



Association of Suppliers to the British Clothing Industry



Garment Costing

- what everyone in the clothing industry needs to know

Dr Alistair Knox
ASBCI Chairman

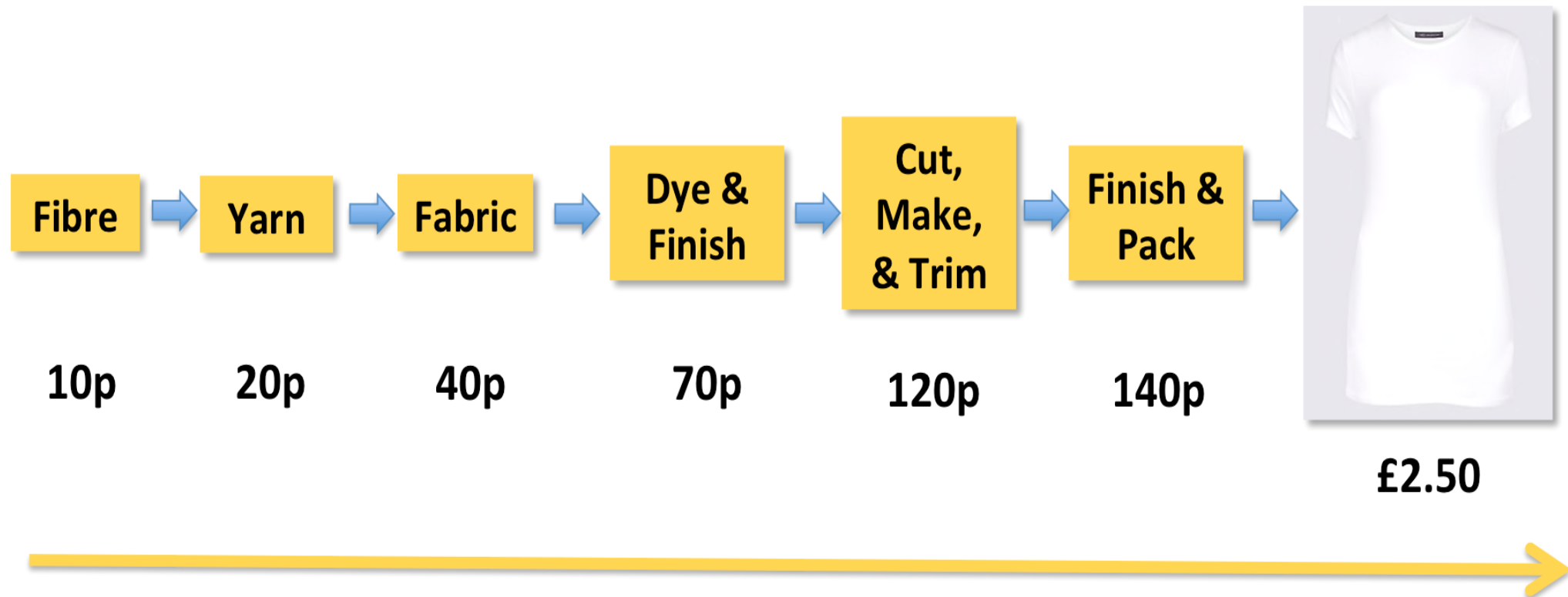
Garment costing: general principles

(for Buyers, Merchandisers & Garment Technologists)

- Global sourcing
- Supply chain management
- Labour, materials & overheads
- Logistics
- Quality control
- Reprocessing



