



How to Prevent a Blizzard  
Position Paper

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# How To Prevent A Blizzard

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The idea of preventing a blizzard might make you scratch your head.

How do you do that?

Well, you can't.

What you can do is develop the best possible contingent actions.

Product creation has its own blizzard to contend with. One that consists of pushed-out deadlines, overdevelopment, and hampered speed to market.

We notice that brands respond with contingent actions to minimize the impact. Which works, but at a cost.

A more innovative approach is creating preventative actions, stopping the storm before it starts.

In this paper, examples of preventative actions, how they work, and their benefits are shared.

You will learn how to prevent a (product creation) blizzard.

# INTRODUCTION



As the saying goes: "An ounce of prevention is better than a pound of cure."

In some cases, prevention is impossible and cure is the only option. Consider dramatic natural events including blizzards, floods, or hurricanes. We know they will occur and investing in measures to mitigate the impact is necessary. These are called contingent actions.

However, there are situations where investing in contingent actions is a lost cause. Specifically, in situations where obstacles are seen on the road ahead and avoided in advance. This would be referred to as preventative actions.

How does this apply to retailers and brands?

As we examine product development and merchandising processes, we notice specific issues arise within the concept to market calendar. The overwhelming response is to "fix" the problem with contingent actions.

Here are three, commonly encountered, examples.

1. Market feedback arriving after assortment lock. This results in critical deadlines being pushed out so that the feedback is incorporated.
2. Materials teams scrambling to meet design requests. Often, guardrails are not in place to limit requests coming from design. This results in unnecessary overdevelopment in working with factory partners.
3. SKU rationalization. This is a contingent action in response to product assortments getting out of control.

Regardless of the example, there are tangible impacts on the business. Notably, hampered speed to market. In turn, there is an increase in OpEx, erosion of margins and a reduction in full-price sales.

# INTRODUCTION

A simple way to visualize this is shown in Figure 1.

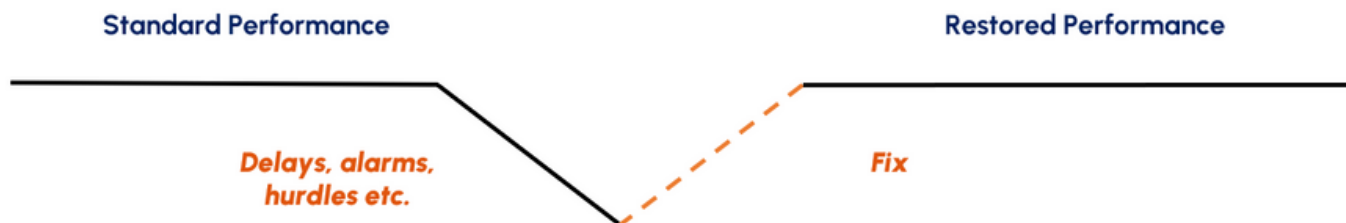


Figure 1. Contingent actions fix problems, but at the expense of speed to market.

The trouble is that current best practices are the root causes of these declines. The better approach is to prevent these from happening to begin with. The idea is to go beyond getting back on track and elevate performance.

This concept is visualized in Figure 2.



Figure 2. Process innovation enables elevated performance for brands.

Reducing the likelihood of problems occurring along the way prevents losses in resources to correct them. This results in meaningful gains in accelerating speed to market.

Next, we present examples of process innovation that we actively discuss or have implemented with market leading brands.

# CLOSING THE FEEDBACK LOOP

How effective are retailers at incorporating consumer insights into product creation? Brands tell us they are aware of the importance but can do a better job. We mentioned in our introduction the timing and format of market feedback are an issue.

Other issues are at play as well. Large brands can access a ton of data; extracting insights and converting them into action is the challenge. For smaller brands, they may not be engaged in enough data sources to validate customer feedback.

Bottom line: incorporating insights into product creation is a continuous process. Not an isolated event.

