



Smarter Speed to Market

Both retailers and brands have found themselves in the midst of a speed-to-market arms race. And speed itself is no longer the only issue; a dramatically more dynamic environment is adding yet another layer of complexity.

Not only are consumers demanding new, trendy products with ever-increasing frequency, speed to market (STM) is also becoming more complicated as countries of origin, SKUs, channels, assortments and markets across geographies grow.

All these forces are conspiring to make achieving profitable, sustainable STM much more difficult than in the early days of fast fashion, which proved just how advantageous STM can be.

Retailers, brands and wholesalers looking to improve their STM often direct all of their efforts toward just one node of their supply chain. But it's critical to focus not on the particular links in the chain, but on the entire system—including upstream to suppliers and downstream to customers. Ultimately, speed is determined by how well each component of the supply chain works with all the others.

THE BENEFITS OF A HOLISTIC AND RESPONSIVE STM CAPABILITY

In the age of the always-connected omnichannel consumer, cycle time reduction is not the only piece of STM that can lead to a competitive advantage. To stay out front, retail supply chain executives need a holistic STM strategy, one that encompasses everything from product concept to delivery to the consumer, and it requires alignment across every critical functional area of the organization as well as with the mills, factories and logistics providers.

This holistic STM strategy must be agreed to at the most senior levels within the organization and will help tighten retailers' and wholesalers' seasonal calendars—and supply chains—and give them the visibility necessary to anticipate and quickly react to trends and fluctuations in market demand. Such an approach not only increases a retailer's or wholesaler's competitive advantage, it reduces product risk and inventory holding costs.

Crafting a holistic STM strategy starts with a comprehensive assessment of the company's operating model to identify existing STM levers and benchmark them against leading competitors. For example, a recent diagnostic Kurt Salmon conducted for a billion-dollar global apparel wholesaler yielded previously unrecognized STM levers whose benefits totaled \$40 million over three years.

OUR EXPERTS

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STM YIELDS \$5-\$10 MILLION IN INCREMENTAL SALES FOR BRANDED FOOTWEAR COMPANY

ISSUE: An international fashion footwear retailer and wholesaler was experiencing slowing top-line sales and wanted to reverse that trend by bringing innovative new products to market through a fast-fashion value chain for the organization.

SOLUTION: The retailer designed a cross-functional seasonal development calendar and aggressive fast-track program to refresh its line mid-season. The brand also implemented merchandising strategy best practices and comprehensive product and material development processes.

RESULTS: The brand reduced its end-to-end cycle time by four weeks, increasing visibility into global margin and current season selling information and improving accountability for seasonal deadlines to help get products to market in as few as 12 weeks. These changes helped drive an additional \$5-\$10 million in incremental sales.

KURT SALMON'S EXPERTISE

Getting to STM benefits requires a holistic understanding of the entire supply chain—from both an organizational and customer perspective—to coordinate the movement of both ideas and products effectively. Kurt Salmon understands this complexity and interconnectedness. With deep expertise in process, organization and system components—from initial concept to delivery—we leverage product development and sourcing, merchandising, supply chain, and other operational expertise to craft holistic STM strategies for retailers and wholesalers alike. Our global team is there to help across multiple regions to bridge comprehensive strategy with seamless execution.

THE FOUR DIMENSIONS OF SMARTER SPEED TO MARKET

- 1. Strategic Direction.** The value of speed must be viewed within the context of the categories and product offerings in question. STM needs can vary across product lines, often necessitating multiple STM models. A fast-fashion model would be used to inject newness into the product line late in the season. Rapid replenishment would focus on core items with strong demand, and a test-and-scale model would be used for new and innovative products. Still, at the foundation of STM is the full seasonal calendar model, where speed is achieved through clear ownership, hand-offs and alignment with market timing.
- 2. Operational Definition.** Organizations need to explore and align on what products fall into each of the STM models and how those models should progress over time. Rather than a single-threaded product development calendar with adjustments for materials with long lead times, retailers and wholesalers need multi-tier product calendars based on product development complexity and merchandising and category strategy. Operationalizing STM becomes how a company can best synchronize internal cross-functional teams and resources with external partners, including suppliers, factories and customers.
- 3. Product Decision Making.** The ability to make the right product decisions at the right times is critical to STM. Design, development and sourcing activities should happen in parallel and should influence one another. For example, sourcing and product development teams should weigh in on materials, lead time and construction early in the design process to optimize costs, reduce sample rounds and achieve the optimal balance across quality, cost and speed.
- 4. Supply Chain Delivery.** As companies continue to pursue strategies (vertical integration, multiple buys, growth of replenishment) to enhance product flow into all points of distribution, technology and big data increasingly are enabling better decision making that is more timely and based on more accurate data. These capabilities, in combination with the different needs addressed through omnichannel, have greatly expanded the options of flow and distribution—leading to a greatly enhanced balance between service and cost to serve.

Exhibit 1: Four dimensions of Speed-to-Market Strategy