Clothing Added-Value Supply Chain



International supply chains

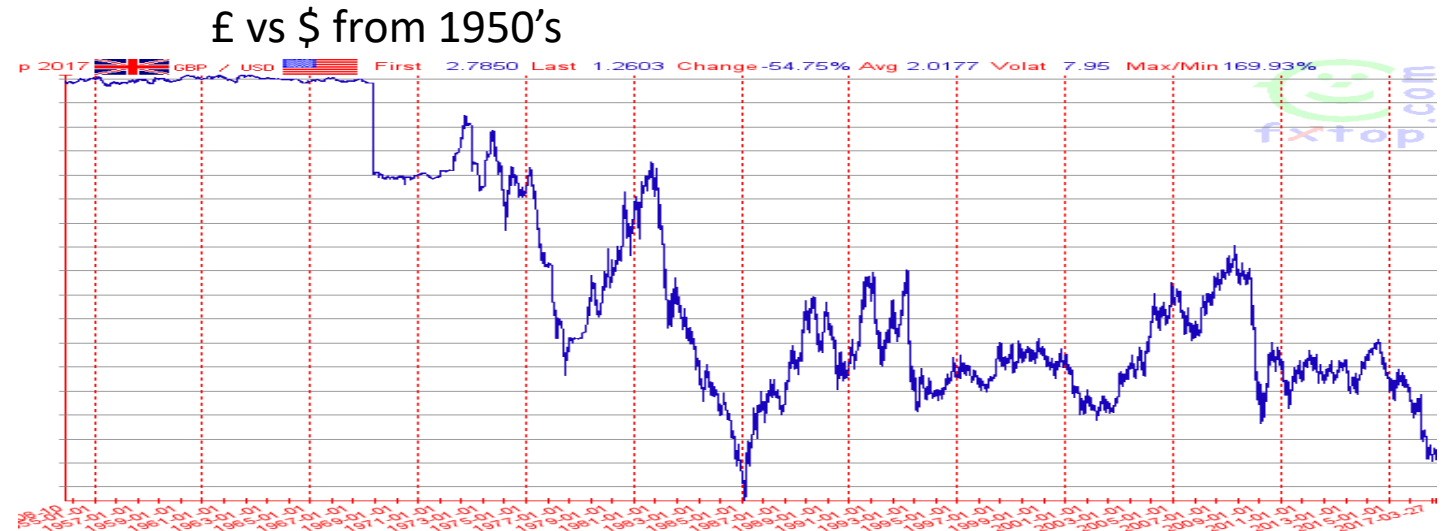
Raw materials – natural & synthetic

Fibre & Yarn options

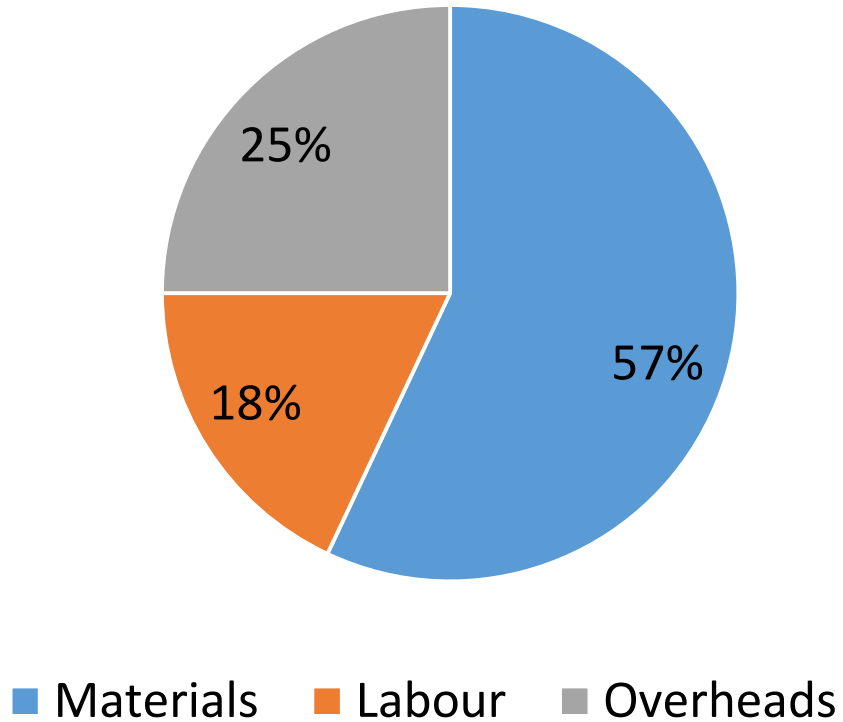
