3-Year Business Strategy — Sample Deliverable

Prepared for Solstice Outdoor Gear

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Table of Contents

Executive Summary	3
Research & Market Context	4
Findings & Analysis	6
Market & competitive position review	9
Growth strategy & strategic priorities	12
3-year financial trajectory & targets	15
Phased implementation roadmap	19
Risks & Mitigations	24
90-Day Action Plan	31
Appendix: Methodology & Assumptions	34

Executive Summary

Solstice Outdoor Gear is a respected, technically credible mid-tier challenger brand generating $18M in revenue, but its growth is decelerating (16% -> 9% over two years) and its operating margin has eroded from 12% to 9% as rising freight and customer acquisition costs outpace the business's ability to adapt. The company has asked for a credible, self-funded path to $40M in revenue and 15%+ operating margin within three years — without raising outside capital, and while contending with an 18-month 3PL lock-in and real capability gaps in performance marketing, international operations, and footwear design. This report concludes that the target is achievable, but only through a disciplined, back-loaded plan that sequences capability-building ahead of spending, rather than a straight-line extrapolation of current trends.

Four findings anchor this conclusion. First, the growth and margin problems share the same root cause: four years of fully outsourced marketing has left Solstice structurally unable to adapt to industry-wide paid social cost inflation, while its channel mix remains more wholesale-weighted than its stated strategic direction. Second, the math is unforgiving — reaching $40M requires a 30.6% three-year CAGR, more than triple last year's growth rate, and no single growth vector closes that gap alone; DTC, international expansion, and footwear must each contribute, on different timelines matched to their readiness. Third, Solstice's competitive position is stronger than its financials suggest: this is not a product-credibility problem, since nothing indicates the gear itself is inferior to Patagonia's, Arc'teryx's, or Cotopaxi's — it is a visibility and channel-economics problem, with margin being lost to entry-price competitors at the bottom and mindshare being lost to Cotopaxi's larger marketing budget at the top. Fourth, Solstice already has a significant unrecognized asset: its German distributor relationship has effectively pre-absorbed much of the learning curve typically required for European expansion, making international a lower-risk extension of proven ground rather than a leap into the unknown — while footwear, despite genuine retailer demand, carries the highest execution risk given zero internal design experience and the asymmetric reputational cost of a quality misstep.

The recommended path rests on four priorities, sequenced deliberately rather than pursued simultaneously. First and most urgent: build in-house performance marketing capability, insourcing acquisition strategy and shifting spend toward owned channels (email, SMS, community) that typically cost 3–8x less than paid social — this is the fastest-payback, lowest-capital vector and the load-bearing assumption underneath the entire financial plan. Second: convert the proven German distributor economics into a template for two to three new UK/EU wholesale relationships, reusing an existing capability rather than building international operations from scratch. Third: launch footwear narrowly — two to three SKUs, developed with an external partner rather than in-house, sold initially through the existing 140-retailer network — with an explicit, CEO-owned quality gate and a willingness to delay rather than risk a launch that undermines brand credibility. Fourth: treat opportunistic acquisition as a watch-item only, given the hard $3M investment ceiling and self-funding constraint. Supporting these priorities, Solstice should also prune its lowest price-tier SKUs to stop competing where it cannot win and to free resources for mid-premium positioning where its technical credibility is a genuine advantage.

If executed as sequenced, this plan is expected to grow revenue to roughly $40M by Year 3 through a deliberately back-loaded curve — modest 16–17% growth in Year 1 while capability is built, accelerating to nearly 30% and then 48% growth in Years 2 and 3 as DTC, international, and footwear mature. Operating margin is expected to dip slightly in Year 1 (to roughly 7.5–8%) as investment costs land ahead of returns, before recovering to 15%+ by Year 3 — a more than fourfold increase in absolute operating profit, from $1.6M to roughly $6.0M — funded entirely

through reinvested profit and the already-approved $1.5M inventory line of credit, with no equity raised. Headcount would grow modestly from 46 to roughly 66–68, concentrated in marketing and international operations as intended.

The plan's success depends less on market conditions than on governance discipline among the four co-founders: resisting the temptation to fund footwear ahead of the less glamorous marketing hire, holding firm on phased budget release at each gate, and treating Year 1's modest results as a planned investment period rather than a warning sign. A 90-day action plan and three gated checkpoints (Months 6, 18, and 27) are built into the roadmap specifically to protect this discipline and to convert the plan from an aspiration into a testable, correctable execution path.

Research & Market Context

Industry & Market Context

The North American outdoor apparel and gear market is a mature but still-growing category, generally estimated at $20–25B in annual retail sales across apparel, footwear, and hardgoods, with a long-run CAGR in the 4–6% range (**assumption**, based on typical outdoor industry association reporting). Growth is uneven by segment: technical apparel (jackets, insulation, base layers) is growing modestly in the low-to-mid single digits, while categories like hiking/trail footwear and "outdoor lifestyle" crossover product have been growing faster — often cited in the 7–10% range — as outdoor activity participation has broadened beyond core enthusiasts into a wider recreational and athleisure-adjacent audience. This broadening is double-edged for Solstice: it expands the addressable market, but it's also the same dynamic that has let lower-quality, low-price DTC entrants gain traction on paid social, since a share of new entrants to the category are less discerning about technical performance and more price- and aesthetics-driven.

Channel mix is shifting structurally. DTC e-commerce penetration in outdoor/technical apparel has moved from roughly 20% of category sales a decade ago to an estimated 35–40% today (**assumption**, directionally consistent with broader specialty apparel e-commerce trends), driven by brand-owned sites, and independent specialty retail has been under pressure from both DTC brands and mass-market/big-box expansion into outdoor categories. Solstice's current mix — DTC site plus ~140 independent retailers, with wholesale/sales-and-ops functions consuming a large share of headcount (8 sales/wholesale, plus a portion of the 10 ops/fulfillment) — is broadly typical of a mid-tier heritage-model outdoor brand, but it's on the wrong side of the channel trend line relative to where the company says it wants to go (more DTC, less wholesale-discount dependence).

International context: the UK and EU outdoor apparel market is comparable in overall size to a large fraction of the US market and has historically been considered friendly territory for North American technical brands, given high hiking/trekking participation rates in the UK, Germany, Scandinavia, and the Alps region. Industry benchmarks for entering EU wholesale via distributor relationships suggest distributor margins/discounts in the 40–55% off retail range (**assumption**) — consistent with the economics implied by Solstice's existing single-distributor Germany relationship — versus the 50–60% wholesale discount typical in North American independent retail. A shift toward direct EU wholesale relationships or a regional DTC operation typically requires 12–24 months of on-the-ground investment before reaching profitability, given VAT/duty complexity, localized marketing, and logistics setup — a timeline directly relevant to Solstice's stated lack of international operations experience.

Benchmarks and Typical Performance Ranges

Several financial and operating benchmarks are useful anchors for this plan:

- **Revenue growth.** Mid-tier outdoor/apparel challenger brands growing successfully through a DTC-plus-wholesale strategy typically sustain 15–25% annual growth during an active growth phase, tapering as they scale past $30–50M (**assumption**, drawn from typical growth-stage apparel brand trajectories). Solstice's target of $18M->$40M requires a compound annual growth rate of roughly 30%, which is aggressive relative to typical benchmarks and notably faster than the company's own recent trajectory (16% -> 9% growth, decelerating). This gap is important context for the growth strategy section: it implies the plan needs either a genuinely new growth vector (footwear, international) contributing materially, a step-change in DTC efficiency, or a longer/more back-loaded ramp than a straight-line 30% CAGR.

- **Operating margin.** Established premium outdoor brands (Patagonia, Arc'teryx parent Amer Sports) operate with EBIT/operating margins commonly cited in the 12–18% range at scale, while fast-growing DTC-heavy challenger brands often run leaner in early scale-up (5–10%) due to marketing investment and typically expand margin as fixed costs (design, ops, leadership overhead) are absorbed over a larger revenue base. Solstice's current 9% margin, down from 12%, sits below this benchmark band and reflects the freight/CAC cost pressure it has flagged — meaning margin recovery to 15%+ will depend heavily on freight/COGS management, channel mix shift toward higher-margin DTC, and CAC efficiency, not just top-line growth.

- **Customer acquisition cost and DTC economics.** Industry benchmarks for DTC apparel brands typically target a blended CAC payback within 1–2 orders and a marketing-spend-to-revenue ratio of 12–18% for brands investing in growth (**assumption**). Paid social CAC in the outdoor/apparel category has risen an estimated 20–30% over the past three years industry-wide (**assumption**, consistent with widely reported iOS/privacy-driven CAC inflation across DTC categories), which corroborates Solstice's own experience and suggests the CAC pressure is systemic, not company-specific — reinforcing that owned-audience/email/community strategies (Solstice's stated #1 growth vector) are a rational response, since email/SMS and organic community channels typically deliver 3–8x lower acquisition cost than paid social at comparable conversion (**assumption**).

- **Wholesale discounting and channel margin.** Independent outdoor retail typically operates on 50–60% wholesale-to-retail discounts, with additional promotional/markdown support of 5–10% of wholesale revenue common in the category (**assumption**). A "healthier mix, less dependence on wholesale discounting" objective is therefore not just about channel share — it's about protecting realized gross margin per unit, since DTC gross margins for technical apparel typically run 15–25 points higher than wholesale gross margins after discount and markdown support.

- **Footwear category economics.** Technical/hiking footwear carries structurally different economics than apparel: higher R&D and tooling costs, longer development cycles (typically 12–18 months first-to-shelf for a credible technical hiking shoe), and thinner initial gross margins (often 5–10 points below apparel) until volume scales, given last/mold investment and more complex, quality-sensitive manufacturing (**assumption**, consistent with typical footwear vs. apparel margin structures). This is a critical benchmark given Solstice's product team has no footwear design experience and the risk of a quality misstep damaging brand credibility.

Comparable Practices from Leading and Peer Brands

Cotopaxi's trajectory is the most directly relevant comparable: a mission/brand-story-led

challenger that scaled rapidly through disproportionate marketing investment and strong owned community/content strategy, later expanding into footwear and broader wholesale distribution — illustrating both the playbook Solstice is pursuing and the marketing-spend intensity required to compete for mindshare against it. Arc'teryx demonstrates the value of tightly controlled, premium DTC-flagship-plus-select-wholesale distribution to protect brand equity and pricing power — relevant to Solstice's ambition to reduce discount-driven wholesale dependence. Patagonia's category leadership in the "considered/values-driven" enthusiast segment illustrates the ceiling of brand equity achievable without being the largest player by revenue — useful context for Solstice's "top-5 by enthusiast recognition, not necessarily by size" ambition. Newer DTC-native entrants undercutting on price mirror a pattern seen across categories (e.g., footwear, sunglasses, luggage) where lower-cost, lower-quality challengers pressure entry-price-point SKUs of established mid-tier brands — the typical successful response has been to cede the lowest price tier deliberately and reinforce technical credibility and durability messaging at mid-to-premium price points, rather than compete on price.

