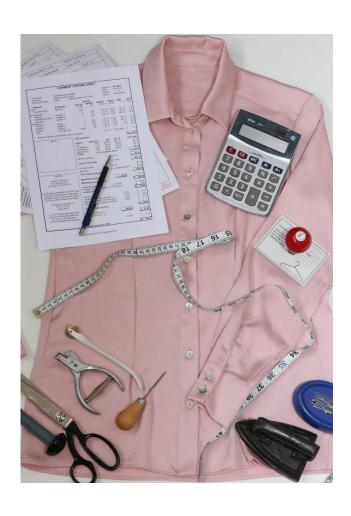


#### Association of Suppliers to the British Clothing Industry



# 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)

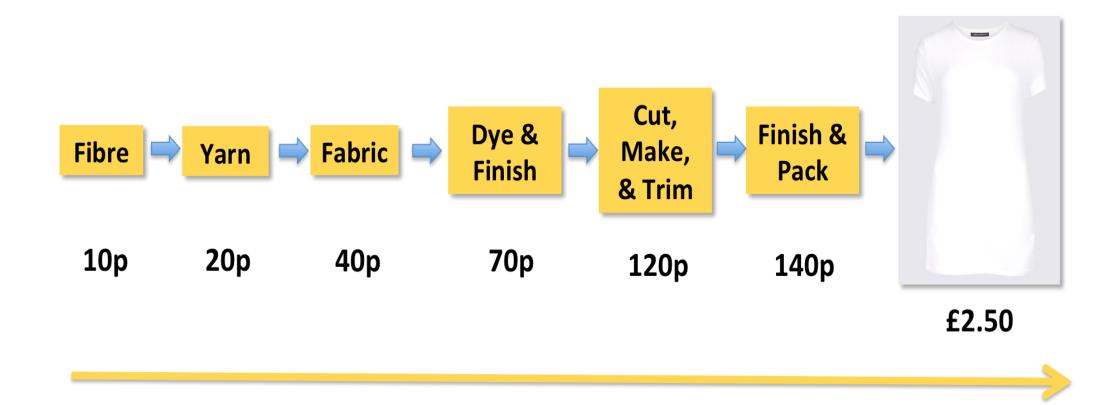
- Global sourcing
- Supply chain management
- Labour, materials & overheads
- Logistics
- Quality control
- Reprocessing







#### Clothing Added-Value Supply Chain





# International supply chains

Raw materials – natural & synthetic

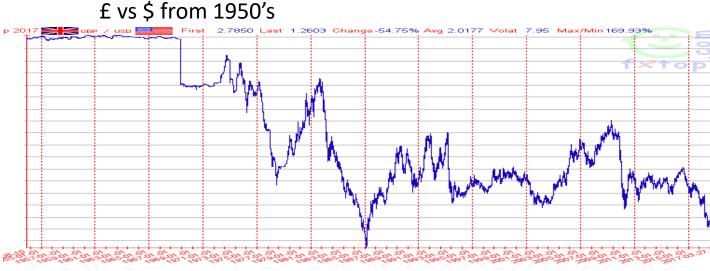
Fibre & Yarn options

Fabric (weave, knit) & Finishing

Garment assembly – cut, make, trim – sourcing options

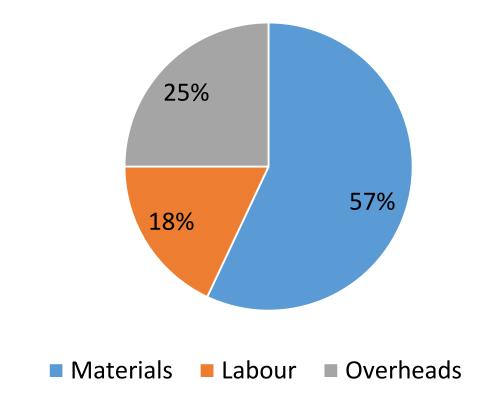
Delivery – transport & storage







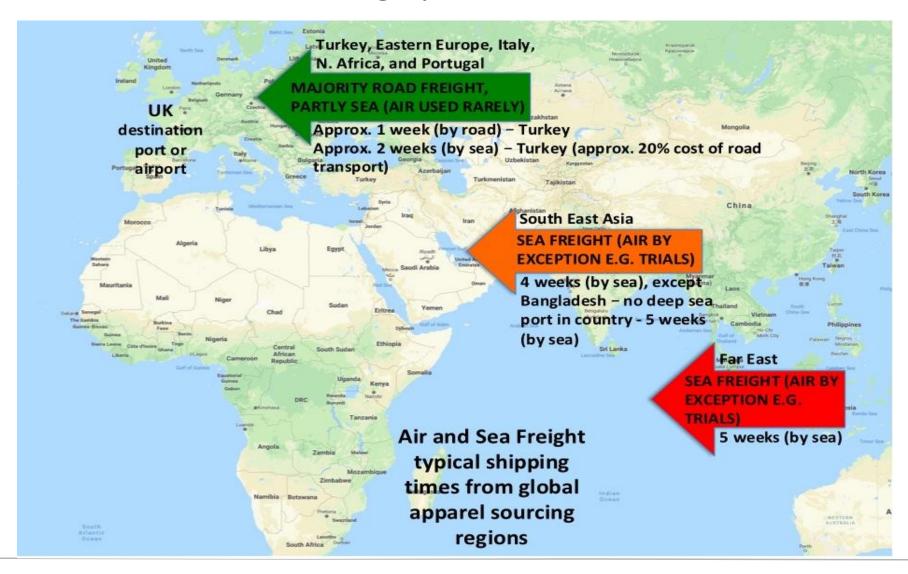
#### **Garment Costing elements (typical)**



