LAND: Let's take a 5-minute break.
15 seconds	How can we do more of what is working?
SLIDE 51	FACILITATOR
	<i>Participant Guide Page 14</i> Now, let's redirect our attention to actionable steps. LAND: Let's take a look at the actions available to us to minimize our losses and maximize our profitability.

1 minute	Understanding Proactive Actions
SLIDE 52	FACILITATOR
 Understanding Proactive Actions • Air product • Chase receipts to restock promptly • Check for similar items in stock • Increase replenishment quantities • Expand distribution or lifecycle • Optimize inventory allocation • Explore inter-DC product transfers • Change destination DC for pending	<i>Participant Guide Page 15</i> To support successful products, there are several strategies we can employ. If inventory is available, we can expand the distribution or extend the product lifecycle. We can consider changing the delivery method of on order receipts from ocean to air to expedite product availability. Additionally, we can explore the option of changing the destination DC for receipts yet to ship to optimize efficiency. We should also actively chase more receipts to replenish stock as soon as possible. We can evaluate if there are similar items on hand that can fulfill the customer's needs. It is also worth considering focusing inventory into doors that have shown the highest productivity to maximize sales. Lastly, we can strategically transfer product within our DC network to align with demand and ensure efficient stock management. By implementing these measures, we can effectively bolster successful products and capitalize on their potential for continued growth. LAND: Here are a few strategies we can implement to support overperforming products.
1.5 minute	Scenario 1
SLIDE 53	FACILITATOR
 Scenario 1 X Half Zip is beating plan in Q3. It has already achieved 50% of its plan after 1 month. Q4 receipts haven't shipped from the vendor yet. Q1 orders have been placed but have not been created yet. What proactive actions would you take?	Let's practice recommending proactive actions with a few scenarios. X Half Zip is beating plan in Q3. It has already achieved 50% of its plan after 1 month. Q4 receipts haven't shipped from the vendor yet. Q1 orders have been placed but have not been created yet. LAND: What proactive actions would you take? <i>Call on participants to share.</i>

30 seconds	Scenario 1
SLIDE 54	FACILITATOR
	To increase our inventory availability, we have several options. Firstly, we can expedite Q4 receipts by using air shipments to get them in earlier. Additionally, we can proactively chase or purchase more inventory as required to meet the growing demand. We can increase the quantities on order for Q1 to cater to the rising demand. LAND: To increase our inventory availability, we can air product for remaining Q4 receipts, add chase orders as needed, and verify Q1 orders meet rising demand.
1.5 minutes	Scenario 2
SLIDE 55	FACILITATOR
	Let's look at the following scenario. X Blazer was purchased for Q2, Q3, and Q4 for 250 out of 500 doors. It's performing well in those doors during Q2. DC inventory is quite heavy as the investment was optimistic. LAND: What options are available to take throughout the balance of the year? <i>Call on participants to share.</i>

45 seconds	Scenario 2
SLIDE 56	FACILITATOR
	As we move through the remainder of the year, there are several strategic options available to us. In Q2, we can consider exploring the possibility of expanding our door count to reach a broader customer base and potentially drive higher sales. If needed, we can also opt to air shipments to expedite Q3 and Q4 orders. It is essential to assess our sales expectations from the increased number of doors to make informed decisions about inventory planning and distribution. Additionally, we should be prepared to chase orders to backfill Q4, allowing us to manage stock levels and avoid any potential inventory shortages efficiently. LAND: Proactive actions we can take include exploring the possibility of expanding the door count in Q2, airing in Q3 and Q4 orders, reviewing sales expectations from the potential increased door count, and preparing to chase orders to backfill Q4.
1.5 minutes	Scenario 3
SLIDE 57	FACILITATOR
	Let's take a look at the third scenario. X Full-Zip Hoodie is overperforming in the USA throughout Q2. Canada is sitting heavy in DC, and Q3/Q4 receipts are split by country the same as Q2. LAND: What can you do to keep up with demand? <i>Call on participants to share.</i>

45 seconds	Scenario 3
SLIDE 58	FACILITATOR
	To effectively keep up with the rising demand, we can consider implementing strategic inventory transfer measures. One approach is to transfer inventory from Canada to the USA, aligning it with the regions where demand is highest. This will enable us to optimize stock availability in the locations where customer interest is most pronounced. Additionally, we can further enhance our inventory management by changing the destination Distribution Centers (DCs) for Q3 and Q4 receipts from Canada to the USA. This proactive step will streamline the distribution process, ensuring that the products are positioned closer to the areas experiencing strong demand. LAND: In this scenario, the appropriate proactive steps we can take include transferring inventory from Canada to the USA to align with demand and adjusting the destination DC for Q3 and Q4 receipts from Canada to the USA.
15 seconds	How can we do more of what is working?
SLIDE 59	FACILITATOR
	LAND: To review, how can we do more of what is working? Some proactive actions we can consider include airing products as required, chasing orders as needed, expanding door count or product lifecycle, transferring inventory between countries or DCs, and changing receipt destination DCs.