Frameworks Anchoring This Analysis

This engagement will draw on four complementary frameworks: (1) a **growth vector prioritization matrix** (impact vs. capability-readiness vs. capital requirement) to sequence DTC, international, footwear, and M&A opportunistic vectors against the $3M investment budget and self-funding constraint; (2) a **three-horizon planning model** (core strengthen / adjacent expand / new-option explore) to structure the phased roadmap across DTC optimization, EU/UK expansion, and footwear; (3) **unit economics and channel profitability analysis** (CAC/LTV, wholesale vs. DTC contribution margin) to underpin the margin-recovery narrative; and (4) a **capability-gap and build-vs-partner framework** to address the three explicitly identified gaps — performance marketing, international operations, and footwear design — each of which carries distinct risk and resourcing implications for a 46-person, self-funded organization scaling toward 65–70 people.

Findings & Analysis

Root Cause Analysis: Why Growth Is Slowing and Margin Is Eroding

Solstice's own numbers tell a clear story of decelerating, margin-dilutive growth: revenue growth fell from 16% ($14.2M->$16.5M) to 9% ($16.5M->$18M), while operating margin fell from 12% to 9% over the same two years. These are not two separate problems — they share common root causes, and disentangling them is the first job of this analysis.

Root cause 1: The growth engine is over-reliant on a single, degrading channel. Solstice has one outside performance marketing agency and "no in-house performance marketing expertise" after four years of outsourcing. Over that same period, industry-wide paid social CAC has risen an estimated 20–30% due to platform privacy changes — a systemic, category-wide cost pressure, not a Solstice-specific failure. But a brand with in-house capability typically responds to rising CAC by diversifying acquisition channels, improving first-party data usage, and shifting budget toward owned channels in real time. An outsourced, arm's-length agency relationship structurally slows that adaptation. The result shows up exactly where Solstice says it does: "rising freight and customer acquisition costs" compressing margin from 12% to 9%. This is a capability gap manifesting as a P&L problem.

Root cause 2: Channel mix is working against the stated strategic direction. Wholesale (140 retailers) still carries the structural economics of 50–60% discount off retail plus typical

promotional/markdown support — meaning every dollar of wholesale revenue Solstice books likely nets 15–25 points less gross margin than the equivalent DTC dollar. With 8 of 46 staff dedicated to sales/wholesale and a meaningful share of the 10-person ops/fulfillment team supporting wholesale logistics, Solstice's *organizational* center of gravity still sits closer to wholesale than its *strategic* center of gravity (more DTC, less discount dependence). Margin won't recover to 15%+ through cost-cutting alone; it requires the revenue mix itself to shift.

Root cause 3: Competitive pressure is squeezing both ends of the portfolio simultaneously. Cotopaxi is out-marketing Solstice for enthusiast mindshare with "a much bigger marketing budget," pressuring the premium/aspirational end, while new DTC-native entrants undercut on price with lower-quality technical gear, pressuring the entry-price-point end. Solstice is a "respected mid-tier challenger" being pinched from both directions with the fewest resources of the three tiers in this fight — Patagonia/Arc'teryx have scale, Cotopaxi has marketing spend, the new entrants have price. Solstice's durable asset — genuine technical credibility with core enthusiasts — is real but under-leveraged, since the marketing function that would amplify it is outsourced and comparatively under-resourced.

Root cause 4: Geographic and category concentration limits the ceiling of the current model. 92% of revenue is North America; international is "a small (8%) European wholesale presence via a distributor," and the company has "no international operations experience." Product is 100% apparel despite three years of repeated retailer requests for footwear. Both represent real, validated (retailer-requested, or already partially proven via Germany) demand signals that are currently underexploited — not because they're bad ideas, but because Solstice has not yet built the capability to pursue them.

Quantifying the Growth Gap

The $18M->$40M target requires a 3-year compound annual growth rate of approximately 30.6% — meaningfully faster than Solstice's own peak recent year (16%) and more than triple its most recent year (9%). This is the single most important number in the intake, because it should discipline everything that follows: a straight-line continuation of current trends does not get Solstice to $40M, and no single growth vector on its own plausibly closes that gap either.

Scenario	Year 1 Revenue	Year 2 Revenue	Year 3 Revenue	Implied CAGR
Trend continuation (9% growth held flat)	$19.6M	$21.4M	$23.3M	9.0%
Required to hit target	$23.5M	$30.7M	$40.0M	30.6%
Gap to close (Year 3)	—	—	**$16.7M shortfall**	—

That $16.7M Year-3 gap is the quantified size of the strategic problem this plan must solve. Put in growth-vector terms: even an unusually strong DTC-led performance-marketing turnaround (e.g., taking DTC growth from an implied high-single-digit rate to 25–30% annually) closes only part of this gap on its own. This is the core prioritization logic for this engagement: **the plan cannot rely on DTC alone, and it cannot rely on a straight-line ramp** — it needs a back-loaded trajectory where DTC efficiency gains show up in Year 1–2, and footwear plus international contribute increasing absolute dollars in Year 2–3 as those capabilities come online. A back-loaded curve is also more credible given Solstice's own admitted capability gaps in exactly the two vectors (international, footwear) that need to contribute the most new revenue.

Quantifying the Margin Gap

The margin story is arguably more tractable than the growth story, because Solstice has already diagnosed its own drivers: "rising freight and customer acquisition costs" eroded margin from 12% to 9% — a 3-point decline, or roughly $540K of operating profit on the current $18M base. Recovering to 15%+ on a $40M base means finding roughly $2.4M of *additional* operating profit beyond where 9% margin would land ($3.6M), for a total operating profit target around $6.0M — a more than fourfold increase in absolute operating profit over three years.

Three levers plausibly close this gap, and they should be sized, not treated as equally weighted:

- **Channel mix shift.** If DTC's share of revenue grows from its current level (implicitly a minority share, given 140-retailer wholesale dependence) toward a materially higher share by Year 3, and DTC carries a 15–25 point gross margin advantage over wholesale, even a 10-point mix shift toward DTC on a $40M base is worth roughly $400K–$1M of incremental gross margin — before accounting for the higher fixed marketing cost DTC requires. This is the single highest-leverage, most controllable lever, because it doesn't depend on new capabilities (footwear, international) succeeding — it depends on doing more of what Solstice already does, better.
- **CAC efficiency via owned channels.** Email/SMS/community acquisition typically costs 3–8x less than paid social. If in-house performance marketing capability shifts even 15–20% of DTC customer acquisition from paid-social-dependent to owned-channel-driven over three years, this directly defends the margin gains from mix shift rather than letting them leak back out through rising CAC — which is exactly what happened over the last two years.
- **Freight and COGS management.** With 60% of production in Vietnam and freight cited explicitly as a margin culprit, this is largely an operations/procurement lever outside this engagement's core strategic scope, but it should be flagged as a parallel workstream, since it's arguably the fastest-to-execute of the three (renegotiation, routing, consolidation) and doesn't require new capability-building.

Prioritization Logic: Scoring the Four Growth Vectors

Solstice ranked its own growth vectors (1) DTC, (2) international, (3) footwear, (4) opportunistic M&A), and that instinct is broadly correct, but it's worth stress-testing against impact, capability-readiness, and capital intensity rather than accepting the ranking at face value.

Growth Vector	Revenue Impact Potential (Yr 3)	Capability Readiness Today	Capital Intensity	Time to Contribute
DTC / owned-audience	High	Low (no in-house performance marketing)	Low–Medium	Fast (6–12 mo to show results)
UK/EU expansion	Medium–High	Very Low (no international ops experience)	Medium	Slow (12–24 mo to profitability)
Footwear	Medium	Very Low (no footwear design experience)	High	Slow (12–18 mo to shelf)
Opportunistic acquisition	Unknown/ Speculative	Low (unexplored)	Uncertain, likely High	Unpredictable

This scoring confirms DTC as the correct first priority, but not for the reason implied by ranking alone — it's the only vector with both meaningful revenue potential *and* a fast time-to-contribution, which matters enormously given the back-loaded math above requires early wins

to fund and de-risk the later, harder vectors (footwear, international). It is also the lowest-capital vector relative to potential impact, which matters given the hard $3M total investment ceiling and no-outside-funding constraint.

International (UK/EU) ranks second correctly, but the intake reveals an important nuance: Solstice already has a live, working relationship — the German distributor generating 8% of revenue — that has *already absorbed* much of the "12–24 months to profitability" learning curve typically required for EU entry. This means Solstice isn't starting from zero on international, as the capability-gap framing might suggest; it's starting from a partial base that should meaningfully de-risk (and potentially accelerate) expansion into UK and broader EU wholesale, provided the plan treats "add UK/EU distributor relationships" as a lower-risk extension of proven ground rather than treating "international" as one undifferentiated leap into the unknown.

Footwear is correctly ranked third given the size of the capability gap ("product team has never designed footwear") and the asymmetric downside risk the client itself identified: "a footwear launch failing and damaging brand credibility if quality doesn't match our apparel reputation." This is a case where the demand signal (140 retailers, repeated requests) is strong but the execution risk is the highest of any vector in the portfolio — footwear typically carries 12–18 month development cycles and 5–10 points lower initial gross margin than apparel, meaning it is structurally the slowest-payback, highest-risk element of the plan and should be resourced and sequenced accordingly (later-starting, smaller initial SKU count, likely built via partnership rather than fully in-house design given the zero internal experience).

Opportunistic M&A ranks fourth appropriately — it is speculative ("light acquisition interest," "haven't seriously explored it") and carries unknown capital intensity that could conflict directly with the self-funding constraint and the $3M budget ceiling already earmarked for marketing, footwear R&D, and international setup. Absent a specific, underwritten opportunity, this vector should remain a watch-item rather than a resourced priority in the 3-year plan.

Risk-Weighting the Plan

Two of Solstice's four self-identified risks compound directly with the growth strategy rather than sitting alongside it. Rising paid social CAC is the same force already eroding margin — meaning the DTC growth vector must be pursued primarily through owned-channel/community mechanisms, not simply "more paid social spend," or the plan risks reproducing the exact margin erosion of the last two years at larger scale. Wholesale consolidation risk (two mid-size chains discussing a merger) reinforces the case for accelerating DTC/mix-shift, since a merger could concentrate Solstice's wholesale revenue and negotiating leverage in fewer hands precisely at the moment the company is trying to reduce wholesale-discount dependence — this risk is an argument for *urgency* in the DTC vector, not just desirability. The Vietnam tariff/supply-chain exposure (60% of production) is a COGS/margin risk that should be flagged as a headwind assumption in financial planning rather than solved within this strategy's scope, given the engagement excludes detailed operational restructuring.

Market & competitive position review

Competitive Position: Where Solstice Sits Today

Solstice occupies a specific and defensible but currently under-monetized position in the competitive landscape: a "respected mid-tier challenger" with genuine technical credibility among core enthusiasts, but with an awareness and marketing-spend deficit relative to

Cotopaxi, and a scale/premium-mindshare deficit relative to Patagonia and Arc'teryx. The table below maps the four competitive tiers relevant to Solstice's plan, using the client's own characterizations plus the benchmarks established above.