Garment costing					
Material	Usage	P	rice	(	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
		Т	otal	\$	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
C	te				
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



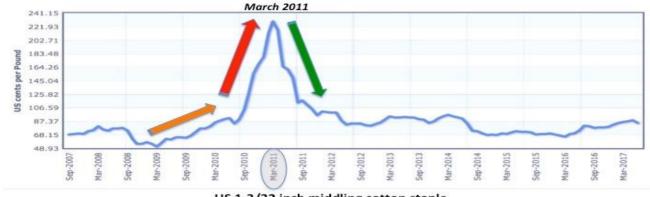








Cotton fibre prices - 2007 to 2017 - shown in US cents per lb (pound)

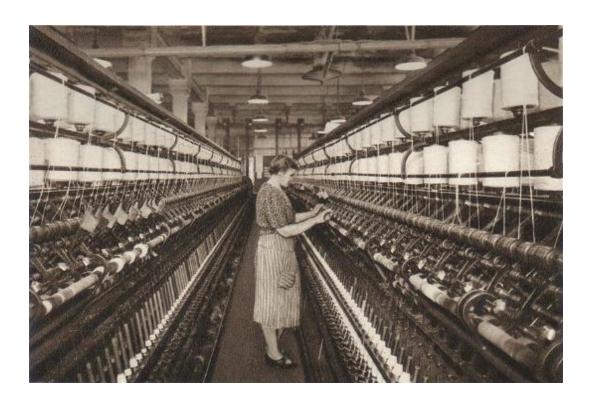


US 1-3/32 inch middling cotton staple









Spinning - highly automated

- blend & gauge options



## Weaving and knitting, capital-intensive









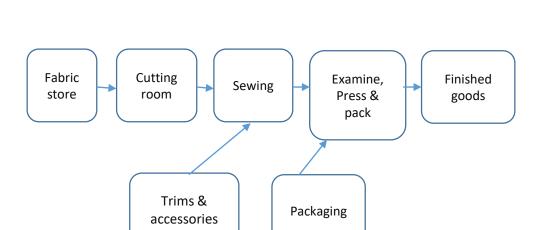
# Dyeing and finishing: specialised, expensive equipment







### Garment assembly – cut make & trim





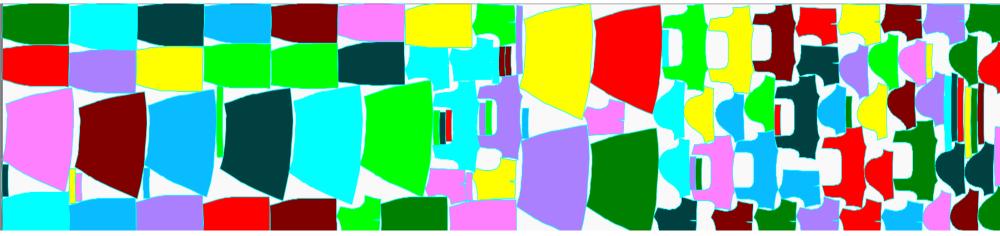






Marker & lay planning: material efficiency







# 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



**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 QUOT	ATION COSTIN	IG								
						Sty	/le ref	AK-12	34		
	Description trouser					Da	te	Nov 20	16		
	Customer	Trent-a-trew				Ve	rsion	8			
	Country of manuf.	China	cost per sing	gle / 10 <del>/ do</del>	zen	Siç	gned	Alistaii	r Kr	IOX	
				-							
	Materials			USAGE							
abı	rics)	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	
acc	cessories)										
	zip	zipper4	1	5%	1.05	\$	39.00	100	\$	0.41	
	care label	label5	1	10%	1.10	\$	15.00	1000	\$	0.02	
_	ckaging)										
	swing tkt	label6	1	10%	1.10	\$	10.00	100	\$	0.11	
	polybag	bagger7	1		1.10		3.50	100		0.04	
	hanger	hanger8	1		1.05		0.28	1	•	0.29	
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