The process would look like this:

## Closing the Customer Feedback Loop for Product Creation



Figure 3. How retailers can close the feedback loop and inform product creation.

# CLOSING THE FEEDBACK LOOP



The intent is to build a complete enough picture to understand what consumers are looking for. Then, make an educated guess as to what the consumer would resonate with.

This is a more informed process as opposed to creating product isolated from the voice of the customer. Finally, since this is formalized, instances where deadlines are pushed out are prevented versus "fixed."

# FPC AND ACCEPTABLE INEQUALITY

A conceptual breakthrough for brands is one we call "Acceptable Inequality."

Products are unequal. So, not all products should be created equally.

Yet, current product creation processes lead you to believe otherwise. As such, all products are created in the same way, regardless of complexity - from design and development to prototyping and sampling.

Trouble arises when we see that similar effort, time, and resources are allocated to every product. The process starts and ends at the same time with identical milestone moments. But, different products may need more or less testing, prototyping, and sampling. Flexibility is essential to accommodate differences.

Hence, we introduce Flexible Product Creation (FPC) in the diagram below.

**Flexible product creation prioritizes design and development based on complexity of the product.**

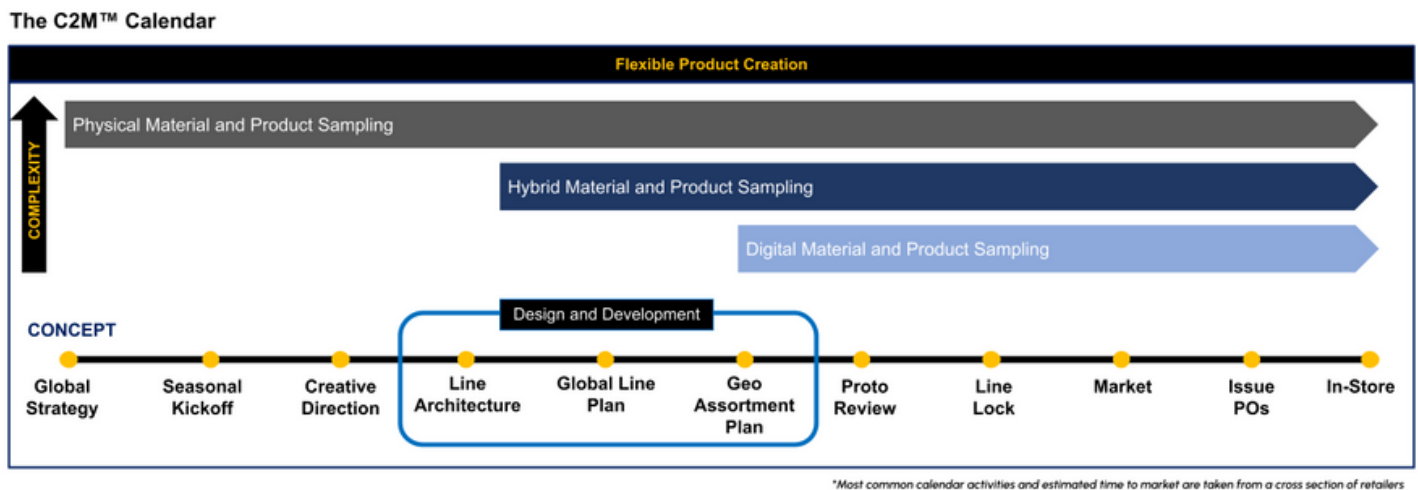


Figure 4. The Flexible Product Creation calendar.

# FPC AND ACCEPTABLE INEQUALITY

Teams are now flexible in how they approach creating product. However, for this to be successful, flexibility must be installed at the start of the season, not retro-fitted as the season progresses.