Fabric (weave, knit) & Finishing

Garment assembly – cut, make, trim – sourcing options

Delivery – transport & storage

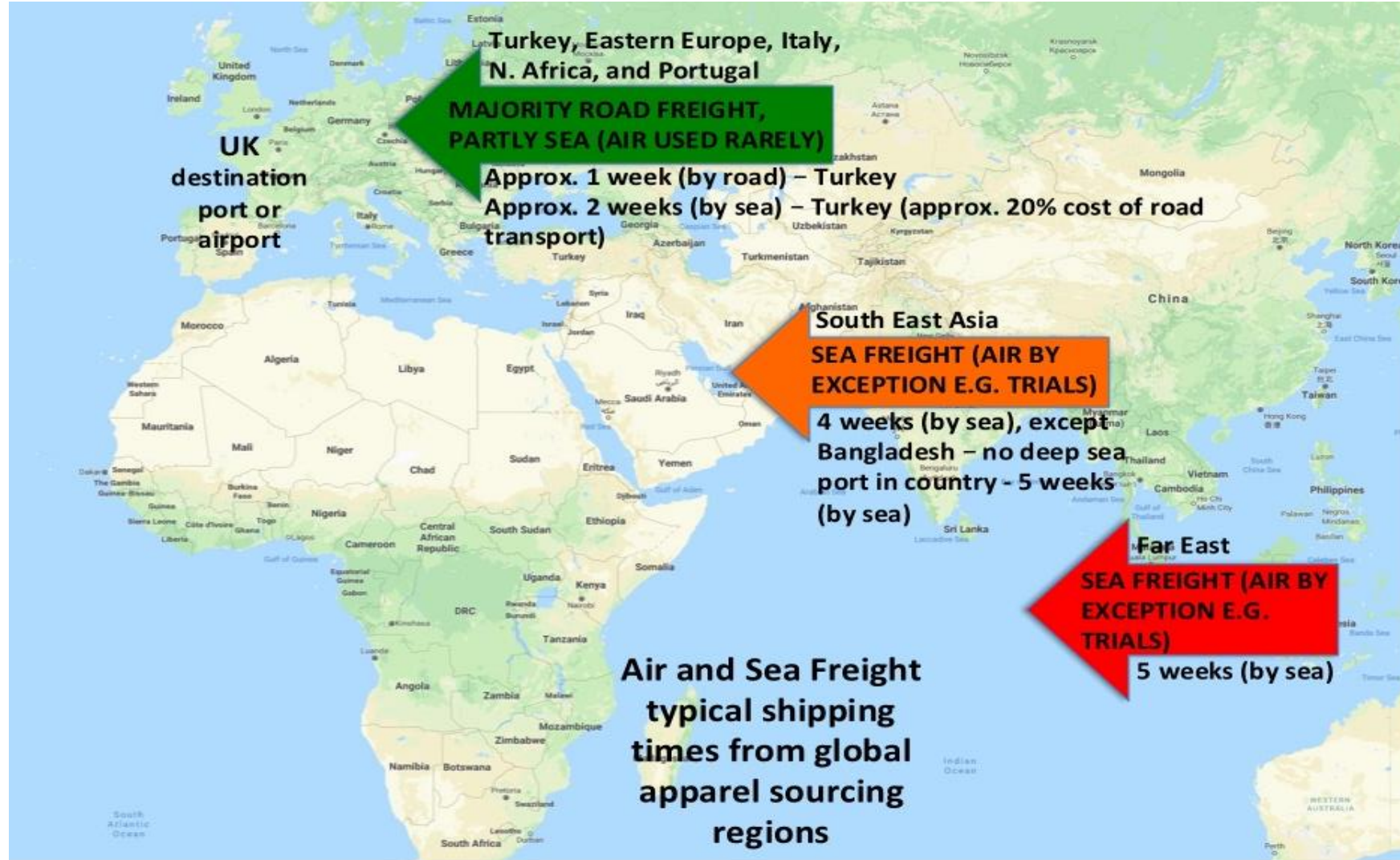


Garment Costing elements (typical)

