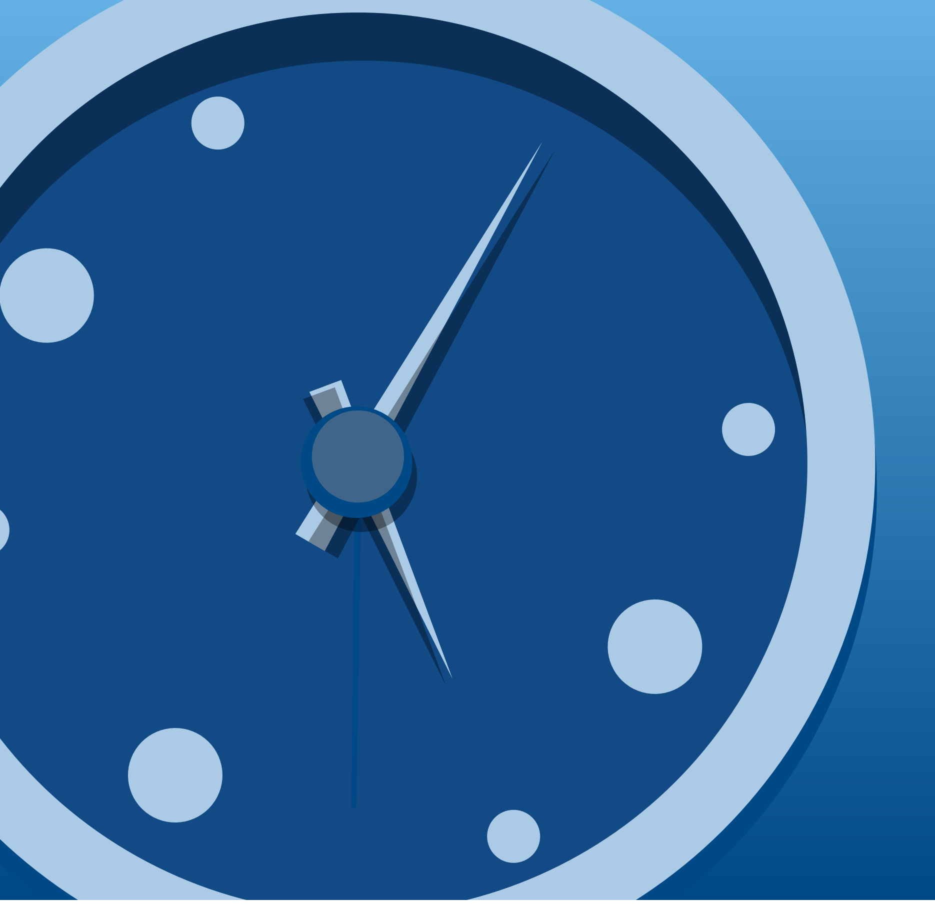


The Value of Time Model

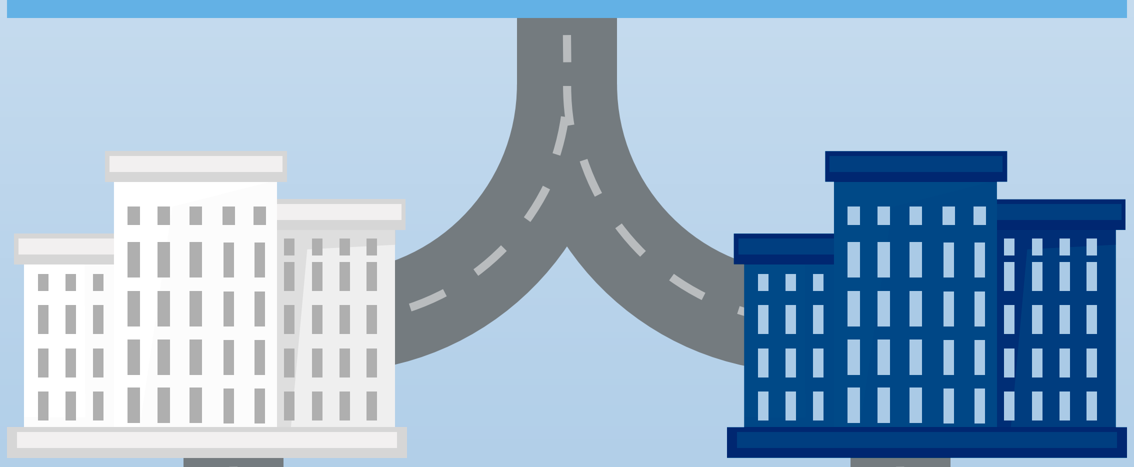
Brands and retailers are always searching for ways to increase full-price sell-through for greater profit.

COTTON USA™, in collaboration with WWA Advisors, has applied the Value of Time model developed by the University of Lausanne in Switzerland, in an effort to help the textile and apparel supply chain to more accurately evaluate the value of time.

The model speculates that by more accurately forecasting consumer demand you can sell more at a higher profit. It particularly applies to products with high volatility.

HOW DOES IT WORK?

Here's a real-life retailer example.



Selling What's Made	Making What's Selling
Current approach for most retailers.	An alternative approach, especially for retailers with high volatility products.
Longer Lead Time (For fabric, color, cut and style)	**Shorter Lead Time** (For fabric, color, cut and style)
Lower Product Costs	**Higher Product Costs**
Fewer Full-Price Sales; More Mark Downs	**More Full-Price Sales; Fewer Mark Downs**

Baseline Profit

11% Profit Increase*

Time Value Difference

By shortening lead times, retailers can more accurately forecast demand, which increases full-price sell-through and makes a higher profit.

To calculate your own increased profit, you'll need to know the following inputs:

- Desired Accuracy (% Full-Price Sell-Through)
- Time to Achieve Desired Accuracy
- Full Retail Sales Price
- Estimated Product Demand
- Long Lead Cost
- Mark Down Value

WANT TO SEE HOW THE VALUE OF TIME MODEL CAN WORK FOR YOU?

Please contact Vaughn Jordan at vjordan@cotton.org.

*The 11% increase is an example profit increase that was applicable for one specific product. The amount of profit can vary widely depending on the inputs to the model. This model is a guide, not a guarantee.