



BearingPoint®

# Product Portfolio Rationalization

Dealing with complexity in the  
Fashion industry

# **“Less is more”: fashion companies should sense the urgency of simplification and rethink their dynamics in a more “agile” way.**

## **Introduction & Context**

In the light of remain competitive in an increasingly international and competitive market, the fashion industry has seen in the last few years a blossoming of complexity within its product portfolio, with collections and assortments experiencing a tendency towards exponential growth due to:

- “Fear of missing out” on new trends.
- Poor adoption of effective product lifecycle management procedures .
- Limited capabilities in collecting the right information to focus collections on most valuable products.

This proliferation of SKUs has led to increased complexity, which in turn results in extra costs and reduced efficiency of operations.

# Why should companies act

Addressing complexity through a detailed analysis of the product portfolio allows to fulfil and address the converging interests of 4 core business areas:

It should be mandatory for each of these areas to act and contribute to the review of the product portfolio; to achieve this mission successfully, it is necessary to:

- Review traditional collection structures, rethinking the number, breadth and depth of each collection
- Be more focused on margins according to a demand-driven approach
- Strengthen the governance model for the Product Lifecycle Management process



# Our approach in Product Portfolio Rationalization

Our solution relies on a holistic approach that combines quantitative analysis- that enables the understanding of the market and portfolio structure - and qualitative assessment to comprehend how customers perceive the product portfolio and

to establish a robust life cycle management governance. In conclusion we promote and suggest a combined approach acting on the causes of complexity and preventing it from creeping back.





# Expected benefits

The correct management of Product Portfolio complexity could enable the achievement of important benefits for the companies, both in maximizing revenues and reducing costs:

- **Revenues and margin efficiency**, thanks to the implementation of a profit-driven product portfolio rationalisation that underlines underperforming and non-transformable SKUs
- **Operations excellence**, in terms of inventory management and manufacturing optimization, sourcing economies of scale, planning improvement and higher throughout
- **Obsolescence losses reduction**, more specifically driven by inventory optimization and product range de-complexity and SKU maintenance cost optimization

## Contacts



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