

Proposal for Lululemon Athletics Inventory

**Prepared for
Lululemon Athletics**

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Executive Summary

Lululeman Athletics is a clothing store located in Vancouver, that specializes in yoga wear and other athletic gear. They have a customer base that has been expanding exponentially for the past decade or so, Lululemon sales increased by 28% during its 4th quarter. Lululemon sales 95% of their products at full price. Lululemon's business success comes from staying in close contact with its customers by listening in on their complaints and adjusting the inventory accordingly. Lululemon cultivates a sense of scarcity with their merchandize by keeping core items in stock between a few weeks to a few months. Lululemon plans on introducing new product lines (ie. swimwear) to expand their brand. However, its growth rate has slowed, which has caused investors to lose trust in Lululemon's financial stability. I have formulated a program that will help Lululemon redefine its staffing and inventory methods to increase efficiency. A detailed plan for the program will be finished by December 2. We will begin executing the plan by December 6. The program has to be an ongoing process in order for it to be successful during this holiday season and beyond. I received a Master's degree in logistics ,a Bachelor's degree in Accounting, with some training in technical writing from the University of North Texas. I have run several successful business ventures such as Dunn Right Designs and Kanela Dulce. I look forward to lending my expertise in technical writing, logistics and human relations to aid Lululemon.

Introduction to Proposal on Lululemon Athletics

Lululemon is a company that has performed well in the past. However, Lululemon is at risk of losing their profit margin due to several factors.

Problems for Lululemon Athletics

Lululemon Athletics has the following problems:

- Lululemon inventory system is inefficient
- Unsatisfied employees
- Lululemon poor management

Lululemon has an inventory system where the supply barely matches the demand, which is ideal for a company with a fixed number of customers. However, Lululemon is a rapidly expanding company that increases its sales about 30% each quarter. Lululemon stocks new colors and seasonal items every 3, 6 or 12 weeks or so to make the stores feel fresher, while creating a sense of scarcity. If Lululemon orders too much of their core items such as black pants, Lululemon will have to discount overstocked items which could damage their luxury brand image. In contrast, if Lululemon does under stocks its featured specialty items, they could lose potential sales. Lululemon is currently trying to expand their brand beyond yoga gear by investing in new product lines such as swimwear. Manufacturing prices have steadily increased within the past few years, making Lululemon's investment even riskier. Lululemon's new product ventures and poor inventory methods have decreased the profit margins down 2% and has made investors weary of investing in the company.

Lululemon has unsatisfied employees due to the long work hours and lack of pay. According to a workplace survey hosted by glassdoor.com, the majority of the employees complained about how Lululemon infringes on their personal life, giving them little in return. They work for more than 10 hours without a break for only \$13 per hour and are forced to attend several yoga classes to advertise for Lululemon without compensation. The distribution of tasks are uneven with mid-level managers and sales people, known as 'educators' are overloaded with the workload by upper management. Dissatisfied employees cause Lululemon to lose money because the more skilled workers will chose to find better opportunities with other companies.

Lululemon's management is currently inadequate, which could hinder the growth of the company. Upper level managers are chosen using Cronyism, rather than merit. Lululemon mismanages their departments, which causes the company operate disjointedly, slowing the efficiency of the workflow. According to the employees, the managers have common personality flaws that create disunity in the work environment, which include narcissism and maliciousness. The management often fails to accept responsibility and operate within the timeline they set forth. Management set themselves apart from the other employees, casting most of the work on midlevel floor leaders and 'educators'. Management is costing Lululemon money because their lack of qualifications and their refusal to change is reducing efficiency. Several customers have complained about Lululemon's arrogance, this impression is repelling potential customers, causing Lululemon to lose money.

Solution to Lululemon Athletics

My manual on Lululemon Athletics will help solve the following problems:

- Lululemon inventory system is inefficient
- Unsatisfied employees
- Lululemon poor management

My project is ideal for Lululemon because it focuses on making Lululemon a unified company that works efficiently. A part of my plan is to change the inventory system, so that Lululemon will have the appropriate amount of stock available to satisfy customers. This tactic will help Lululemon because when the customers receive what they need, sales naturally increase causing the brand to grow and encouraging investors to invest more. The other part of my plan is to reorganize Lululemon's staff and create more stringent staffing policies. Reorganizing Lululemon will make the operation process more fluid and more efficient. Stricter staffing policies will help ensure that only qualified, responsible individuals lead and represent Lululemon's departments.

Outline for Lululemon squeeze

- Lululemon inventory system is inefficient
 - Unsatisfied employees
 - Lululemon poor management
- Inventory systems
 - reduction in core products
 - manufacture more specialty items
 - limit risky product venturesFind a more cost effective way to produce products
 - Employee incentive program
 - Gift certificates
 - Salary bonuses
 - Adding additional part time workers
 - Management reshuffle
 - Management workshops
 - Manager qualification process
 - character analysis

Work Plan for Lululemon Athletics

I will implement my plan, Lululemon Squeeze on November 15, 2012, before the high volume of sales in December. I will complete the Lululemon Squeeze rough draft will be completed on November 17, 2012. We will fully implement Lululemon Squeeze will be by December 14, 2012. I will print Lululemon Squeeze on eco-friendly biodegradable paper, that measures 8.5 X 11 with a portrait layout. I will bind the pages in a eco-friendly binder with the Lululemon logo and its Manifesto printed on it. I will organize the Lululemon Squeeze blueprint by listing the problems and their respective solutions, with the biggest most costly issues addressed first.

Qualifications for Inventory management

I qualify to present this proposal to Lululemon for several reasons. I have obtained technical writing training from a technical communications class at the University of North Texas. I have an educational background in economics and will be able to analyze the effectiveness of different tactics that Lululemon currently use. I am also very knowledgeable in customer satisfaction.

Budget for Lululemon Athletics

Total cost for Lululemon Squeeze **\$15 million**

Lululemon Squeeze	
Program	Estimated Cost (in millions)
Revamping inventory systems	6
Employee incentive program	5
Management training	4

The table displays the different solution programs and their estimated costs. Lululemon needs to spend approximately 6 million dollars for applying the inventory program, which includes finding a new supplier to manufacture products and stocking more specialty items. Lululemon will spend approximately 5 million dollars on their employee incentive program. Lululemon will spend approximately 4 million on the management training program.

Conclusion to Proposal on Lululemon Athletics

I look forward to help Lululemon achieve their goals more efficiently. I desire to help Lululemon bring 'greatness' to the 'mediocre' world. My plan will ensure to improve unity amongst Lululemon's employees and create more qualified managers. Thank you for considering my proposal.

Work Cited

Strauss, Marina. "Lululemon's problem? Customers can't get enough - The Globe and Mail." *Home - The Globe and Mail*. Phillip Crawley, 17 Mar. 2011. Web. 26 Oct. 2012.
<<http://www.theglobeandmail.com/globe-investor/lululemons-problem-customers-cant-get-enough/article1945253/>>.