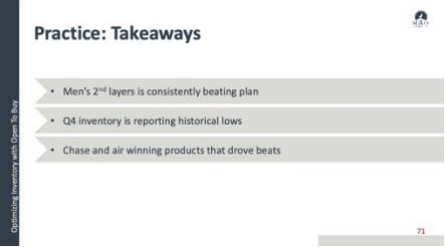
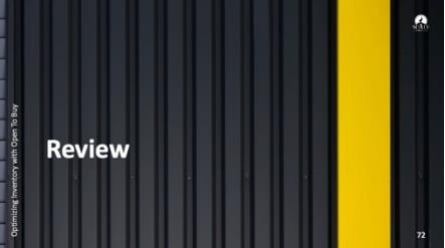
15 seconds	How can we fix what isn't working?
SLIDE 60	FACILITATOR
	<i>Participant Guide Page 16</i> LAND: How can we fix what isn't working?
1 minute	Understanding Corrective Actions
SLIDE 61	FACILITATOR
	<i>Participant Guide Page 17</i> To address inventory discrepancies and achieve better inventory management, we have several corrective actions at our disposal. We can ensure that all receipts are transported via ocean freight. We can request vendors to hold receipts which allows us to time the release of inventory more effectively. We can proactively cancel receipts for underperforming styles and repurpose the fabric for better-selling products. Optimizing inventory allocation is always important. Strategically distributing products to high-demand locations boost sales performance. We can also analyse specific stores to adjust replenishment strategy and levels. Additionally, we can evaluate the need for markdowns to clear excess inventory efficiently and prevent potential losses. We can also lean on other markets and countries for support. Lastly, we can consider underperforming styles for ecomm exclusivity. LAND: To address inventory discrepancies and achieve better inventory management, these are the corrective actions at our disposal.

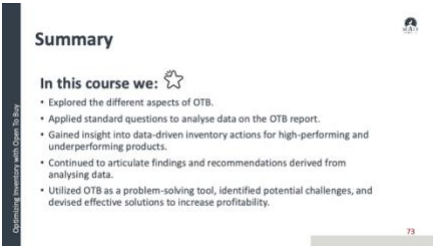
1.5 minutes	Scenario 4
SLIDE 62	FACILITATOR
	Let's consider another scenario. While the X Half Zip is surpassing Q3 plan, the Hoodie falls short of expectations. Q4 and Q1 receipts were purchased in the same quantity as Q3. Q4 receipts have been produced but not yet shipped. Q1 orders are placed but not yet produced. LAND: How can we align supply with demand? <i>Call on participants to share.</i>
30 seconds	Scenario 4
SLIDE 63	FACILITATOR
	We can optimize supply and avoid excess inventory by switching the Q4 half-zip shipment to air while using ocean freight for the hoodie. To avoid having unneeded inventory on the books at year-end, we can request the vendor to hold the Q4 hoodie inventory. Lastly, by repurposing Q1 hoodie fabric for more half zips, we can efficiently utilize resources and meet the rising demand for this style. LAND: To align supply with demand, we can air Q4 half zips but keep the hoodie on ocean. We can request for the vendor to hold Q4 hoodie inventory and repurpose Q1 hoodie fabric for more half zips.

1.5 minutes	Scenario 5
SLIDE 64	FACILITATOR
	Lightweight Knit LS Polo was a big investment for all quarters of 2023 but not living into 2024. It fell short of the plan by 50% in Q1, and the outlook for the rest of the year remains unfavourable. The vendor cannot cancel any upcoming orders. LAND: How can we achieve our planned EOP \$ target with this underperforming style? <i>Call on participants to share.</i>
30 seconds	Scenario 5
SLIDE 65	FACILITATOR
	Consider the impact of taking this style to markdown in Q2. We could potentially not assort Q3 and Q4 seasonal colours to hold for Black Friday and continue to sell through core colours. If elevated markdowns in Q2 are not possible, reduce the distro going forward to any stores with demand and sell the excess at markdown for Black Friday and Boxing Day. LAND: To achieve our planned EOP \$ target, we could consider markdowns in Q2, hold Q3 and Q4 assortment for Black Friday, reduce distro to stores with demand, and sell the excess on big holiday weekends.