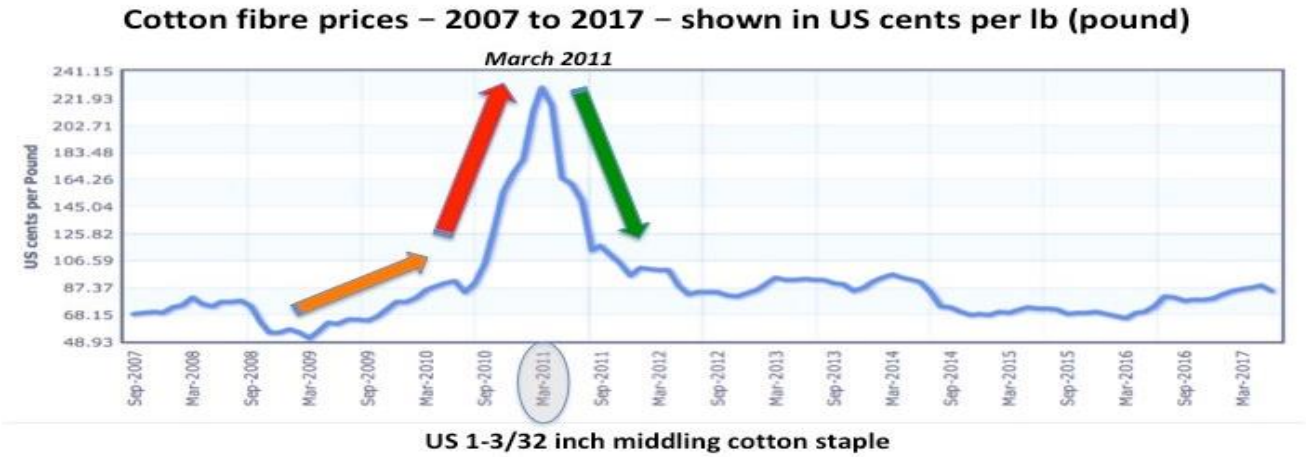


Garment costing			
Material	Usage	Price	Cost
Fabric	1.5	\$ 3.85	\$ 5.78
Lining	0.8	\$ 2.10	\$ 1.68
trim	1	\$ 0.30	\$ 0.30
zip	2	\$ 0.50	\$ 1.00
pack set B	1	\$ 0.75	\$ 0.75
		Total	\$ 9.51
Labour	std.hrs	.	
cut, make, trim	4.3	\$ 0.62	\$ 2.67
exam + pack	0.5	\$ 0.55	\$ 0.28
			\$ 2.94
Factory overhead	50%		\$ 6.22
Factory gate cost			\$ 18.67
Shipping; fob to cif UK			
			\$ 1.50
conversion rate			
Landed, \$ to £	1.4	£ 14.41	\$ 20.17
Margin	42%	£ 10.59	
v.a.t.	20%	£ 5.00	
Retail price		£ 29.99	