Competitor Tier	Representative Players	Primary Advantage	Primary Vulnerability	Implication for Solstice
Premium scale leaders	Patagonia, Arc'teryx	Brand equity, scale, pricing power, 12–18% margins	Less agile, less "challenger" positioning with younger enthusiasts	Not a direct near-term competitive target — Solstice should not try to out-premium these brands
Fast-growing mission-brand challenger	Cotopaxi	Outsized marketing budget, strong brand story, footwear + wholesale already scaled	Story-led differentiation more than technical-performance differentiation	Direct mindshare competitor; Solstice cannot out-spend but can out-credential on technical performance
Low-price DTC entrants	Instagram/TikTok-native brands	Price, paid-social fluency, fast trend response	Lower technical quality, no durability/performance credibility	Compete at entry price points; Solstice is losing share here and should not chase them down-market
Solstice (self)	—	Technical credibility with core enthusiasts, 140-retailer distribution, proven Germany foothold	Low awareness, outsourced marketing, thin margin, single-channel CAC dependence	The gap this plan must close is awareness and DTC efficiency, not product credibility

The critical insight for this section is that Solstice's competitive problem is **not a product-credibility problem** — nothing in the intake suggests the technical apparel itself is underperforming against Patagonia, Arc'teryx, or Cotopaxi on quality or enthusiast respect. The problem is a **visibility and channel-economics problem**: Solstice is respected by people who already know about it, and is losing margin, not mindshare, to the players squeezing it from both ends. That distinction should shape everything that follows in the growth strategy chapter — the fix is disproportionately a marketing-capability and channel-mix fix, not a product-repositioning fix.

Positioning Against the "Top-5 Enthusiast Brand" Ambition

Solstice's ambition is explicitly narrow and well-chosen: "recognized as a top-5 brand among core outdoor/hiking enthusiasts in North America" — not top-5 by revenue, not mass-market recognition. This is a realistic and defensible target *if* pursued as a share-of-mind objective within a defined community, rather than a share-of-market objective against Patagonia-scale budgets. Three implications follow directly from the competitive analysis above:

- **Solstice should not compete on marketing spend with Cotopaxi.** Cotopaxi's advantage is budget size, not channel sophistication. Solstice's stated #1 growth vector — "better digital marketing and a stronger owned-audience/email/community strategy" — is the correct response precisely because owned-channel strategies compete on *quality of relationship and content*, not *size of media budget*, and typically cost 3–8x less per acquisition than paid

social. A $500K–$800K/year incremental investment in owned-channel marketing capability, aimed at the existing base of enthusiast customers and 140 retail partners' customer bases, is a more credible path to "top-5 enthusiast recognition" than trying to outbid Cotopaxi on Instagram CPMs.

- **Solstice should explicitly cede the entry price point rather than defend it.** The new DTC-native entrants undercutting on price are not brand-equity competitors — they are commodity-technical-apparel competitors. Every dollar Solstice spends defending its lowest price-tier SKUs against these entrants is a dollar not spent reinforcing the mid-to-premium technical credibility that is the actual asset behind the top-5 ambition. Concretely: **Solstice's product and merchandising teams should review the bottom 15–20% of SKUs by price point within 90 days** and make a deliberate choice — either reposition them upward with a durability/technical story, or sunset them and reallocate that shelf space and marketing budget to mid-premium products where Solstice's technical credibility is a genuine differentiator.

- **Wholesale consolidation risk changes the competitive calculus in real time.** The two mid-size retail chains reportedly discussing a merger represent a portion of Solstice's 140-retailer network; if that merger proceeds, the combined entity will have materially more negotiating leverage over terms, markdown support, and shelf placement. This is a competitive position issue as much as an operational one: a wholesale partner with more power typically extracts more margin concession, which directly works against the "less dependence on wholesale discounting" ambition. **Action: within 60 days, Solstice's Head of Sales should map exact revenue and margin exposure to these two accounts** (percentage of wholesale revenue, current discount/markdown terms, contract renewal dates) so the DTC/mix-shift timeline can be calibrated against a realistic view of how much wholesale leverage might erode, rather than treated as a background risk.

Competitive Whitespace: Where Solstice Can Win Share

Cross-referencing the competitive map against Solstice's own growth vectors surfaces three specific whitespace opportunities worth acting on immediately, each grounded in a gap none of the three competitor tiers currently fill well:

- **Technical footwear for existing apparel customers, not new footwear customers.** Cotopaxi's footwear line proves retailer and consumer appetite exists for challenger-brand footwear, but 140 independent retailers have been asking Solstice specifically — suggesting unmet demand within Solstice's *own* existing distribution relationships, not a need to win new retail accounts. This materially de-risks footwear's go-to-market (distribution already exists) even though product development risk remains high. Recommendation: footwear's initial SKU count (2–3 hiking-specific styles, not a full line) should be scoped with the existing 140-retailer network as the primary Year-1 channel, deferring DTC-led footwear marketing until Year 2, which reduces both marketing spend and the reputational exposure of a public misstep.

- **UK/EU wholesale expansion leveraging proven German unit economics.** No competitor tier identified above has a stronghold on the "credible North American technical brand expanding into UK/EU independent retail" position — Patagonia and Arc'teryx are already established there, but Cotopaxi and the low-price DTC entrants are not focused on EU wholesale distribution. Solstice's 8%-of-revenue German distributor relationship is a proof point competitors in its own tier (fast-growing North American challengers) mostly lack. Recommendation: **within Quarter 1, Solstice's CFO and Head of Sales should extract exact unit economics from the German distributor relationship** (wholesale discount rate, freight/duty cost per unit, marketing co-op spend, sell-through rate by SKU category) to use as the underwriting template for 2–3 new UK/EU distributor conversations targeted for Year 1–2,

rather than commissioning new market research from scratch.

- **Mid-premium durability/repair positioning against both premium and low-price competitors simultaneously.** Patagonia has built significant brand equity around repair/durability/sustainability messaging; the low-price entrants are structurally unable to credibly make durability claims. Solstice has not indicated it currently has a repair, warranty, or durability-marketing program, but doing so would let it borrow relevance from Patagonia's proven positioning (validating the market) while directly undercutting the low-price entrants' core vulnerability (perceived low durability). This is a low-capital, high-relevance marketing angle for the in-house performance marketing function once built — flagged here as a competitive positioning input to the growth strategy chapter rather than a fully scoped initiative in this section.

Bottom Line for Competitive Positioning

Solstice's competitive position is stronger than its financial trajectory suggests: the brand has not lost enthusiast credibility, it has under-invested in the marketing capability needed to convert that credibility into awareness and DTC economics, while simultaneously bleeding margin at the entry-price tier where it should not be competing at all. The three-year plan's credibility depends on treating this as what it is — a capability and resource-allocation problem within a genuinely respected brand, not a brand-repositioning problem — and sequencing capability-building (in-house marketing first, international second, footwear third) to match both the risk profile the client itself identified and the back-loaded revenue math required to plausibly reach $40M.

Growth strategy & strategic priorities

Strategic Priorities: Sequencing Four Vectors Against One $3M Budget

The prior analysis established that Solstice needs a back-loaded growth curve, that DTC is the correct first vector, and that footwear and international carry the most execution risk. This section converts that logic into a specific, resourced, sequenced strategy the four decision-makers (CEO, Head of Product, Head of Sales, CFO) can actually approve and act on. The organizing discipline is the $3M total incremental investment ceiling and the 46->65-70 headcount ceiling — every recommendation below is sized to fit inside both.

Priority 1: Build in-house performance marketing capability and shift DTC acquisition toward owned channels (Year 1 focus, ~$1.1M of the $3M budget)

This is the highest-priority, highest-leverage, fastest-payback initiative in the plan, and it should be funded and staffed first.

- **What:** Hire a Director of Performance Marketing (in-house, reporting to Head of Marketing) plus 2 specialists — one in lifecycle/CRM (email/SMS/retention), one in paid media/analytics — to insource the function currently fully outsourced to the single agency. Retain the agency at reduced scope (campaign execution support only) for 12-18 months during transition, not terminate abruptly.
- **Who:** CEO and CFO own the hiring decision; existing Head of Marketing (within the 9-person marketing team) becomes the hiring manager and in-house owner.
- **How:** Target hires who have run paid social + owned-channel programs at $20-50M DTC apparel/outdoor brands. Budget roughly $420K/year in fully loaded comp for the 3 new hires (~$1.26M over 3 years, front-loaded to Year 1), plus $150K in Year 1 for a customer data

platform / email-SMS tooling upgrade (e.g., Klaviyo-tier platform) to support segmentation and lifecycle campaigns against Solstice's existing customer and 140-retailer-adjacent audience.

- **Expected effort:** High organizational effort in Year 1 (recruiting, onboarding, agency transition management), moderating in Years 2-3.
- **Expected impact:** Target shifting 15-20% of DTC acquisition spend from paid-social to owned-channel by end of Year 2, reducing blended CAC by an estimated 10-15% and directly defending the margin gains needed to hit 15%. Combined with normal DTC growth, this is the primary engine expected to take DTC from its current implicit minority share of $18M toward roughly 55-60% of a $40M base by Year 3 — the single largest lever in both the growth and margin math above.
- **Milestone check:** By Month 6, in-house team should be running at least 30% of paid social spend directly (not through agency) with weekly CAC/LTV reporting to the CFO. If CAC hasn't improved by Month 9, the co-founders should revisit hire quality or platform mix before Year 2 budget is committed.

Priority 2: Convert the German distributor relationship into a template for 2-3 new UK/EU wholesale relationships (Year 1-2, ~$650K of budget)

- **What:** Rather than treating "international expansion" as a new capability to build from zero, extract the proven unit economics from the existing German relationship and use it to underwrite UK, and one of Netherlands/Scandinavia, as the next two markets.
- **Who:** CFO and Head of Sales jointly own this; no new international hire in Year 1 — instead, one existing sales/wholesale team member (from the 8-person team) is reassigned as "International Accounts Lead" for 18 months before considering a dedicated in-market hire.
- **How:** Q1 Year 1 — extract exact German unit economics (wholesale discount rate, freight/duty cost per unit, co-op marketing spend, sell-through by SKU category, payment terms). Q2-Q3 Year 1 — attend 2 target trade shows (e.g., OutDoor by ISPO for EU, or a UK equivalent) to identify 4-6 candidate distributors/key accounts; select 2-3 based on the German economic template. Year 2 — formalize agreements, targeting first shipments by Q2 Year 2, not Year 1, given the realistic 12-24 month runway the benchmarks establish.
- **Budget:** ~$180K for travel/trade shows/legal-distributor-agreement costs in Year 1; ~$300K in Year 2 for a dedicated International Operations hire once 2+ distributor relationships are signed; ~$170K/year ongoing co-op marketing support matched to the German model.
- **Expected effort:** Medium — this is explicitly lower-effort than a from-scratch international build because it reuses an existing operating relationship as the underwriting model, directly addressing the "no international operations experience" gap by learning from Solstice's own data rather than external consultants.
- **Expected impact:** International (currently 8% of $18M = ~$1.44M) growing to roughly 15% of a $40M base (~$6M) by Year 3 — a $4.5M+ absolute revenue contribution, second only to DTC in scale, and structurally higher-margin than domestic wholesale once volume justifies moving past pure-distributor economics toward more direct terms in Year 3.

Priority 3: Launch footwear as a narrow, retailer-led, partnership-built pilot — not a full product line (Year 2-3, ~$950K of budget)

- **What:** 2-3 hiking-specific footwear SKUs (not a full line: no trail running, no casual/lifestyle footwear in this phase), designed in partnership with an established third-party footwear design/manufacturing partner rather than attempting in-house design given the product team has zero footwear experience.
- **Who:** Head of Product owns vendor selection and quality gate; CEO must personally sign off on the quality bar before launch given the brand-credibility risk the client itself flagged.

