



OPTIMIZING INVENTORY

Welcome

- Formatting Your Zoom Name
- Engaging on Zoom
- Agreements

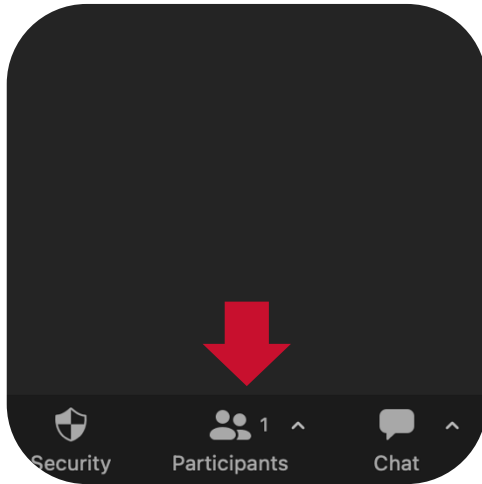
Your Host

Picture Here

Name

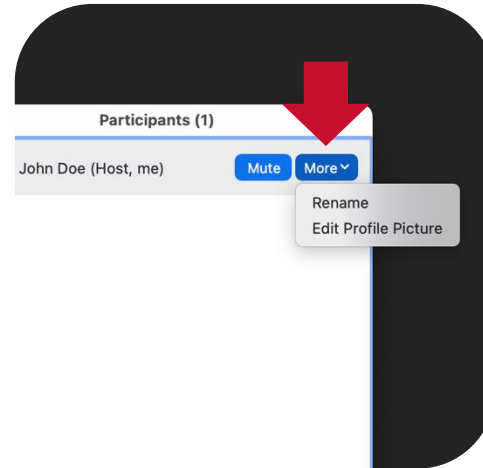
Location

Formatting Your Zoom Name



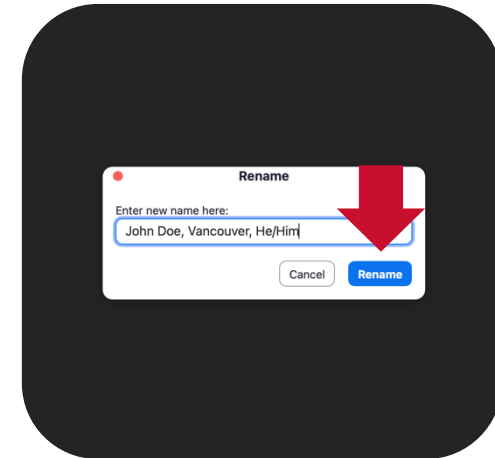
Participants

Click on 'Participants' in the toolbar at the bottom of your screen



More

Hover your mouse over your name and click 'More', then 'Rename'



Rename

Enter your preferred name, location and pronouns, then click 'Rename'

Engaging on Zoom



Emoticon Reactions



Chat



Verbal Shares



Land Acknowledgement

Agreements



"I" Statements

Speak from "I" and share your own perspective



Confidentiality

What's shared here stays here, what's learned here, leaves here.



Intentional Listening

Practice Intentional Listening: Being present, interested and receptive



Take Space, Make Space

When do you need to be heard? When do you need to listen?

Getting Warmed Up

- Agenda
- Performance Objectives
- Clearing

Agenda

- Introduction to OTB
- How did we do?
- Are we hitting plan?
- What is working?
- What isn't working?
- Mindfulness Break
- How can we do more of what is working?
- How can we fix what isn't working?
- What did we learn?
- Review
- Q&A

Performance Objectives

- 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.



Clearing

Introduction to OTB

- Defining OTB
- Understanding OTB
- Why is it important?
- Standard Questions

Defining OTB

OTB 

oh·tee·be

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.

Defining OTB

OTB 

oh·tee·be

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.

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.