Sourcing options



Textile fibres & prices





Spinning - highly automated
- blend & gauge options

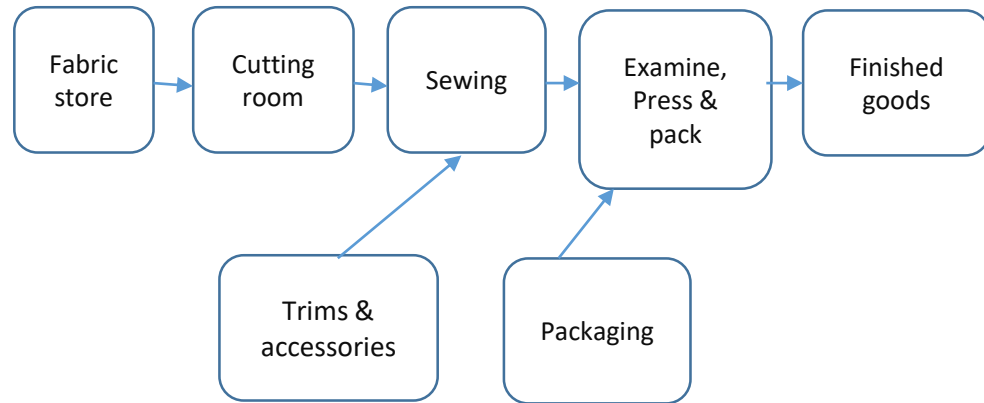
Weaving and knitting, capital-intensive



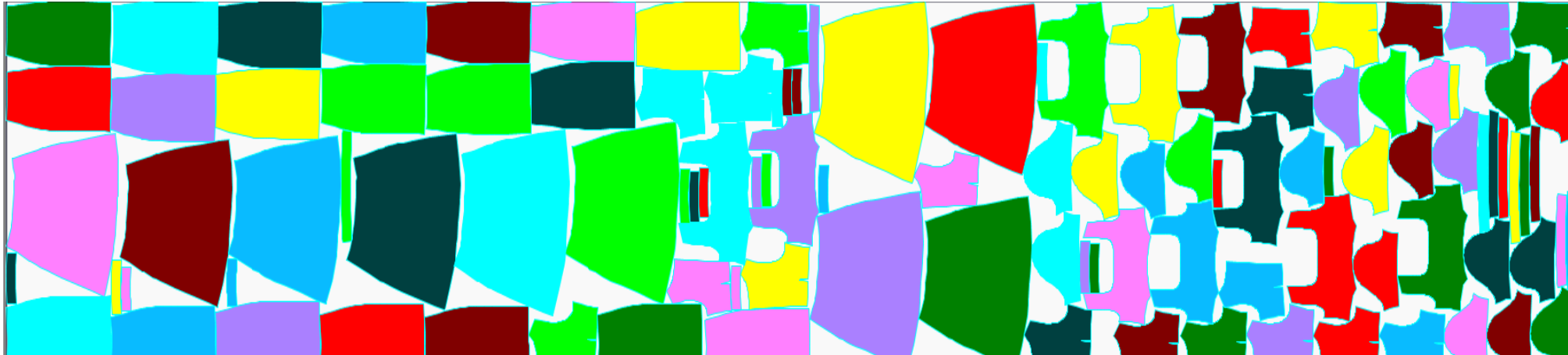
Dyeing and finishing: specialised,
expensive equipment