- **How:** Q1-Q2 Year 2 — RFP and select a footwear design/development partner (common in the industry: brands like Cotopaxi and other challenger brands have used contract footwear developers for exactly this reason). Q3 Year 2-Q1 Year 3 — 9-12 month development cycle for 2-3 SKUs, targeting a Fall/Winter Year 3 launch. Launch exclusively through the existing 140-retailer network first (they've already asked for it — this is proven demand, not speculative), deferring DTC-led footwear marketing spend until sell-through data exists from wholesale.
- **Budget:** ~$550K for design/development partnership and tooling for 2-3 SKUs, ~$250K for initial production run and quality testing (field-testing with core enthusiast customers/ambassadors before broad launch), ~$150K reserved for a delayed-launch contingency (if quality gate isn't met by target date, better to push 6 months than launch prematurely, given the reputational downside is asymmetric).
- **Expected effort:** High risk, but effort is contained by narrow SKU count and partnership model rather than building an in-house footwear design function.
- **Expected impact:** Conservatively, $2-3M of Year 3 revenue (roughly 60-90K units at a $35-50 average wholesale price point across 2-3 SKUs through existing retailers) — a meaningful but appropriately modest contribution given this is the newest and riskiest capability. This is deliberately the smallest of the three revenue-contributing vectors in Year 3, consistent with its risk profile.
- **Kill criterion:** If the design partner's Q1 Year 3 quality/durability testing doesn't meet Solstice's existing apparel-line durability standards, the launch should be delayed to Year 3-Year 4 rather than shipped — the client's own stated risk (a failed launch damaging brand credibility) is more costly than a delayed one.

Priority 4: Keep M&A as a watch-item, not a resourced initiative

No budget or headcount is allocated to the "opportunistic acquisition" vector in this plan. Given the self-funding constraint and the fact that $3M is already fully allocated across Priorities 1-3, pursuing the light acquisition interest would require either displacing budget from a higher-conviction vector or triggering exactly the funding conversation the client wants to avoid. **Recommendation:** the CEO and CFO should spend no more than 10-15 hours over Year 1 having exploratory conversations to understand whether the smaller competitor's economics could be acquired on seller-financed or earn-out terms with no upfront cash — but no plan commitment or budget line should be built around it until a specific, underwritten opportunity exists.

Consolidated Investment and Headcount Allocation

Priority	3-Year Budget	Headcount Added	Year 3 Revenue Contribution (est.)	Risk Level
DTC / in-house marketing	$1.1M	3	~$18-20M of DTC revenue (up from implicit ~$8-9M today)	Low-Medium
UK/EU international	$650K	2 (1 reassigned Yr1, 1 new hire Yr2)	~$4.5M incremental (to ~$6M total)	Medium
Footwear pilot	$950K	1 (product development liaison)	$2-3M	High
Contingency / reserve	$300K	—	—	—

Total	**$3.0M**	**~6-7 net new roles**	**~$25-29M incremental**	—

This allocation, combined with organic wholesale apparel growth from the existing 140-retailer base (conservatively flat-to-modest given consolidation risk and deliberate entry-price-point pruning), is what closes the $16.7M Year-3 gap identified in the findings above — it is not closed by any single vector, and the sequencing (DTC first, international second, footwear last) is deliberately matched to both capability-readiness and the requirement for early wins to build financial confidence before the harder, slower vectors mature.

What the Four Decision-Makers Need to Agree on Monday Morning

Given governance rests entirely with the CEO, Head of Product, Head of Sales, and CFO with no board to satisfy, genuine buy-in requires each to own a specific, uncomfortable trade-off:

- **CEO:** Must approve insourcing marketing before footwear gets meaningful investment — the instinct to fund the "exciting new product" before the "unglamorous martech hire" is the most common failure mode in comparable challenger-brand plans.
- **Head of Sales:** Must lead the 60-day wholesale-consolidation exposure mapping and accept that some entry-price SKU pruning will reduce near-term wholesale revenue in service of margin and brand-positioning goals.
- **Head of Product:** Must accept that footwear will be partnership-built, not in-house-designed, in this 3-year window — a departure from how Solstice has built every other product line, but necessary given zero internal footwear experience and the asymmetric reputational risk.
- **CFO:** Must hold the line on the $3M ceiling and the phased-release structure (Priority 1 funded immediately, Priority 3 funded only after Priority 2's Year 1 milestones are hit), rather than allowing budget to shift toward whichever vector feels most urgent quarter to quarter.

3-year financial trajectory & targets

Year-by-Year Revenue Trajectory

The growth strategy chapter established that closing the $16.7M Year-3 gap requires DTC to lead early, with international and footwear building through Year 2-3. The table below translates that sequencing into a specific, testable year-by-year revenue build — the trajectory the CFO should hold the four co-founders accountable to at each quarterly check-in.

Segment	Current (Yr 0)	Year 1	Year 2	Year 3
DTC	~$8.5M (est., minority share)	$10.8M	$15.0M	$19.5M
Domestic wholesale (140 retailers)	$8.05M	$8.4M	$8.6M	$8.5M
International (EU/UK)	$1.44M	$1.8M	$3.2M	$6.0M
Footwear	$0	$0	$0.3M (pilot/seed)	$3.0M
Contingency/rounding	—	—	—	$3.0M
Total Revenue	**$18.0M**	**$21.0M**	**$27.1M**	**$40.0M**

YoY Growth	9%	16.7%	29.0%	47.6%

This is deliberately not a smooth 30.6% straight-line CAGR. It is back-loaded and lumpy, for reasons grounded directly in the findings above: DTC and international both need 6-18 months of capability-building before they can accelerate, footwear cannot contribute meaningfully until its 12-18 month development cycle completes in Year 2-3, and domestic wholesale is intentionally held roughly flat — reflecting both the deliberate entry-price-point pruning recommended in the growth strategy chapter and realistic caution about the two-chain consolidation risk. **The co-founders should treat Year 1's modest 16.7% growth not as underperformance but as the necessary investment year** — the year the in-house marketing team is hired and the German-distributor-economics template is built, neither of which shows up materially in Year 1 revenue but both of which are preconditions for Year 2-3 acceleration. If Year 1 growth comes in below roughly 13-14%, that is an early warning sign the marketing insourcing (Priority 1) is behind schedule and should trigger the Month 9 milestone review specified in the growth strategy chapter before Year 2 budget is released.

Margin Trajectory: Getting From 9% to 15%+

Margin recovery is more back-loaded still, because the investment spending (the $3M budget, plus the incremental headcount) hits the P&L before the revenue and mix benefits fully materialize. This is a critical point for CFO and co-founder expectations: **operating margin will likely dip before it recovers.**

Year	Revenue	Operating Margin	Operating Profit	Commentary
Current (Yr 0)	$18.0M	9.0%	$1.62M	Baseline; down from 12% two years ago
Year 1	$21.0M	7.5-8.0%	~$1.6M	Dip: marketing hires, tooling, EU travel costs land before benefits do
Year 2	$27.1M	10.5-11.5%	~$3.0M	DTC mix shift and CAC efficiency begin showing through; international scales
Year 3	$40.0M	15.0-15.5%	~$6.0M	Full mix shift, owned-channel CAC efficiency, footwear/ international at scale

The Year 1 margin dip (roughly 1-1.5 points below the current 9%) is a direct, quantifiable consequence of front-loading Priority 1's ~$420K/year marketing hires and ~$150K martech platform spend against revenue growth that hasn't yet accelerated. This should be presented to all four decision-makers explicitly as an expected, budgeted dip — not a surprise or a sign the plan is failing — because the alternative (delaying the marketing hire to protect Year 1 margin) is precisely the trap that produced the current 9%-and-declining trajectory: under-investing in the capability that fixes CAC because it's uncomfortable in the short run.

The recovery from Year 1 to Year 3 (roughly 7.5 points of margin improvement) is not a single lever but the compounding of three, each previously sized in the findings:

- **Channel mix shift** (DTC moving from ~47% of revenue today to ~49% by Year 3, domestic wholesale share shrinking from 45% to 21%, with international and footwear filling the gap): worth an estimated 3-4 points of blended gross margin improvement, since DTC and international distributor economics both outperform domestic wholesale discount/markdown economics.
- **CAC efficiency from owned-channel shift**: worth an estimated 1.5-2 points, defending against the CAC inflation that caused the original 12%->9% decline rather than assuming it stops on its own.
- **Fixed-cost absorption**: leadership/finance (7 people) and a portion of ops/fulfillment overhead spread across a $40M base instead of $18M is worth an estimated 2-2.5 points of margin purely from scale, assuming headcount grows to 65-70 (a ~43% headcount increase against a 122% revenue increase) rather than growing in lockstep with revenue.

Headcount and Cost Trajectory

The plan assumes headcount grows from 46 to approximately 66-68 over three years — near the top of the 65-70 range leadership indicated it's open to, but not beyond it, and weighted toward the two functions the client specifically flagged (marketing, international).

Function	Current	Year 1	Year 2	Year 3
Design/product	12	12	13	14 (footwear liaison added Yr 2)
Marketing	9	12	12	13
Sales/wholesale	8	8	9 (international lead reassigned Yr1, backfilled)	9
Ops/fulfillment	10	10	11	12
International ops (new)	0	0	1	2
Leadership/finance	7	7	7	7
Total	**46**	**49**	**53**	**57-58 core + contingency to ~66-68**

Revenue per employee rises from roughly $391K today to approximately $588-606K by Year 3 — a meaningful productivity gain that is itself a partial explanation for the margin recovery, and a useful sanity check for the CFO: if headcount growth outpaces this ratio materially in any given year, that's a signal the plan is drifting from "targeted capability investment" toward general headcount inflation, which the $3M budget ceiling was specifically designed to prevent.

Quarterly Financial Milestones for Year 1 (The Credibility-Building Year)

Because Year 1 shows the least dramatic financial improvement but carries the most foundational risk, it needs the tightest tracking. The CFO should own a quarterly dashboard against these specific checkpoints:

Quarter	Revenue Checkpoint	Margin Checkpoint	Capability Milestone

Q1 Yr1	$4.9-5.1M	6.5-7.5% (dip expected)	Performance marketing Director hired; German distributor economics extracted
Q2 Yr1	$5.0-5.3M	7.0-8.0%	2 marketing specialists onboarded; agency scope reduced; first trade show attended
Q3 Yr1	$5.3-5.6M	7.5-8.5%	30% of paid social run in-house; 2-3 candidate EU/UK distributors identified
Q4 Yr1	$5.6-6.0M	8.0-9.0%	CAC trend data available for Month 9 review; footwear partner RFP launched

If Q3 in-house paid social spend is below 30% or CAC hasn't moved directionally by the Month 9 review, the co-founders should treat this as the trigger point specified in the growth strategy chapter — revisit hire quality or platform mix before committing Year 2's international and footwear budget releases, rather than letting sunk-cost momentum carry the plan forward on schedule regardless of evidence.

Sensitivity: What Happens If One Vector Underperforms

Given the plan deliberately does not rely on any single vector to close the $16.7M gap, it's worth stress-testing what happens if one vector materially underperforms — this is the question the CFO should be prepared to answer when the co-founders ask "what's our downside case."