Defining OTB

OTB 

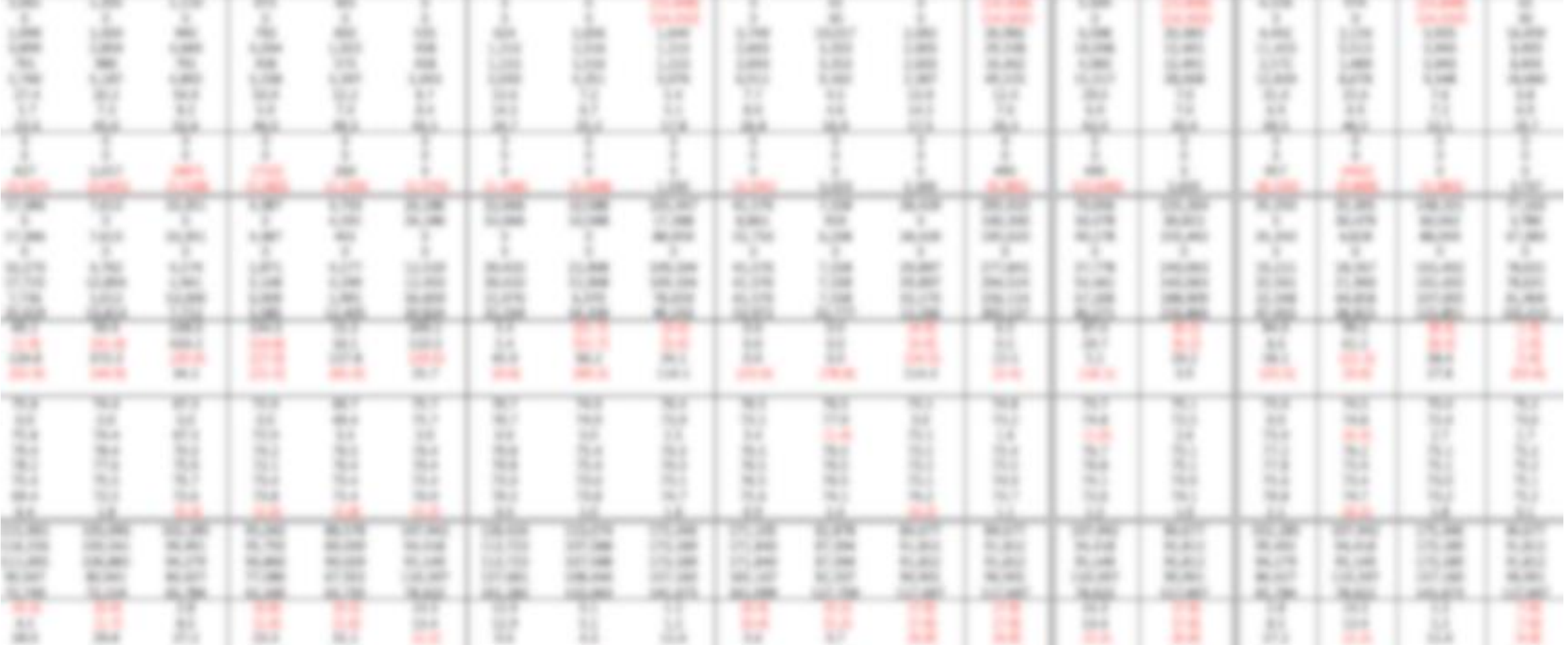
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A financial budget for retail merchandise planners; a plan that takes into account your projected sales, markdowns, receipts, inventory and transfers to forecast your inventory levels and to inform your purchasing plans for future buys.

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.

OTB = Open to Buy

OTB is a Report



The image shows a blurred screenshot of an OTB report. It consists of a grid with multiple columns and rows. The data is presented in a table-like format with alternating red and black text for different values. The report likely tracks inventory levels, open orders, and available stock over time.

OTB is a Meeting

Why is this important?



- Monitor performance
- Analyse trends
- Ensure that we are meeting customer demand
- Adjust sales and markdown strategies
- Maintain healthy balance between inventory & sales
- Make informed decisions about purchasing inventory

OTB vs MBR

Monday Business Review

- Weekly review
- Immediate actions
- Focus on short term

Open to Buy

- Monthly review
- Focus on sales & inventory
- Focus on long-term performance

Welcome to the Team

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?

How did we do?

- Understanding Sales
- Practice: Sales
- Uncovering Insights

Understanding Sales

What were last month's total sales?

How are sales performing QTD & YTD?

How did sales perform to LY, 2LY & 4LY?

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?

2023 OTB								Total Mens 2nd Layers					Retail Dollars USD				
		Jan	Feb	Mar	Apr	May	Jun	Jan	Feb	Mar	Apr	May	Jun	Jan	Feb	Mar	Apr
SALES	WP	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200	14,200
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
SALES	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
SALES	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
	WP	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000

Practice: Sales

Use the OTB report below to identify: 

- Which channel had the higher Tot Var % to LY in June?

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
SALES	2023	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
	2022	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
	Tot Var	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Tot Var %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Tot Var % to LY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
SALES	2023	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
	2022	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
	Tot Var	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Tot Var %	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Tot Var % to LY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Uncovering Insights



SALES INCREASE IN Q2 vs LY

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.



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.



SALES 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.

How did we do?