1.5 minutes	Scenario 6
SLIDE 66	FACILITATOR
	X LS Crew is underperforming slightly to plan through Q1 and Q2. We still believe in this style and have bought it for Q3 and Q4. We also want to continue living it into 2024 but in smaller distribution starting Q3. The reduction in stores means we have enough inventory to support the rest of the year with the Q3 receipts. Q4 hasn't shipped yet. How do we ensure we don't receipt Q4 before the end of the year? How do we not take ownership of this inventory until we enter the new fiscal year so it's not on our books at year-end? LAND: How do we ensure we don't receipt Q4 before the end of the year? <i>Call on participants to share.</i>
30 seconds	Scenario 6
SLIDE 67	FACILITATOR
	Let's collaborate with the vendor to push out the Q4 HODs, or handover dates, effectively delaying the receipt of these items until after year-end. By adopting this approach, we can prevent potential over-inventory issues and maintain a balanced stock level. Next, we can repurpose the Q4 receipts to fulfill Q1 sales. Lastly, we can leverage the Q1 buy to adjust future receipts, aligning supply with demand. LAND: The best corrective actions we can take here are delaying Q4 vendor handover dates until after year-end, repurposing Q4 receipts for Q1 sales, and using the Q1 buy to match supply and demand.

15 seconds	How can we fix what isn't working?
SLIDE 68	FACILITATOR
How can we fix what isn't working? - Request vendor push-out HODs - Repurpose fabrics for popular styles - Apply markdowns - Shift to higher-performing doors - Minimize door count - Use inventory for different quarters	LAND: How can we fix what isn't working? Let's review the corrective actions available to us. We can request that the vendor push out HODs, repurpose fabrics for more popular styles, apply markdowns, shift inventory to higher-performing doors, minimize the door count, and use inventory for different quarters.
15 seconds	What did we learn?
SLIDE 69	FACILITATOR
What did we learn? - Understanding Takeaways - Practice: Takeaways	LAND: While data analysis and implementing actions are crucial, harnessing our insights to guide future buys is equally essential.
1.5 minutes	Understanding Takeaways
SLIDE 70	FACILITATOR
Understanding Takeaways - How can data insights optimize future product purchases? - What key takeaways can inform decisions for the next buying cycle?	<i>Participant Guide Page 18</i> How can data insights optimize future product purchases? What key takeaways can inform decisions for the next buying cycle? What did we learn through our analysis today that we can take into our next buy? <i>Call on participants to share.</i> LAND: What did we learn through our analysis today that we can take into our next buy?

30 seconds	Practice: Takeaways
SLIDE 71	FACILITATOR
	LAND: The Men's 2nd layers category is consistently outperforming our expectations, resulting in record low inventory levels. As a consequence, our Q4 inventory is becoming significantly depleted. To address this situation promptly, we must take swift action and chase and air the successful products that have been driving these impressive sales results.
15 seconds	Review
SLIDE 72	FACILITATOR
	LAND: Now, let's recap the key takeaways from today's discussion.

30 seconds	Summary
SLIDE 73	FACILITATOR
 Summary In this course we: • Explored the different aspects of OTB. • Applied standard questions to analyse data on the OTB report. • Gained insight into data-driven inventory actions for high-performing and underperforming products. • Continued to articulate findings and recommendations derived from analysing data. • Utilized OTB as a problem-solving tool, identified potential challenges, and devised effective solutions to increase profitability.	In this course we: • Explored the different aspects of OTB. • Applied standard questions to analyse data on the OTB report. • Gained insight into data-driven inventory actions for high-performing and underperforming products. • Continued to articulate findings and recommendations derived from analysing data. • Utilized OTB as a problem-solving tool, identified potential challenges, and devised effective solutions to increase profitability. LAND: Take a look at all that we covered in our training today.
5 minutes	Q&A
SLIDE 74	FACILITATOR
 Q&A	LAND: We have some time left, please feel free to ask any questions you may have. <i>Answer questions until the 89-minute mark.</i>

1 minute	Thank You
SLIDE 75	FACILITATOR
 Thank You	Thank you for joining me in this session. It has been a pleasure to be your host. This is just the beginning of your exciting journey with X, and I wish you all great success! Always remember that anything is possible! LAND: Bye for now!
	End
SLIDE 76	FACILITATOR
	<i>End meeting.</i>