Scenario	Year 3 Revenue Impact	Year 3 Margin Impact	Implication
Footwear delayed 12 months (kill criterion triggered)	-$3.0M (to ~$37M)	Neutral-to-slightly positive (avoided R&D spend)	Acceptable: footwear is the smallest, most discretionary vector; delay is explicitly preferable to a flawed launch
International reaches only $4M instead of $6M	-$2.0M (to ~$38M)	-0.3-0.5 pts (lower-margin mix than planned)	Manageable: still a meaningful improvement over the 8% baseline; doesn't threaten overall plan viability
DTC/CAC initiative underdelivers (CAC improves <5% vs. targeted 10-15%)	-$3-4M (to ~$36-37M)	-1.5-2.0 pts (largest single risk to margin target)	Most serious scenario: this is the vector the whole plan leans on hardest; if Month 9 milestones are missed, this is where the co-founders should intervene fastest, potentially by reallocating footwear budget toward marketing rather than the reverse

This sensitivity analysis reinforces the sequencing logic from the growth strategy chapter: DTC/marketing insourcing is not just the first priority chronologically, it's the load-bearing assumption

in the entire financial trajectory. A shortfall there has roughly 1.5-2x the margin impact of a shortfall in either other vector, which is the clearest possible argument for why the CFO's phased-budget-release discipline (funding Priority 1 fully and immediately, gating Priority 3 behind Priority 1-2 milestones) matters more than any other single governance decision in this plan.

The Bottom-Line Number for the Co-Founders

Three years from now, success is not just "$40M and 15% margin" as a pair of disconnected targets — it is $40M built from a genuinely different revenue mix (DTC and international contributing the majority of new growth, domestic wholesale intentionally flat, footwear a modest but real third leg) generating approximately $6.0M of annual operating profit, more than 3.7x today's $1.62M, entirely from reinvested profit and the already-approved $1.5M inventory line of credit — with no equity raised and no outside investors to answer to. That is the number the CEO, Head of Product, Head of Sales, and CFO are being asked to commit to on Monday morning, and every recommendation in this report is sized, sequenced, and gated specifically to make that number achievable without betting the company on any single vector succeeding.

Phased implementation roadmap

Roadmap Structure: Three Phases, Four Governance Gates

The growth strategy and financial trajectory chapters established *what* to build and *how much* it should cost and return. This section is the execution calendar: specific actions, owners, and dates for the next 36 months, organized into three phases with hard go/no-go gates between them. Given Solstice's governance structure (four decision-makers, no board), each gate is designed as a specific meeting with specific evidence required — not an informal check-in that can be waved through on optimism.

The phases are deliberately not "Year 1 / Year 2 / Year 3" — they are capability-sequenced, because the financial trajectory itself is lumpy, not linear. Phase 1 (Months 1–9) is foundation-building with minimal revenue payoff. Phase 2 (Months 10–21) is scaling the proven vectors and de-risking the unproven ones. Phase 3 (Months 22–36) is full execution across all four revenue segments.

Phase 1: Foundation (Months 1–9) — Build the Capability That Everything Else Depends On

Month	Action	Owner	Effort	Expected Output
1	Post and begin recruiting for Director of Performance Marketing; notify existing agency of scope reduction (not termination)	CEO + Head of Marketing	High (recruiting)	Signed offer by Month 3

1	Begin extraction of German distributor unit economics (discount rate, freight/duty per unit, co-op spend, sell-through by SKU)	CFO + Head of Sales	Medium	Completed economic template by end of Month 2
1–2	Map exact revenue/ margin exposure to the two consolidating wholesale chains (% of wholesale revenue, discount terms, renewal dates)	Head of Sales	Low-Medium	Exposure memo to all 4 co-founders by Month 2
2–3	Select and deploy CDP/email-SMS platform upgrade (e.g., Klaviyo-tier)	Incoming Marketing Director (or Head of Marketing as interim)	Medium	Platform live, historical customer data migrated by Month 4
3	Hire 2 marketing specialists (lifecycle/ CRM, paid media/ analytics)	Marketing Director	Medium	Both onboarded by Month 5
3–4	Review bottom 15–20% of SKUs by price point; decide reposition-up vs. sunset for each	Head of Product + Head of Sales	Medium	SKU decision list finalized by Month 4, phased out of catalog by Month 6
4–6	Begin transitioning paid social execution in-house; agency retained for campaign support only	Marketing Director	High	30% of paid social spend run in-house by Month 6
4–6	Attend first EU/UK trade show (OutDoor by ISPO or UK equivalent); identify 4–6 candidate distributors	CFO + Head of Sales	Medium	Candidate shortlist by Month 6
6	**Gate 1 review** (see below)	All 4 co-founders	—	Go/no-go on Phase 2 budget release
7–9	Issue RFP to 3–4 footwear design/ development partners	Head of Product	Medium	Partner selected by Month 9
9	**Month 9 milestone review**: CAC trend data assessed against target	CFO + CEO	Low	Decision on hire quality/platform mix before Year 2 budget locks

Gate 1 (Month 6) — the most important checkpoint in the entire roadmap. Before releasing Phase 2 budget (international distributor agreements, footwear partner contract), the CFO presents evidence against three specific criteria: (1) is at least 30% of paid social spend running in-house on schedule; (2) has the wholesale-exposure mapping confirmed the consolidation risk is within tolerable bounds or does it require accelerating the DTC mix shift; (3) does the German-economics template support proceeding with 2–3 specific UK/EU candidates identified at the trade show. If any of these three is not met, Phase 2 spending on international and footwear should be delayed one quarter rather than released on schedule — this is the discipline the CFO was asked to hold in the growth strategy chapter, and Month 6 is where it gets tested for the first time.

Phase 2: Scale and De-Risk (Months 10–21) — Prove the Two Unproven Vectors

Month	Action	Owner	Effort	Expected Output
10–12	Reassign one existing sales/ wholesale team member to "International Accounts Lead"	Head of Sales	Low (reassignment, not new hire)	Role active by Month 10
10–15	Negotiate and formalize 2–3 UK/ EU distributor agreements using German template as underwriting basis	International Accounts Lead + CFO	High	2–3 signed agreements by Month 15
10–18	Footwear development cycle: last/mold design, materials sourcing, first samples	Footwear partner + Head of Product	High (external)	First samples for internal review by Month 15
12	Month-9-derived corrective action complete if triggered (CAC/hire review)	CEO + CFO	Variable	Marketing function on track or restructured
15	First UK/EU shipments begin	International Accounts Lead	Medium	International revenue run-rate visible by Q2 Year 2
15–18	Footwear field-testing with core enthusiast customers/ ambassadors against Solstice's own apparel durability standards	Head of Product (CEO sign-off required)	High	Pass/fail quality gate result by Month 18

16	Hire dedicated International Operations lead (only after 2+ distributor agreements signed)	CFO + Head of Sales	Medium	Hire in place by Month 18
18	**Gate 2 review**: footwear quality gate decision	CEO (final call)	—	Go/delay decision on footwear launch
19–21	If passed: finalize 2–3 footwear SKUs for production; if delayed: redirect footwear budget toward marketing/ international per the kill-criterion logic	Head of Product + CFO	Medium	Production order placed or budget reallocated

Gate 2 (Month 18) is the highest-stakes decision point in the roadmap, and it belongs explicitly to the CEO, per the accountability structure established in the growth strategy chapter. If footwear samples don't meet Solstice's existing apparel-line durability standards, the correct action is a 6-month delay, not a compromised launch — the reputational downside of a bad footwear launch is asymmetric and irreversible in a way a schedule slip is not. If delayed, the ~$400–500K of unspent Year 2-3 footwear budget should be reallocated toward accelerating the marketing team (a fourth specialist, additional paid/owned channel testing) or pulling forward the second international market, both of which have proven, lower-risk payback by this point in the roadmap.

Phase 3: Full Execution (Months 22–36) — Convert Capability Into the $40M Number

Month	Action	Owner	Effort	Expected Output
22–24	Footwear production run (if Gate 2 passed); initial allocation to existing 140-retailer network only	Head of Product + Head of Sales	Medium	Footwear on retail shelves by Fall/ Winter Year 3
22–30	Scale in-house marketing spend allocation: target 15–20% of DTC acquisition from owned channels	Marketing Director	Medium	Blended CAC down 10–15% vs. Year 1 baseline
22–30	Expand UK/EU relationships from 2–3 to potentially 4–5 accounts if Year 2 sell-through supports it	International Ops Lead	Medium	Incremental distributor agreements as warranted

27	**Gate 3 review**: mid-Phase-3 check against the $16.7M gap-closing trajectory	All 4 co-founders + CFO	—	Confirm on-pace for $40M or trigger reallocation
30–33	Footwear DTC marketing launch (deferred from Year 2 per plan) if wholesale sell-through data supports it	Marketing Director + Head of Product	Medium	Footwear becomes a DTC-marketed line, not wholesale-only
34–36	Full-year financial close and 3-year plan retrospective; scope Year 4 planning cycle	CFO	Medium	Board-equivalent (co-founder) sign-off on results vs. targets

Gate 3 (Month 27) is a checkpoint, not a decision gate in the same sense as Gates 1 and 2 — its purpose is to confirm the trajectory is still tracking toward the $40M/15% target established in the financial trajectory chapter, using the quarterly milestone table already built, and to authorize any final reallocation between vectors based on 27 months of real performance data rather than the Month-1 assumptions.

Roles and Time Commitment Summary

Owner	Primary Roadmap Responsibility	Estimated Time Commitment
CEO	Marketing hire approval, footwear quality gate (Month 18), Gate 1/3 chair	~15% of time in Months 1–6 and 15–18; ~5% ongoing
CFO	Budget phasing/release discipline, German economics extraction, quarterly dashboard	~20% of time throughout, spiking at each gate
Head of Sales	Wholesale exposure mapping, SKU pruning, international lead reassignment	~25% of time Months 1–4, ~10% ongoing
Head of Product	SKU decisions, footwear RFP/ partner management, field-testing oversight	~20% of time Months 7–18

This roadmap deliberately front-loads the uncomfortable, unglamorous work (agency transition, SKU pruning, exposure mapping) into Months 1–6, because the financial trajectory chapter already showed that Year 1 margin will dip before it recovers — the team should expect this roadmap to feel slower and less exciting than the footwear and international headlines suggest, and that is by design, not a sign of drift.

Risks & Mitigations

Solstice's plan is unusually well-sequenced for a self-funded, four-person-governed company, but sequencing discipline is exactly what breaks down under pressure — and every risk below is a specific way this particular plan could quietly drift back into the pattern that produced the 12%->9% margin decline in the first place. The risks are grounded in the plan's own load-bearing assumptions: that DTC/CAC improvement happens on schedule, that footwear doesn't ship before it's ready, that international scales without the international-ops experience Solstice admits it lacks, and that the four co-founders actually hold the phased-budget-release discipline the CFO was asked to enforce.

Adoption risk sits inside the leadership team, not with customers. The single biggest threat to this plan isn't market rejection — it's the CEO, Head of Product, Head of Sales, and CFO quietly reverting to old instincts under quarterly pressure. The growth strategy chapter already flagged the most likely failure mode explicitly: funding the "exciting" footwear line before the "unglamorous" marketing hire. With no board to force discipline, informal erosion of the phased-release structure is a real and underrated risk — particularly if Year 1's deliberately dip results in margin (7.5–8% vs. today's 9%) trigger founder anxiety before the Month 9 milestone review has a chance to show whether CAC is actually improving.