- In June, Men's 2nd layers made X million dollars in sales
- Q2 this year is outperforming Q2 last year
- June build was higher than LY, 2LY, 4LY

Are we hitting sales plan?

- Understanding Plans
- Practice: Plan
- Uncovering Insights

Defining Plans

WP: WORKING PLAN

Changed weekly, this plan becomes the RP post-OTB

RP: REVISED PLAN

Monthly plan set after each OTB meeting

CP: CURRENT PLAN

Quarterly plan set just prior to the start of a new quarter
Most important plan to achieve

OP: ORIGINAL PLAN

Quarterly plan set at the time the buy is placed, 9 months before start of quarter

Understanding Plan

How did sales perform to CP?

How did sales perform to OP?

Use the OTB report below to identify:



- [illegible]

Uncovering Insights



EXCEPTIONAL PERFORMANCE OF CORE PRODUCTS

Even after years in the market, core products, especially in timeless colours like black and grey, experienced exceptional sales across X, X, and X franchises.



HIGHLY EFFECTIVE JUNE PROMOTION

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 promotion drove sales in June, while also successfully re-engaged with these customers, transforming them into repeat shoppers.



NEW VENTURE BLAZER TAKES THE LEAD

The X'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.



IMPRESSIVE FATHER'S DAY RESULTS

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.

Are we hitting sales plan?

- We surpassed CP by 21.3%
- We outperformed OP by 26.7%

Are we hitting inventory plan?

- Understanding Inventory
- Practice: Inventory
- Uncovering Insights

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?



- 



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		NAE Total Mens 2nd Layers										Retail Dollars USD					
	OT	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
TOP	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
S/S	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380
	WP S/S	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380	111,380

Uncovering Insights



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% indicates that we had significantly higher inventory the previous year, which ultimately was not necessary to support last year's sales.



LOWEST S/S IN HISTORY

Q4 S/S 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 S/S warrants further analysis into whether it's enough inventory to support Q4 sales.

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

What is working?

- Understanding Wins
- Practice: Wins
- Uncovering Insights

Understanding Wins



What products are overperforming?

Where are we winning?

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?

Attribute	QTD Sales	QTD Reg	QTD CP	QTD Reg Var %	QTD CP Var %	QTD Reg Var %	QTD CP Var %	QTD Reg Var %	QTD CP Var %	QTD Reg Var %	QTD CP Var %	QTD Reg Var %	QTD CP Var %
Style 1	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 2	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 3	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 4	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 5	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 6	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 7	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 8	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 9	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Style 10	1000	1000	1000	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Uncovering Insights



At Ease Half Zip



New Venture Blazer



City Sweat Full-Zip Hoodie

What is working?

- Half Zips continue to be trendy
- New blazer was a hit
- Full Zip unexpectedly back on trend

What isn't working?

- Understanding Misses
- Practice: Misses
- Uncovering Insights

Understanding Misses

What products are underperforming?

What are our misses?

Use the attribute report below to identify:

- [illegible]

Uncovering Insights



Engineered Warmth Long-Sleeve Crew



Lightweight Knit Long-Sleeve Polo Shirt



At Ease Hoodie

What isn't working?

