



FREE STARTER KIT FOR EMERGING FASHION BRANDS

The Buy Plan & Margin Kit

The commercial basics nobody teaches creative founders —
written by a buyer, not a textbook.

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20+ years in buying, merchandising and commercial leadership —
Prada, Alexander McQueen, Dolce & Gabbana, Selfridges

Use with the free Excel template: [MerchPilotIQ_Buy_Plan_and_Margin_Template.xlsx](#)

Talent gets you noticed.

Margin keeps you in business.

I've spent more than twenty years buying for some of the most creative houses in fashion. The brilliant designers I worked with had one thing in common: someone in the building knew exactly how many units to buy, what each one would really earn, and how much cash would be left sitting in the stockroom when the season ended.

Most young brands don't have that person. You're designing, shooting, posting, packing orders and answering customer emails — usually all before lunch. The commercial side gets done on instinct, and instinct is expensive.

This kit gives you the basics in plain English: the five numbers that matter, a worked example that does VAT properly, a simple way to build your first buy plan, and the mistakes I see most often. Use it with the free Excel template, which does the maths for you.

No jargon you won't need. No theory for theory's sake. Just the bits that decide whether a great collection becomes a profitable business.

How to use this kit

- 01 Read the five numbers (page 3).**
Know what each one means before you buy a single unit.
- 02 Follow the worked example (page 4).**
See how a healthy 55% plan quietly turns into 37.5%.
- 03 Build your buy plan in the Excel template.**
Enter your styles, units, costs and honest sell-through expectations.
- 04 Check yourself against the common mistakes (page 6).**
Most of them are cheap to fix before you buy, and expensive after.

The five numbers every founder should know

01 Intake margin

The margin you plan when you buy, at full price. Always work it on the price *excluding* VAT — the VAT belongs to HMRC, not to you.

$$\text{Intake margin} = (\text{Retail price ex VAT} - \text{Landed cost}) \div \text{Retail price ex VAT}$$

02 Achieved margin

What you actually made on the units you sold, once markdowns are in. This is the number that pays the bills, and it's always lower than intake.

$$\text{Achieved margin} = (\text{Net sales ex VAT} - \text{Cost of units sold}) \div \text{Net sales ex VAT}$$

03 Sell-through

The share of what you bought that sold. Split it into full price and markdown — 80% sell-through sounds great until you find half of it was at 40% off.

$$\text{Sell-through} = \text{Units sold} \div \text{Units bought}$$

04 Markdown depth

How much you take off. A 30% markdown on a 55% intake-margin product leaves you around 36% on every unit sold in the sale.

$$\text{Sale margin} = (\text{Sale price ex VAT} - \text{Landed cost}) \div \text{Sale price ex VAT}$$

05 Stock left at cost

Every unsold unit is cash you've already spent. Track it in pounds, not just units — it's the number that decides whether you can afford next season's buy.

$$\text{Stock left at cost} = \text{Units unsold} \times \text{Landed cost}$$

A worked example: where the margin goes

Take one linen shirt. Landed cost £22.50 (factory price plus freight and duty). Retail price on your website £60 inc VAT. You buy 200 units.

Step	Workings	Result
Retail price ex VAT	$£60 \div 1.20$	£50.00
Intake margin	$(£50.00 - £22.50) \div £50.00$	55.0%
Buy at cost	$200 \times £22.50$	£4,500

Now the season happens. You sell 60% at full price, 25% in the sale at 30% off, and 15% is still on the rail.

Step	Workings	Result
Full-price sales	$120 \text{ units} \times £50.00$	£6,000
Markdown sales	$50 \text{ units} \times £35.00 \text{ (30\% off £50)}$	£1,750
Net sales ex VAT	$£6,000 + £1,750$	£7,750
Cost of units sold	$170 \text{ units} \times £22.50$	£3,825
Achieved margin	$(£7,750 - £3,825) \div £7,750$	50.6%
Fulfilment & returns	$170 \text{ units} \times £6.00$	£1,020
Contribution after fulfilment	$£3,825 - £1,020 \text{ (37.5\% of sales)}$	£2,905
Stock left at cost	$30 \text{ units} \times £22.50$	£675

You planned 55%. You achieved 50.6%. After the cost of getting parcels to customers and handling returns, you kept 37.5p in every pound — and £675 of your cash is still hanging on a rail.

None of this means the shirt was a mistake. It means the plan has to be built for what really happens, not for what happens if everything sells at full price. That's the difference between a buy plan and a wish list.

Figures are illustrative. Fulfilment and returns costs vary widely by brand — use your own.

Building your first buy plan in six steps

01**Start with cash, not the collection.**

Decide how much you can afford to tie up in stock before you look at a single sample. That number is your budget — the range fits the budget, not the other way round.

02**Edit hard.**

Fewer styles, bought with conviction, beat a wide range bought thinly. If you can't explain why a style earns its place, it doesn't.

03**Go deep on what's proven.**

Put your depth behind your bestsellers and best-performing colours. Test new ideas in small quantities and reorder if they fly.

04**Buy the right sizes.**

Use your own sales history for your size curve. Running out of the middle sizes while the extremes sit unsold is one of the most expensive mistakes in fashion.

05**Plan the markdown before you buy.**

Assume some stock will go into the sale, and price so the margin still works when it does. Use the Excel template to test 'what if only half sells at full price?'

06**Phase your deliveries.**

Landing everything at once means paying for everything at once. Staggered drops protect your cash and give customers a reason to come back.

Quick pricing check

Work backwards from the margin you need. If your landed cost is £30 and you want a 60% intake margin:

$$£30 \div (1 - 0.60) = £75 \text{ ex VAT} \rightarrow £75 \times 1.20 = £90 \text{ inc VAT}$$

Then round to a sensible price point and re-check the margin. The template's Margin Calculator does this for you.

Seven expensive mistakes (and how to avoid them)

- 01 Working margin on the VAT-inclusive price.**
It flatters every number by a sixth. Always strip VAT out first.
- 02 Forgetting the true landed cost.**
Freight, duty and agent fees are part of the cost of the product, not an overhead to worry about later.
- 03 Planning for 100% full-price sell-through.**
It doesn't happen — not at Selfridges, not anywhere. Plan for the sale from day one.
- 04 Buying too wide and too shallow.**
Thirty styles in tiny quantities means you sell out of the winners in a week and live with the rest for a season.
- 05 Ignoring the cost of the parcel.**
For direct-to-consumer brands, postage, packaging and returns can quietly take a big slice of every sale.
- 06 Discounting by mood, not by plan.**
Markdowns work best when they're timed and planned. Panic discounting trains customers to wait.
- 07 Counting stock in units, not pounds.**
Unsold stock is cash. If you don't know the value of what's in the stockroom, you don't know what you can afford to buy next.

Want a second pair of eyes on your numbers?

Every month I run a free **Commercial Clinic** for early-stage fashion and direct-to-consumer founders: a short one-to-one session where we look at your buy plan, pricing or margin together, and you leave with clear next steps.

No pitch, no obligation. Just practical advice from someone who has sat in the buying chair for more than twenty years.

What we can cover

- Your first or next buy plan, and how much to commit
- Pricing and intake margin — and whether it survives the sale
- Markdown strategy and stock you're stuck with
- Wholesale versus direct-to-consumer, and what each really earns

Book your free Clinic at www.merchpilotiq.com

For brands ready to go further, MerchPilotIQ offers mentoring and fractional commercial leadership: buying and merchandising strategy, range planning, trading and performance analysis, pricing, margin and markdown optimisation, stock efficiency and wholesale growth.

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