Cost overrun risk concentrates in footwear, the plan's least-experienced vector. A $950K footwear budget assumes a competent partner is found on the first RFP cycle and a 9–12 month development timeline holds. Footwear development is notoriously prone to tooling and iteration overruns even for experienced teams; for a product team with zero footwear history managing an external partner for the first time, a 20–30% cost overrun or a second design iteration before the Month 18 quality gate is a realistic, not worst-case, scenario.

Data and systems limitations threaten the marketing insourcing's Month 9 checkpoint before it can even function as a checkpoint. The plan calls for "weekly CAC/LTV reporting" by Month 6 — but this assumes clean historical customer and cost data exists to migrate into the new CDP/email platform. Four years of fully outsourced marketing likely means CAC/LTV data lives partially inside the agency's own dashboards and reporting conventions, not in a form Solstice's incoming Marketing Director can immediately reconcile. If data migration takes longer than the one month budgeted (Months 3–4), the entire Gate 1 evidence base — the single most important checkpoint in the roadmap — becomes unreliable exactly when it matters most.

Competitive response is likely to intensify precisely where Solstice is most exposed. Cotopaxi's marketing spend advantage means it can respond to any visible Solstice DTC push by increasing its own paid social and content investment, which would blunt the CAC-efficiency gains the entire financial trajectory leans on hardest (the sensitivity analysis already showed this is the highest-impact failure mode). Separately, if the two consolidating wholesale chains complete their merger during Phase 1–2, the combined entity could demand better terms or reduced shelf space right as Solstice is deliberately trying to hold wholesale flat — turning a planned flat line into an unplanned decline.

Organizational resistance is concentrated in two specific groups: the outgoing agency relationship and the wholesale-facing team. Four years of trust with a single external marketing agency doesn't dissolve cleanly at reduced scope — agencies facing displacement have some incentive to under-support a transition they see as ultimately terminal, which could slow the in-house team's ramp exactly during the critical Months 4–6 window. Separately, the Head of Sales-led SKU-pruning exercise removes revenue-generating (if margin-dilutive) products that wholesale account managers have relationships built around; expect quiet

pushback on which SKUs actually get sunset versus repositioned.

Risk	Likelihood	Impact	Mitigation
Co-founders abandon phased-budget discipline under Year 1 margin-dip pressure	Medium-High	High	Pre-commit in writing at Month 1 to the Gate 1/ Gate 2 criteria and the expected margin dip; CFO presents a one-page "expected vs. alarming" variance guide before Q1 results land, so a 7.5% margin reading isn't mistaken for failure
Footwear development cost/timeline overrun beyond $950K / 18-month gate	Medium-High	Medium	Build the $150K contingency line into the RFP as an explicit line item the partner knows exists; structure the partner contract with milestone-based payments tied to sample quality, not calendar time, so slippage is visible early rather than absorbed silently
Historical CAC/LTV data unusable for Month 6/ Month 9 milestone reporting	Medium	High	In Month 1, before hiring completes, task the CFO's finance team with a standalone data audit of what the agency can actually export; budget an extra $40-60K for data migration/cleanup as a rider on the $150K platform spend, not assumed to be free
Cotopaxi or premium competitors increase marketing spend in response to Solstice's DTC push	Medium	Medium-High	Anchor Solstice's marketing differentiation in durability/technical-credibility content and owned community, not spend-matching; track share-of-voice among core enthusiast channels (not broad awareness) as the real competitive KPI, since that's the arena Solstice can actually win

Wholesale chain merger completes and extracts worse terms mid-plan	Medium	Medium-High	Complete the Month 2 exposure-mapping memo on schedule and treat any confirmed merger announcement as an automatic trigger to accelerate DTC mix-shift timelines by one quarter, using the sensitivity analysis already built rather than improvising a response
Outgoing agency under-supports the transition, slowing in-house ramp	Medium	Medium	Structure the reduced-scope agency contract with explicit transition-support deliverables and a defined end date, not an open-ended wind-down, removing ambiguity about what the agency owes Solstice during Months 1-12
Internal resistance to SKU pruning delays or waters down the decision	Medium	Medium	Require Head of Product and Head of Sales to jointly present the pruning list with margin-impact data (not just Head of Sales alone), so the decision is framed as protecting the mid-premium brand position both co-founders care about, not just cutting sales-team relationships
Footwear quality gate fails but launch proceeds anyway under sunk-cost/ schedule pressure	Low-Medium	Very High	CEO sign-off requirement is already built into the plan — reinforce it by having the CEO commit publicly (to the other three co-founders) at Month 1 to the delay-over-compromise principle, making a Month 18 reversal a visible breach of a prior commitment, not a quiet judgment call

International expansion underperforms due to unforeseen VAT/duty/ logistics complexity beyond the German template	Medium	Medium	International expa underperforms du unforeseen VAT/du logistics complexit beyond the Germa template

The table above captures the risk already in motion from the roadmap; the remaining risks fall into five categories worth walking through individually, because each has a distinct likelihood/ severity profile and a mitigation grounded in something specific to Solstice's situation rather than a generic response.

Adoption risk: the marketing insourcing doesn't stick because the organization defaults back to agency dependence. After four years of full outsourcing, there's a real behavioral risk that the new in-house team gets treated as agency-support staff rather than the primary driver of acquisition strategy — especially if early results are mixed, which is plausible given hiring risk and a learning curve with Solstice's specific customer base. Likelihood is medium: this is a common failure mode when insourcing a long-outsourced function, particularly when the agency relationship is retained (as recommended) rather than cut cleanly. Impact is high, because this is explicitly the load-bearing assumption in the financial trajectory — a reversion to agency-led, paid-social-heavy acquisition reproduces the exact CAC/margin problem the whole plan is built to solve. Mitigation: the CFO's weekly CAC/LTV reporting cadence (established in the growth strategy chapter) should explicitly track *decision authority*, not just spend allocation — i.e., who approved the last three campaign changes, not just what percentage ran in-house. If the Marketing Director is consistently deferring creative and channel-mix decisions to the agency by Month 9, that's a leading indicator to address before the Month 9 CAC review, not after.

Cost overrun risk: the $3M budget ceiling gets breached, most likely via footwear. Footwear is the vector with the least organizational experience to estimate costs accurately — the product team has never designed footwear and therefore has no internal benchmark for what a design/development partnership, tooling, or a botched first production run actually costs. Likelihood is medium-high given this is a first-time category for Solstice; footwear development budgets are notoriously prone to scope creep (a "narrow 2-3 SKU pilot" drifting toward a broader line under retailer pressure once initial samples look promising). Impact is medium — the $150K contingency reserve built into the footwear budget provides some buffer, but it would not absorb a 50%+ overrun. Mitigation: the Head of Product should structure the footwear partner contract with fixed-fee milestones (sample development, tooling, first production run priced and capped before signing) rather than open-ended time-and-materials terms, and the CFO should require any footwear spend beyond the allocated $950K to come back to all four co-founders for explicit re-approval rather than being absorbed silently against the contingency line

— protecting the discipline that Priority 1 (marketing) doesn't get starved to fund a footwear overrun.

Data/systems limitation risk: Solstice's current systems can't support the segmentation and measurement the DTC strategy assumes. The plan assumes meaningful CAC/LTV reporting by Month 6 and lifecycle/email segmentation sophistication by Month 4 — but nothing in the intake indicates Solstice currently has clean, unified customer data across its DTC site and however it currently tracks wholesale-adjacent customers. Likelihood is medium: many mid-tier DTC brands relying on a single outsourced agency for years also outsource (or never build) proper first-party data infrastructure, since the agency typically owns the ad-platform-side data. Impact is medium-high, because inaccurate or fragmented data would undermine the Month 6 and Month 9 milestone reviews that the entire phased-budget-release discipline depends on — bad data could produce false-positive or false-negative signals at exactly the gates meant to protect the plan. Mitigation: the CDP/platform upgrade in Month 2-4 should include a specific, budgeted data audit and historical customer data migration step (already implied but should be made explicit and resourced with 4-6 weeks of dedicated effort) before any KPI is treated as gate-worthy evidence — the co-founders should insist on a "data readiness" sign-off from the Marketing Director before Month 6, separate from the CAC-improvement sign-off itself.

Competitive response risk: Cotopaxi or a well-funded new entrant reacts to Solstice's repositioning by cutting price or increasing spend in exactly the mid-premium space Solstice is trying to own. Likelihood is low-medium in the near term — Cotopaxi has no obvious reason to react defensively to a $18-40M competitor's marketing insourcing, since Solstice isn't yet large enough to register as a direct threat to Cotopaxi's growth. Impact would be medium if it happened, primarily by raising the cost of the owned-channel strategy's *content and creative* competitiveness even if CAC itself isn't directly affected. The more realistic competitive risk is the low-price entrants moving upmarket into the mid-premium tier Solstice is vacating room for, exploiting the SKU-pruning window. Mitigation: the SKU-pruning decision (Month 3-4) should be paired with a durability/repair-positioning campaign (identified as whitespace in the market review) launching within the same quarter, not months later — closing the gap between "Solstice exits the bottom price tier" and "Solstice visibly reinforces why the remaining tiers are worth the price" as quickly as possible, denying competitors a positioning vacuum to fill.

Organizational resistance risk: the co-founders themselves revert to old instincts under pressure, particularly the temptation to over-fund footwear (the "exciting" initiative) or reflexively increase paid social spend if Year 1 growth feels too slow. This is arguably the single most Solstice-specific risk in the entire plan, because it's a four-person, no-board governance structure with genuine emotional and financial stakes in every decision, and the plan explicitly asks each of the four to hold an uncomfortable position (per the growth strategy chapter's "Monday morning" commitments). Likelihood is medium-high — self-funded founder teams under growth pressure without external governance are historically prone to exactly this kind of impatience-driven reversal, especially when Year 1's modest 16.7% growth and margin dip start to feel uncomfortable in month-to-month conversation even though they're within plan. Impact is high, since any one founder unilaterally redirecting budget (e.g., the CEO pushing footwear forward early, or the Head of Sales quietly re-courting the entry-price wholesale volume being pruned) would undo the sequencing discipline the entire financial trajectory depends on. Mitigation: formalize the Gate 1/2/3 reviews as literal calendar commitments now, with the specific evidence criteria already defined in the roadmap chapter circulated in writing to all four co-founders before Month 1 begins — so "no" at a gate is a pre-agreed process outcome, not a personal confrontation between co-founders who otherwise operate by consensus and relationship. The CFO should also hold a standing veto on budget release

specifically because the CFO is the one party whose role is process discipline rather than a vector's advocate — the Head of Sales advocates for wholesale relationships, the Head of Product advocates for footwear, the CEO holds the broadest view but also the most founder-emotional attachment to the brand's original wholesale-and-craft identity. Giving the CFO explicit, pre-agreed authority to hold a gate closed until evidence criteria are met — rather than requiring a fresh four-way negotiation each time — is the single structural safeguard most likely to prevent this risk from materializing.

Below is the consolidated risk register, followed by three additional risks (adoption/organizational resistance, cost overrun, and a data/systems limitation specific to Solstice's situation) that merit the same treatment.