Garment assembly – cut make & trim



Marker & lay planning: material efficiency



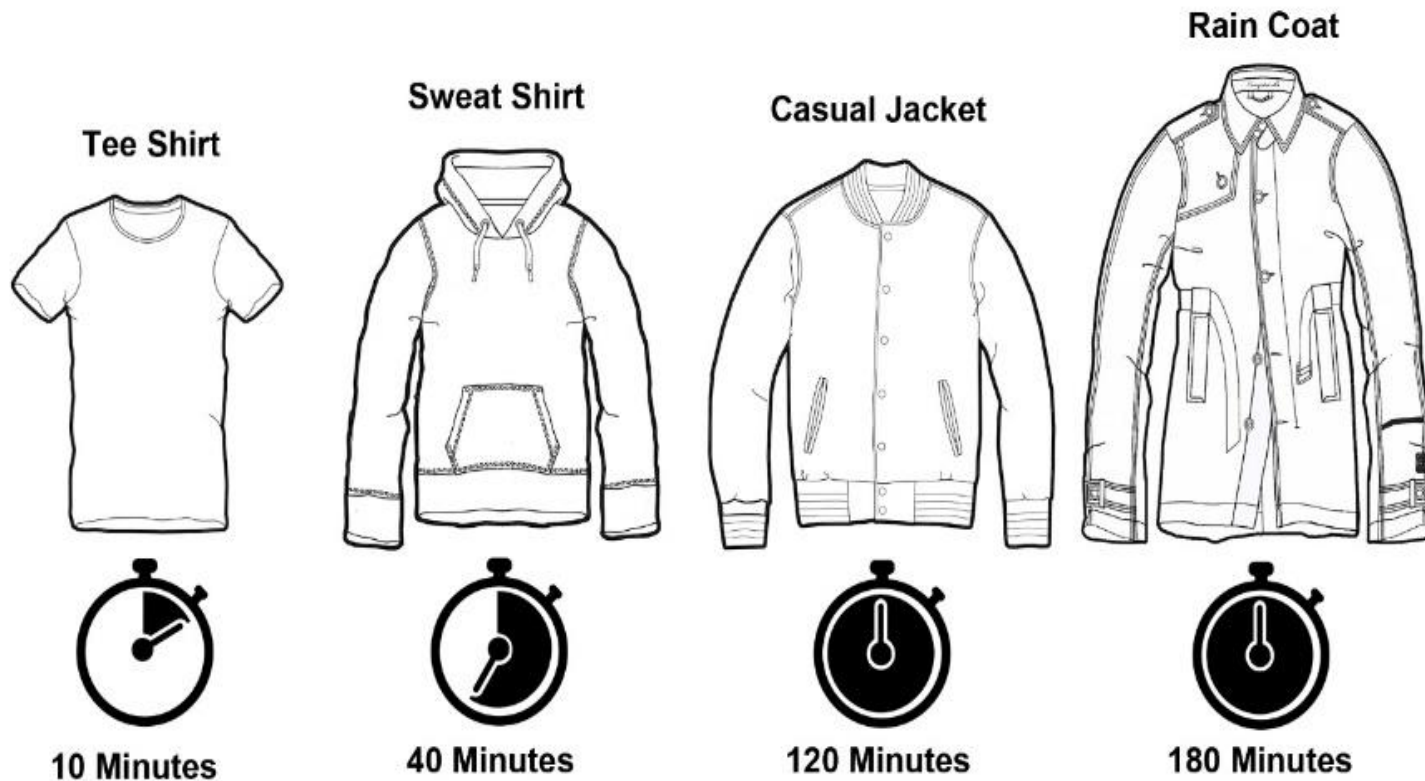
Labour costs:

Time x Rate

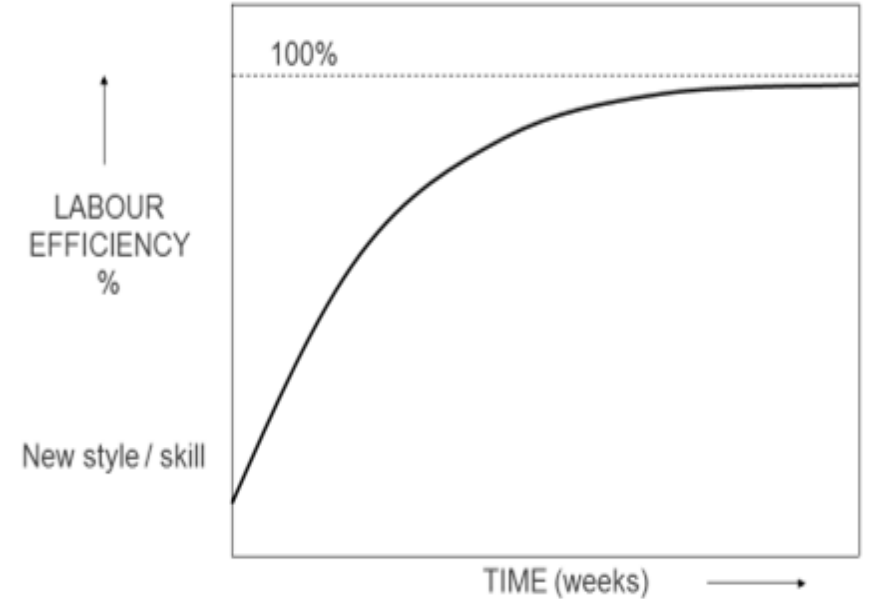
Country	Average monthly minimum wage US\$ (for 6 day standard working week)
Bangladesh	\$67
Cambodia	\$153
China	\$180 - \$320
India	\$110 - \$180
Myanmar	\$72
Pakistan	\$142
Sri Lanka	\$70
Vietnam	\$155
UK	\$1,700 (5 day week)



