

## MODEL ANSWER FOR TASK 3: Troubleshooting an underperforming key style

“Hello, [manager]. I wanted to highlight a critical issue I’m seeing in our Men’s T-shirts business. This season’s top style has only sold 1/3 of what we expected. This outcome is very concerning for the team, as it jeopardizes not only this season but also the following two seasons, where we have positioned it as the top style. It represents half our total T-shirt sales this season. Currently, this style is causing us to miss half our weekly T-shirt sales, which, modeled out in my OTB plan, would effectively triple our seasonal stock-to-sales ratio and bloat our end-of-season inventory by over \$200,000 if we do not act.

The team has reached out to store operations to see if they can help us better understand what may be happening in stores, and now we’re waiting to hear back from them. We’ve asked them to look into:

- Is national store traffic way down? Is national store conversion way down?
- Is the T-shirt properly on display and not stuck in the back room?
- Are the tag info and price correct?
- Has there been any early guest feedback so far from trying the T-shirt on?

We’ve also contacted the website team to inquire about the T-shirt’s positioning online:

- Where on the webpage does the style come up, near the top or bottom of the T-shirts page?
- Are the product info and price correct?

If any of those insights with the store and website conversations are factors, we must first try to address and solve the problem. Suppose that’s not possible, or we find those issues are not a factor for this problem. In that case, our next response will be to compare the style to the rest of the T-shirt assortment and ensure the style is not too similar to another, less-expensive style, so the guest might not see enough value in this particular T-shirt.

We will likely have to re-price this style aggressively to get the unit volume up to desired levels, which will affect profit. However, since this style is also committed to future seasons, we feel re-pricing it is better than marking it down, as we don’t want to see future styles come in already on markdown.

Additionally, my merchant is working with production and sourcing to see if we can make strategic changes to the T-shirt in our third season to mitigate any future losses, such as making it a more desirable style and lowering the price. Unfortunately, the second-season version of this T-shirt is likely too far into the production pipeline to make changes.

Please give us your feedback or sign-off so we can address this issue immediately.

Thank you,

[Student name]”

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Model answer should include:

- The change in sales, stock-to-sales ratio, and end-of-season inventory if we do nothing.
- Whether the team reached out to store operations and the website team to ask key questions.
- A comparison of the style to similar styles in the assortment.
- A recommendation to re-price the style.
- An attempt to make changes to future orders of the style.