Organizational resistance to insourcing marketing and reducing agency dependence is a real risk given the agency relationship is four years old and likely has personal trust and institutional knowledge attached to it, including familiarity with Solstice's brand voice, product calendar, and creative assets that a new in-house team will need months to absorb. There is a meaningful chance the transition is rockier than planned — new hires take longer than the 3-6 months budgeted to reach full productivity, or the agency (once told its scope is being reduced) disengages faster than the 12-18 month glide path assumes, creating a capability gap at exactly the moment DTC performance most needs continuity. Likelihood is medium, impact is medium-high, since this is the load-bearing vector in the entire plan. Mitigation: put the agency scope-reduction agreement in writing with a defined transition-support SLA (minimum hours/month, defined handoff deliverables — audience segments, historical performance data, creative asset library) before the new hires' start dates, and build a 60-day head-start buffer into the Month 6 Gate 1 evidence criteria so a slower-than-expected ramp doesn't automatically read as failure.

Cost overrun on the footwear pilot is a distinct and likely risk given Solstice has zero internal footwear experience and is relying entirely on a third-party design/development partner whose pricing and timeline commitments are, at the RFP stage, still estimates rather than proven performance. Footwear tooling, last/mold costs, and quality-testing iterations are notorious industry-wide for running over initial budget when a brand is new to the category, and the $950K footwear budget in this plan has only a $150K contingency built in — a comparatively thin buffer relative to the size and novelty of the initiative. Likelihood is medium-high, impact is medium (contained by the narrow 2-3 SKU scope, but still capable of consuming budget earmarked for Priority 1 or 2 if not firewalled). Mitigation: structure the footwear development contract with fixed-price milestones tied to specific deliverables (first sample, field-test-ready sample, production-ready tooling) rather than open-ended time-and-materials terms, and treat any overrun beyond the $150K contingency as an automatic trigger for the Month 18 Gate 2 conversation about delay — not a signal to draw down Priority 1 or 2 budget to cover it.

Data and systems limitations constraining the marketing insourcing are likely given the intake reveals no mention of an existing customer data platform, and the plan assumes a CDP/email-SMS tooling upgrade can be selected and fully deployed with historical data migrated within roughly 60 days (Months 2-4). In practice, four years of agency-run paid social campaigns typically means first-party customer data, if it exists at all in a usable form, sits fragmented across ad platform pixels, whatever e-commerce platform Solstice runs, and possibly the agency's own reporting tools rather than in a Solstice-owned system — meaning the "historical customer data migrated by Month 4" milestone may be optimistic if data quality or completeness turns out to be poor. Likelihood is medium, impact is medium, since this primarily delays rather than derails Priority 1, but a delay here has outsized consequence given Priority 1 is the load-bearing assumption in the whole financial trajectory. Mitigation: conduct a data audit

in Month 1 (parallel to, not sequential to, the CDP vendor selection) explicitly scoped to answer "what customer data do we actually own and in what condition," and build the Month 6 Gate 1 CAC-improvement criteria with an explicit allowance for a data-quality-driven delay, distinct from a hire-quality-driven delay, so the co-founders don't misdiagnose a systems problem as a people problem.

Risk	Likelihood	Impact	Mitigation
Marketing insourcing underperforms / agency transition disrupts DTC continuity	Medium	High	Written agency transition SLA with defined handoff deliverables; 60-day buffer built into Gate 1 evidence criteria before judging ramp speed
Footwear cost overrun beyond $150K contingency	Medium-High	Medium	Fixed-price, milestone-based development contract; any overrun automatically triggers Gate 2 delay conversation rather than cross-funding from Priority 1/2
Customer data fragmentation delays CDP/email-SMS rollout	Medium	Medium	Month 1 data audit run in parallel with vendor selection; Gate 1 criteria distinguish data-driven delay from hire-quality-driven delay
Rising paid social CAC continues faster than owned-channel shift can offset	Medium-High	High	Month 9 milestone review with explicit trigger to pause Year 2 budget release if CAC hasn't improved; reallocate footwear budget toward marketing if needed
Tariff/supply chain disruption (60% production in Vietnam)	Medium	High	Treated as a financial planning headwind assumption; flagged for a parallel ops/procurement workstream outside this engagement's scope
Footwear launch damages brand credibility if quality gate is bypassed under schedule pressure	Low-Medium	Very High	CEO personal sign-off required at Gate 2; explicit kill-criterion to delay 6 months rather than launch below Solstice's own apparel durability standard
Wholesale chain consolidation reduces negotiating leverage/ revenue faster than DTC shift can offset	Medium	Medium-High	60-day exposure mapping in Month 1-2; SKU pruning and DTC acceleration timed against actual (not assumed) exposure level

International expansion takes longer than 12-24 months to reach planned contribution	Medium	Medium	German-distributor economics used as underwriting template to compress learning curve; Year 1 target modest ($1.8M) to absorb early slippage
Co-founder governance drift — one founder unilaterally redirects budget outside agreed sequencing	Medium	High	Gate

90-Day Action Plan

criteria and evidence requirements circulated in writing before Month 1; CFO holds standing authority to keep a gate closed until criteria are met, rather than renegotiating from scratch at each checkpoint |

The remainder of this section translates the risk register into the specific action calendar the four co-founders need to execute against, with clear ownership and effort so that nothing above remains an abstract concern.

The 90-day window is the credibility-building period for this entire plan — nothing dramatic should have happened to Solstice's topline or margin by Day 90, and that is by design. What must have happened is that every foundational, high-leverage, low-capital action identified in the findings and roadmap chapters is either complete or visibly underway, so that Gate 1 (Month 6) has real evidence to evaluate rather than good intentions. Every action below traces directly to a specific recommendation made earlier: the marketing insourcing (Priority 1), the German-distributor economics extraction and wholesale-exposure mapping (Priority 2 and market review), the SKU-pruning decision (competitive positioning), and the footwear RFP groundwork (Priority 3), plus the risk-driven additions (agency transition SLA, data audit) identified in the risk register.

Days 1–30: Commit, Diagnose, Mobilize

The first 30 days are about locking in written commitments and starting every diagnostic workstream the later gates depend on — nothing here requires new capability, only decision and mobilization of existing resources.

Action	Owner	Effort	Milestone / Done Criteria
Circulate written Gate 1/2/3 criteria and the CFO's phased-budget-release authority to all four co-founders for sign-off	CFO	Low (1–2 days drafting, 1 meeting)	All four co-founders have signed off in writing before any Priority 1 spend is committed
Post and begin active recruiting for Director of Performance Marketing	CEO + Head of Marketing	High (ongoing through Month 3)	Job posted, first candidate screens scheduled

Notify existing marketing agency of scope reduction; negotiate a written transition-support SLA (minimum hours/ month, defined handoff deliverables)	CEO + Head of Marketing	Medium	Signed SLA addendum with the agency by Day 30
Begin Month 1 customer data audit (what data exists, where, in what condition) in parallel with CDP vendor evaluation	CFO + Head of Marketing (interim)	Medium	Data audit findings memo by Day 30
Begin extracting German distributor unit economics (discount rate, freight/duty per unit, co-op spend, sell-through by SKU)	CFO + Head of Sales	Medium	Draft economic template underway, data requests sent to distributor
Begin wholesale exposure mapping for the two consolidating chains (revenue %, discount terms, renewal dates)	Head of Sales	Low-Medium	Data-gathering complete; draft memo underway
Evaluate CDP/email-SMS platform vendors (e.g., Klaviyo-tier) informed by Day-30 data audit findings	Head of Marketing (interim)	Medium	Vendor shortlist of 2–3 by Day 30
Begin SKU-level price/ margin review for bottom 15–20% of catalog by price point	Head of Product + Head of Sales	Medium	Full SKU list with margin data compiled by Day 30

End-of-Month-1 milestone: all diagnostic workstreams (data audit, German economics, wholesale exposure, SKU review) are actively underway with data in hand, and the marketing hire and agency transition are formally launched — nothing is still "to be decided" by the co-founders that was assigned in this window.

Days 31–60: Decide, Select, Hire

The second 30 days convert diagnostics into decisions and begin building the team and vendor relationships the plan depends on.

Action	Owner	Effort	Milestone / Done Criteria
Complete wholesale exposure mapping memo and present to all four co-founders	Head of Sales	Low	Exposure memo delivered and discussed by Day 45
Finalize SKU pruning decisions (reposition-up vs. sunset) for bottom 15–20% of catalog	Head of Product + Head of Sales (joint presentation with margin-impact data)	Medium	Final SKU decision list approved by co-founders by Day 45
Select CDP/email-SMS platform vendor and begin contracting	CFO + Head of Marketing (interim)	Medium	Vendor contract signed by Day 45

Complete German distributor economic template	CFO + Head of Sales	Medium	Finished underwriting template ready to guide UK/EU candidate evaluation by Day 50
Advance Director of Performance Marketing hiring to final-round interviews	CEO + Head of Marketing	High	Offer extended by Day 60
Begin planning first EU/UK trade show attendance (registration, travel, target account research)	CFO + Head of Sales	Low-Medium	Trade show booked, target account list drafted by Day 60
Draft durability/repair-positioning content brief to launch alongside SKU pruning	Head of Marketing (interim)	Low-Medium	Content brief ready for incoming Marketing Director by Day 60

End-of-Month-2 milestone: the SKU pruning decision is finalized and approved, the CDP platform is contracted, the German economic template is complete and ready to underwrite EU/UK conversations, and a Director of Performance Marketing offer is out the door.

Days 61–90: Onboard, Launch, Prepare for Gate 1

The final 30 days of the quarter are about starting execution on what was decided and hired in the prior 60 days, and preparing the evidence base Gate 1 (Month 6) will require.

Action	Owner	Effort	Milestone / Done Criteria
Onboard Director of Performance Marketing; begin recruiting 2 marketing specialists (lifecycle/CRM, paid media/analytics)	CEO + Marketing Director	High	Director onboarded by Day 90; specialist searches active
Begin CDP/email platform deployment and historical data migration	Marketing Director + CFO	Medium-High	Platform live with initial data migrated by Day 90 (or documented delay reason per data-audit findings)
Begin phased SKU catalog changes (sunset or reposition approved SKUs)	Head of Sales	Medium	First wave of SKU changes visible in catalog/pricing by Day 90
Launch durability/repair-positioning content initiative alongside SKU changes	Marketing Director (or Head of Marketing if hire not yet onboarded)	Medium	First content pieces live by Day 90
Attend first EU/UK trade show; hold initial conversations with 4–6 candidate distributors	CFO + Head of Sales	Medium	Candidate shortlist of 2–3 finalized by Day 90

Reassign one existing sales/wholesale team member to "International Accounts Lead" role	Head of Sales	Low	Role active and handoff complete by Day 90
Prepare Gate 1 evidence package (agency transition status, data readiness, SKU pruning progress, distributor shortlist)	CFO	Medium	Evidence package ready for Month 6 Gate 1 review

End-of-Day-90 milestone: the marketing function has a Director in place and specialist recruiting underway, the CDP platform is live (or a documented, defensible reason exists for delay), the first wave of SKU pruning is executed in market, a durability-positioning content initiative has launched, and a 2–3 distributor shortlist exists for Gate 1 evaluation. None of these milestones require revenue or margin movement yet — consistent with the financial trajectory chapter's explicit expectation that Year 1 is an investment year — but every one of them is the evidence the CFO needs at Month 6 to make a real, informed go/no-go decision rather than a hopeful one.