Labour time: garment complexity; skill; work aids; practice



learning curve: sewing = skilled machining



Economies of scale

Logistics: road, sea, air –
transport, storage & delivery



Reprocessing

Reprocessing activity	Cost per unit
Remove from flat pack box & hang	20p
Relabelling	5p
Steam tunnel	6p
Re-box into new cartons	£1.20
Change hanger	20p



Overheads

- Testing
- Quality control
- Tariffs
- Merchandising & progress-chasing
- Design & commercial
- Financial




Summary

- Complex
- CMT remains labour intensive
- Volume dependent
- Time, cost & quality compromises
- Better understanding = better buying

FASH40078 QUOTATION COSTING									
Description		trouser				Style ref		AK-1234	
Customer		Trent-a-trew				Date		Nov 2016	
Country of manuf.		China		cost per (single) / 10+ dozen		Version		8	
						Signed		Alistair Knox	
Materials				USAGE					
(fabrics)	SUPPLIER	NET	WASTE	GROSS	PRICE	PER	COST		
MAIN Fabric	knitter1	2.00	3%	2.06	\$ 3.50	1	\$	7.21	
Pocket lining	weaver2	0.42	3%	0.43	\$ 1.20	1	\$	0.52	
Interlining	nonwoven3	0.30	3%	0.31	\$ 0.65	1	\$	0.20	
(accessories)									
zip	zipper4	1	5%	1.05	\$ 39.00	100	\$	0.41	
care label	label5	1	10%	1.10	\$ 15.00	1000	\$	0.02	
(packaging)									
swing tkt	label6	1	10%	1.10	\$ 10.00	100	\$	0.11	
polybag	bagger7	1	10%	1.10	\$ 3.50	100	\$	0.04	
hanger	hanger8	1	5%	1.05	\$ 0.28	1	\$	0.29	
box	nb.12 per box	0.083	5%	0.09	\$ 0.50	1	\$	0.04	
thread (usage per sewing/make* time - see below)				0.42	\$	0.50	std.hr.	\$	0.21
Total materials							\$	9.05	A
Labour		std.hr/doz	rate	per 12	per single				
cut		0.40	\$1.00	\$0.40	\$0.03				
sew/make(*)		5.00	\$0.50	\$2.50	\$0.21				
finish		0.80	\$0.50	\$0.40	\$0.03				
TOTAL		6.20	hours per dozen				\$	0.28	B
factory overhead				150%	of B		\$	0.41	C
Cost of Production				A+B+C			\$	9.74	D
Seconds, scrap				2%	of D		\$	0.19	
Discount				2.5%	of selling price F		\$	0.28	
Total costs of manufacture							\$	10.21	E
Manufacturer's Profit				7.2%			\$	0.79	F - E
Wholesale or F.O.B. price							\$	11.00	F
Currency conv. US \$				1.26	per £		£	8.73	
Carriage, insurance, freight (C.I.F.)				per gmt			£	0.20	
Landed cost price							£	8.93	G
Quota, tax & duty				12.0%			£	1.07	
Customs clearance, transport				3.0%			£	0.27	
Reprocessing and RTM allowance				5.0%			£	0.45	
UK import agency/admin overhead				8.0%			£	0.71	
Total landed Cost Price							£	11.43	H
Retailer's mark-up				54.3%			£	13.56	
Retail price excl. v.a.t.							£	24.99	J
V.A.T.				20.0%			£	5.00	
Retail price (incl. VAT)							£	29.99	K

SKETCH



NOTES

contract 800 dozen
size ratio 2.4:3:2:1
for range 30,32,34,36,38

Import admin overhead to include 2 trips overseas to factory plus 1 emergency airfreight delivery per contract; bulk at \$1,700 per 40' container sea-freight

Overseas costs based on
\$1.26 = £1.00
[Nov 2016]

n.b. UK retailers quote final price point, including value-added tax, as seen by the consumer; VAT is calculated back from this



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