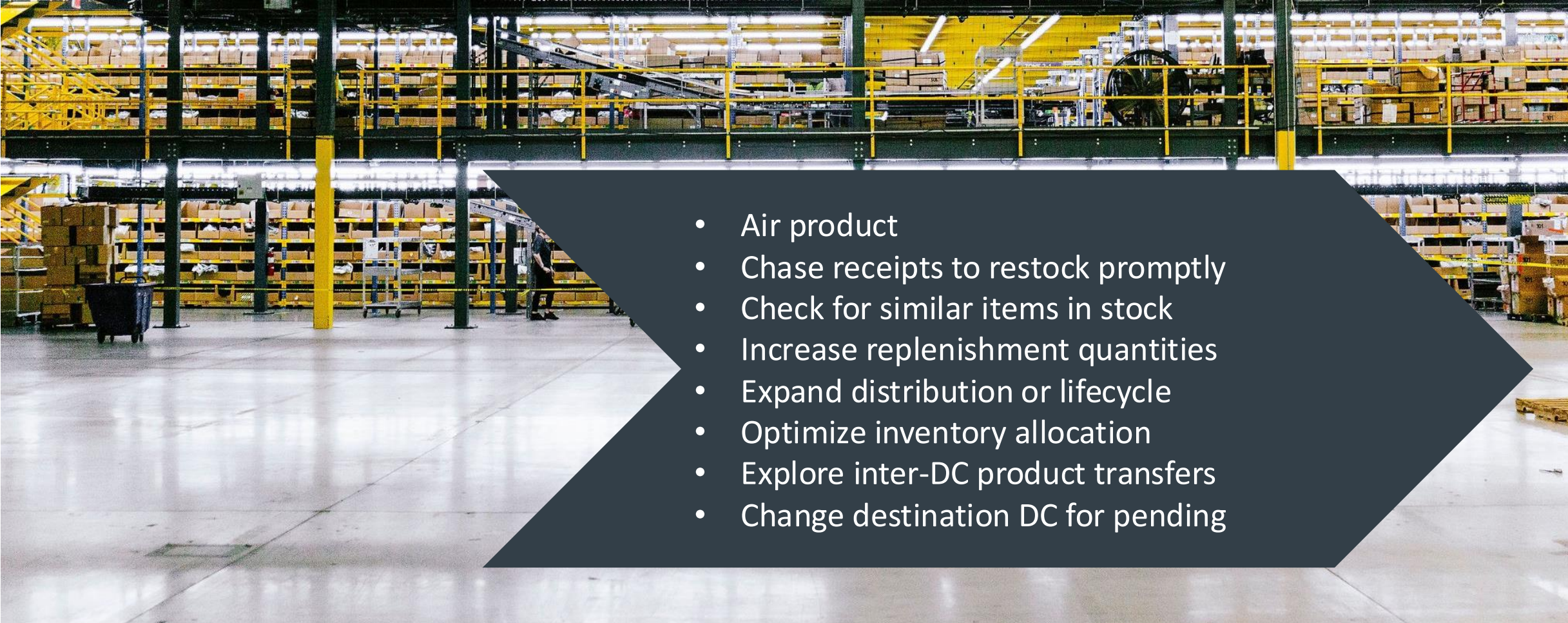
- X LS Crew
- Lightweight Knit LS Polo
- X Hoodie

Mindfulness Break

How can we do more of what is working?

- Understanding Proactive Actions
- Scenario 1
- Scenario 2
- Scenario 3

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

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?



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?

- Air product for remaining Q4 receipts
- Add chase orders as needed
- Verify Q1 orders meet rising demand



Scenario 2



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.

What options are available to take throughout the balance of the year?



Scenario 2



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.

What options are available to take throughout the balance of the year?

- Explore expanding door count in Q2
- Air in Q3 and Q4 orders if needed
- Assess sales expectations from increased doors
- Prepare to chase orders to backfill Q4

Scenario 3



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.

What can you do to keep up with demand?



Scenario 3



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.

What can do to keep up with demand?

- Transfer inventory from Canada to the USA to match demand
- Change Q3 and Q4 receipts' destination DC from Canada to the USA



How can we do more of what is working?

- Air products as required
- Chase orders as needed
- Expand door count or product lifecycle
- Transfer inventory between countries or DCs
- Change receipt destination DC

How can we fix what isn't working?

- Understanding Corrective Actions
- Scenario 4
- Scenario 5
- Scenario 6

Understanding Corrective Actions

- Ensure all receipts are on ocean
- Request vendors hold receipts
- Cancel receipts & use better styles
- Optimize inventory allocation
- Adjust replenishment strategy
- Evaluate need for markdowns
- Explore support from other markets
- Consider exclusive e-commerce availability



Scenario 4



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.

How can we align supply with demand?



Scenario 4



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.

How can we align supply with demand?

- Air Q4 Half Zips
- Keep Hoodie on ocean freight
- Request vendor to hold Q4 Hoodie inventory
- Re-purpose Q1 Hoodie fabric for more Half Zips



Scenario 5



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.

How can we achieve our planned EOP \$ target with this underperforming style?



Scenario 5



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.

How can we achieve our planned EOP \$ target with this underperforming style?

- Consider markdowns in Q2
- Hold Q3 & Q4 assortment for Black Friday
- Reduce distro to stores with demand
- Sell excess on Black Friday and Boxing Day



Scenario 6



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?



Scenario 6



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?

- Delay Q4 vendor HODs until after year-end
- Repurpose Q4 receipts for Q1 sales
- Use Q1 buy to match supply and demand



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

What did we learn?

- Understanding Takeaways
- Practice: Takeaways

Understanding Takeaways

How can data insights optimize future product purchases?

What key takeaways can inform decisions for the next buying cycle?

Practice: Takeaways

- Men's 2nd layers is consistently beating plan
- Q4 inventory is reporting historical lows
- Chase and air winning products that drove beats

Review

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.

Q&A

Thank You

