

Model Answer for Task 2: How to summarize your OTB financial plan

(To be read by a lululemon employee. This presentation should be two to four minutes long):

“Hello, [manager name]. I’m presenting the plan for Men’s T-shirts for the second quarter.

You have a copy of my plan in front of you that I will walk you through. I’ll begin by quickly summarizing what happened this past quarter. You can see the Sales trend came in at 73% over LY (last year) Sales, but within that, three weeks trended up just over 100%, and two weeks were only 38 and 15% over LY. That’s quite a lot of volatility. The peaks were not stock related and may result from any number of things we could investigate, if necessary. Still, I want to draw your attention to weeks eight and nine, where we can see our BOP Inventory was getting too low, reflected in the preceding weeks’ seven and eight low stock-to-sales ratios of four. Of course, we’d rather see our stock-to-sales in the six to nine range. I calculated we missed about \$13,000 of sales opportunity across those two weeks. That would have boosted our QTR-1 sales over LY from 73% to 83%.

So, 83% is the trend I’ve forecasted for QTR-2. I’ve also targeted a weekly BOP average of about \$240,000. I’ve ensured that every week in QTR-2 is within 20% of that target, which keeps us in a good inventory position. You can also see that the weekly stock-to-sales ranges fall nicely in our ideal six to nine range, a noticeable improvement in stock efficiency over last year’s 11 stock-to-sales.

Finally, this leads us to our Receipts. We’re asking to spend approximately \$465,000 this quarter to buy the necessary inventory to drive these sales at this efficiency rate. My merchant will walk you through the style assortment comprising that \$465,000 in a moment, but do you have any questions about this plan before you give us sign-off?”