This is how it's done:

- 1 - Define the Merchandising Strategy: Quantify the product mix in buckets including seasonless/core, repeats and newness. This is done when determining the seasonal direction at concept.
- 2 - Line Plan Development: Determine the framework of the product mix and what styles need physical sampling. Once the physical sampling direction is set, determine the rest of the strategy. Assign the remaining product mix to hybrid development, digital development, or no sampling required.
- 3 - Product Strategy Alignment: Schedule the frequency of review and approval meetings. This removes unnecessary "busy work" for carryover/seasonless styles. In turn, freeing up time for higher-value tasks. Guardrails for design teams are enabled here, ensuring they hit their deadlines.



# MATERIAL DIRECTION

We recently completed work with an outdoor retailer to improve product creation processes. Specifically, design teams work without constraints on development. As described in the introduction, this results in pushed-out deadlines, over-development, and low rates of material adoption

The approach is to set the materials strategy well before the start of the season. To visualize this, a formalized moment before Global Strategy is added called Material Direction.

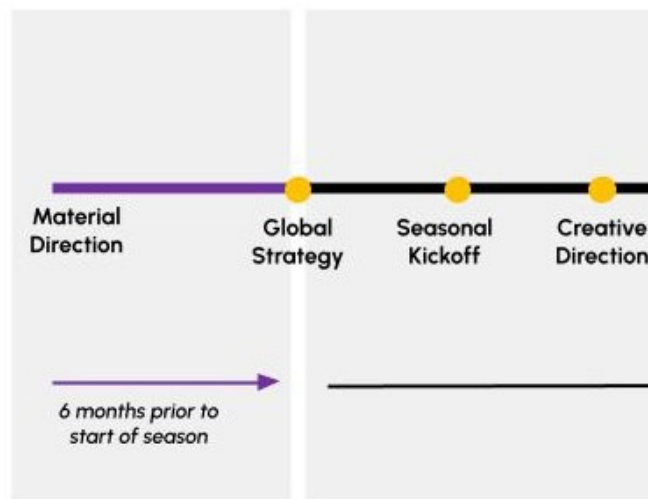


Figure 5. Setting the material direction before the season starts.

It gives the teams time to shop the market and attend textile trade shows. Also, they can work with factory partners on innovative material design and development. Further, approved material developments, including previous season developments, are 'banked' into a library.

The material library informs both the product strategy and the design brief. Materials that are pre-approved and in the library are the only ones allowed for use. Setting this direction leads to lower costs of material development and reduced stress on teams.

# SUMMARY



To stay competitive in today's retail landscape, it is essential for brands to proactively address potential obstacles. This approach leads to significant improvements in key areas including accelerated speed to market. Fixing problems within the product development timeline as they arise consumes resources and hinders retailers from reaching their full potential.

It's still important to have a backup plan; one doesn't remove the fire extinguisher after investing in fire prevention. However, retailers can "prevent the blizzard" by focusing on process innovation and taking a proactive approach to potential problems.

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# ABOUT RETAIL STRATEGY GROUP

Liza Amlani and Raj Dhiman PhD are Co-Founders of Retail Strategy Group. They work with retailers and brands to help them accelerate their velocity to market, preserve gross margins and deliver products that their consumers truly want.

Their monthly newsletter, The Merchant Life, attracts founders, VP's and C-Suite executives as they seek valuable merchandising and product creation insights. The newsletter can be found at [www.themerchantlife.com](http://www.themerchantlife.com).

For more information, visit [www.retailstrategygroup.com](http://www.retailstrategygroup.com).



**LIZA AMLANI**  
Principal, Co-Founder



**RAJ DHIMAN**  
Co-Founder

Contact us to talk about how we can  
make process innovation  
work for your brand.

Raj Dhiman: [Raj@retailstratgygroup.com](mailto:Raj@retailstratgygroup.com)

Liza Amlani: [Liza@retailstrategygroup.com](mailto:Liza@retailstrategygroup.com)

[www.retailstrategygroup.com](http://www.retailstrategygroup.com)

**RETAIL  
STRATEGY  
GROUP**