Appendix: Methodology & Assumptions

Methodology

This analysis was built through a structured, four-stage process appropriate to a sprint-scoped engagement: (1) systematic review of the client intake against the four in-scope workstreams (market/competitive position, growth strategy, financial trajectory, implementation roadmap); (2) triangulation of client-provided figures against external industry benchmarks to stress-test feasibility, most importantly the CAGR-gap and margin-gap quantifications that anchor the growth strategy and financial chapters; (3) application of four analytical frameworks — growth vector prioritization (impact/capability-readiness/capital), three-horizon planning, unit-economics/channel-profitability analysis, and a capability-gap build-vs-partner lens — chosen specifically because they map onto the client's own stated structure (ranked growth vectors, named capability gaps, hard capital ceiling); and (4) reverse-engineering a phased, gated roadmap from the financial targets rather than a generic template, so that every dollar and headcount figure in the roadmap traces back to a specific number in the financial trajectory chapter. No primary research (customer surveys, distributor interviews, competitor financial analysis) was conducted; this is a desk-based synthesis of client intake plus industry benchmarking, consistent with a sprint engagement's scope and timeline.

Assumptions Made Where Intake Lacked a Specific Number

The client intake was detailed on revenue, margin, headcount, and budget, but did not specify several inputs that this analysis needed to construct a credible plan. Every instance is flagged inline in the report with **(assumption)**, and they are consolidated here for transparency:

- **DTC vs. wholesale revenue split today.** The intake states channel structure (DTC site + 140 retailers + German distributor) but not the dollar or percentage split between DTC and domestic wholesale. This analysis assumed DTC represents a minority share of the current $18M (estimated ~$8.5M/47%) based on headcount ratios (8 sales/wholesale staff vs. a smaller marketing-adjacent DTC function) and the client's own framing of wholesale as the dominant

historical channel. **This is the single most consequential assumption in the report** — it underlies the entire mix-shift margin math and the Year 1–3 revenue build table.

- **Industry market size and growth rates** (the $20–25B North American market, 4–6% category CAGR, 35–40% DTC penetration, 7–10% footwear/lifestyle growth) are drawn from general knowledge of typical outdoor-industry association reporting patterns, not a specific cited report the client provided or that was independently verified for this engagement.
- **CAC benchmarks** (20–30% industry-wide paid social CAC inflation, 3–8x owned-channel cost advantage, 12–18% marketing-spend-to-revenue ratio) are typical DTC-industry figures, not Solstice-specific data, since the client has no in-house CAC tracking history to draw on.
- **Wholesale discount/markdown economics** (50–60% discount, 5–10% additional markdown support, 40–55% EU distributor margins) are category-typical assumptions used to estimate the DTC-vs-wholesale margin differential, not Solstice's actual contracted terms.
- **Footwear category economics** (12–18 month development cycle, 5–10 point lower initial margin vs. apparel) are general footwear-industry patterns, not specific to the (unnamed) design partner Solstice would ultimately select.
- **All dollar-figure allocations within the $3M budget and the specific headcount/comp figures** ($420K/year for 3 marketing hires, $150K platform spend, $650K international, $950K footwear) are this analysis's proposed allocation, not a client-approved budget breakdown — the client specified only the $3M total ceiling and the 65–70 headcount ceiling.
- **The revenue-by-segment three-year build** (DTC to $19.5M, international to $6.0M, footwear to $3.0M, wholesale flat) is a constructed scenario designed to plausibly reach $40M given the vector-scoring analysis — it is one credible path, not a forecast derived from Solstice-specific pipeline or bookings data, none of which was provided in intake.
- **Margin bridge math** (points attributable to mix shift, CAC efficiency, fixed-cost absorption) is directional and illustrative, built from the benchmark ranges above, not from Solstice's actual cost accounting by channel, which the intake did not provide.

Benchmark Sources Referenced

This analysis referenced general patterns and typical ranges associated with: outdoor industry trade association market-sizing conventions; publicly observable competitor positioning and strategy (Patagonia, Arc'teryx/Amer Sports, Cotopaxi) based on their known market presence and reported strategic moves; widely reported DTC-industry CAC inflation trends tied to platform privacy changes (e.g., iOS tracking changes) over the past three years; typical specialty apparel and footwear wholesale/retail margin structures; and general private-company scaling benchmarks for revenue-per-employee and headcount-to-revenue ratios in consumer product businesses. No proprietary databases, licensed market research reports, or paid benchmarking services were accessed for this sprint; all figures should be treated as directionally reliable industry patterns rather than precisely sourced statistics.

Confidence Notes

Several elements of this report are meaningfully thinner than others and warrant flagging before this plan is presented as final or acted upon financially:

Lowest confidence: the current DTC/wholesale revenue split. Because this number was assumed rather than provided, every mix-shift margin calculation, the entire Year 1–3 segment revenue table, and the "DTC to ~49% of revenue by Year 3" framing rest on an estimate. If Solstice's actual current DTC share is materially higher or lower than ~47%, the financial trajectory table needs to be rebuilt, not just adjusted. **This should be the first number the**

client corrects before the plan is finalized.

Second-lowest confidence: the entire revenue and margin trajectory tables (Year 1–3). These are constructed scenarios built to demonstrate *a* plausible path to $40M/15%, calibrated against benchmark ranges — they are not a bottom-up financial model built from Solstice's actual unit economics, SKU-level margins, or sales pipeline. The engagement scope explicitly excludes detailed financial modeling, so this was appropriate for a sprint, but the client should not treat the specific dollar figures in the quarterly milestone tables as commitments — only the underlying logic (back-loaded curve, Year 1 margin dip, DTC as load-bearing vector) should be treated as load-bearing.

Third: footwear cost and timeline estimates. These rely entirely on general footwear-industry patterns since Solstice has no internal reference point and no design partner has yet been selected. The $950K budget and 12–18 month timeline could be materially off in either direction once an actual RFP process surfaces real vendor quotes.

Fourth: the German distributor economics "template" logic. This is a reasonable strategic instinct but... rests on an assumption that hasn't yet been tested against the client's own data — namely, that Germany's unit economics, VAT/duty treatment, and distributor terms will transfer meaningfully to the UK (which, post-Brexit, has a materially different customs and regulatory regime than an EU-internal relationship) or to a second EU market. Until the Month 1–2 economic-extraction exercise is actually complete, everything built on top of it in the growth strategy and financial trajectory chapters — the $650K budget, the 12–24 month timeline to profitability, the $6M Year 3 international revenue target — is a directional estimate dressed in specific numbers. This is flagged in the roadmap as a Gate 1 evidence item precisely because of this uncertainty, but the underlying assumption itself deserves more scrutiny from the client than intake alone could provide.

Fifth: the assumed DTC/wholesale revenue split for the current $18M base. The report estimates DTC at roughly $8.5M (47%) and domestic wholesale at $8.05M (45%) of current revenue, with the remaining 8% international. This split was inferred from the relative size of the sales/wholesale team (8 people), the 140-retailer count, and typical challenger-brand channel patterns — the client intake never actually stated the current DTC/wholesale revenue breakdown. This is arguably the single most consequential unstated number in the entire analysis, because nearly every dollar figure in the financial trajectory and margin-recovery chapters (the mix-shift math, the $400K–$1M gross margin estimate, the Year 3 segment targium ceiling. This is a load-bearing labeled assumption that should be the first thing validated or corrected with actual data.

Sixth: headcount cost assumptions. The $420K/year fully-loaded comp figure for three marketing hires, and the general cost-per-role assumptions used throughout the investment allocation table, are drawn from general market compensation benchmarks for mid-tier DTC/apparel brands rather than Solstice's actual comp bands, regional hiring market (unspecified — likely US-based, but location not confirmed), or equity/benefits structure. Actual fully-loaded costs could reasonably vary by 15–25% in either direction.

Benchmark Sources Referenced

This analysis drew on the following categories of external reference points, used directionally rather than as precise, source-cited figures, consistent with the sprint-level scope of this engagement:

- General outdoor industry association-style reporting on North American outdoor apparel/gear market size and growth rates (commonly cited in Outdoor Industry Association and similar trade

body publications).

- Broadly reported e-commerce/DTC penetration trends in specialty and technical apparel categories.
- Widely reported industry commentary on post-iOS14/privacy-driven paid social CAC inflation affecting DTC brands generally (a well-documented, cross-category phenomenon since 2021–2022).
- Typical apparel and footwear industry gross margin structures (wholesale discount conventions, DTC vs. wholesale margin differentials, footwear vs. apparel margin and development-cycle differences) drawn from general industry knowledge of how these categories are typically structured, not a specific named source or dataset.
- Publicly observable competitive positioning and strategic patterns of Patagonia, Arc'teryx, and Cotopaxi, based on their known market reputations and strategic histories as of general industry knowledge, not proprietary competitive intelligence, financial disclosures, or a formal competitive audit.
- General small/mid-cap growth-company financial planning conventions (fixed-cost absorption at scale, typical headcount-to-revenue productivity ratios) rather than a benchmarked peer set of specifically comparable outdoor apparel companies of similar size.

None of these sources were independently verified against primary data (e.g., no licensed market research report, no named analyst estimate, no direct competitor financial disclosure) given the sprint scope and intake-based nature of this engagement. They should be treated as reasonable directional anchors that make the plan's logic coherent, not as audited figures suitable for external fundraising, board reporting beyond the co-founder group, or public claims about market size or competitive position.

Confidence Notes

Ranking the analysis from most to least certain: the **root cause analysis and risk identification** are the most solidly grounded sections, because they draw almost entirely on the client's own stated facts (the growth deceleration numbers, the margin decline, the specific capability gaps, the named risks) rather than external assumptions — confidence here is high. The **growth vector prioritization logic and phased sequencing** are moderately confident: the reasoning is sound and internally consistent, but it depends on the unverified DTC/wholesale split and the untested German-economics-transfer assumption flagged above, so the *sequencing* (DTC first, international second, footwear third) is more defensible than the *specific dollar amounts* attached to each phase.

The **least certain elements** are, in order: (1) the year-by-year segment revenue build in the financial trajectory chapter, which is a plausible allocation of a required total rather than a bottom-up forecast validated against Solstice's actual unit economics, conversion rates, or customer acquisition capacity; (2) the footwear budget and timeline, given zero internal reference points and no completed vendor RFP; (3) the precise margin-recovery point attribution (how many points come from mix shift vs. CAC efficiency vs. fixed-cost absorption), which is a reasonable decomposition but not one built from Solstice's actual cost accounting; and (4) any claim about competitive positioning relative to Patagonia, Arc'teryx, and Cotopaxi, since this rests on general reputation and publicly observable behavior rather than a formal competitive intelligence exercise.

The single highest-value next step to strengthen this plan would be a focused two-week data-gathering exercise with the CFO — pulling actual DTC vs. wholesale revenue and margin splits, actual current CAC and LTV figures (however imperfect the underlying data), and the full German distributor contract terms — before the Month 1 actions in the 90-day plan proceed

much further. Every other assumption in this report can be refined iteratively as the roadmap unfolds, but these three data points would meaningfully sharpen the numbers the co-founders are being asked to commit to, and should be treated as the client's most urgent homework coming out of this engagement.