PRODUCT COSTING MODEL

Product: Mt T-shirts

	Batch Size (units)				200 [1]		Batch size can be from 1 item upwards
	200						

Materials:

Qty	Materials	Cost [2] £	Shipping [3] £	Other [4] £	Total		
200	T-shirts blanks (£2 ea)	£400.00	£50.00		£450.00		Enter each material component separately.
					£0.00		Qty and materials columns are descriptive only.
					£0.00		Enter the cost of each component as the total for the required quantity.
					£0.00		Enter shipping costs incurred on sourcing components.
					£0.00		Include packaging materials as a separate component.
					£0.00		
					£0.00		
					£0.00		
					£0.00		
					£0.00		
	Batch Total				£450.00		

Production Costs:

Qty	Process	Cost [5] £	Shipping [6] £	Other [7] £			
200	Printing Costs (Ink etc)	£1.00		£0.50	£300.00		This includes any production costs with an identifiable and quantifiable cost.
					£0.00		E.g. Processing costs, equipment hire etc
					£0.00		Include the costs of any sub-contracted processes.
					£0.00		Enter any shipping costs involved in sub contracted processes (as
					£0.00		a whole not per unit)
					£0.00		
	Batch Total				£300.00		
						Per Item £	
	Total materials / production Cost				£750.00	£3.75	

Labour Cost

	No. of labour hours				3.00 [8]		Total time to manufacture and package this batch.
	Hourly rate				£10.00 [9]		
							Target hourly rate for your labour. This should never be below the minimum wage and
	Time cost per batch				£30.00	£0.15	should incude employment costs such as employers NI, pension contrubitions etc.

Profitability:

	Recommended Retail Price (RRP)				£12 [10]	£12.00	The final price to the retail customer
	Retail Margin				0.00% [11]		% retail margin to be retained by the retailer, leave as 0 if direct selling
	Trade Price					£12.00	The price at which you will sell to a retailer
	Total material/time cost					£3.90	The total cost of materials, production costs and your making time (from above)
	Profit Contribution (before overheads)					£8.10	The profit retained by you after deducting all costs, but excluding overheads.
	Profit Contribution %					67.50%	The profit contribution expressed as a percentage of the sales price received by you.

Demand Vs Price Change Sheet

	Base Line	Price / Volume level Change No.1	Price / Volume level Change No.2	Comments
Sales Volume Estimate	200 [12]	23% [13]	0% [14]	Enter the change in demand as a percentage i.e 10 is a 10% increase or -10 is a 10% decrease in volume. Leave Blank if you expect no change.
New Sales Volume		246.00	200.00	
Price Change +/-		-10% [15]	5% [16]	Enter the change in price as a percentage i.e 10 is a 10% increase or -10 is a 10% decrease in price. Leave Blank if you expect no change. This does not change the RRP. Only the trade price. If you're selling direct ignore the RRP.
Recommended Retail Price (RRP)	£12.00	£12.00	£12.00	Based on the RRP you set on the cost model tab
Retail Margin	0.00%	10.00%	-5.00%	Based on the retail margin you set on the cost model tab
Trade Price	£12.00	£10.80	£12.60	If no retail margin then the full price is detailed here
Total material/time cost	£3.90	£3.90	£3.90	Based on the total costs from the cost model tab
Profit Contribution (before overheads)	£8.10	£6.90	£8.70	
Profit Contribution %	67.50%	63.89%	69.05%	This is the profit contribution before overheads and other costs
Total Profit based on Number of sales	£1,620	£1,697	£1,740	
Increase / Decrease in profit		£77	£120	Change in profit based on price and volume considerations (Red equals decrease)
Percentage increase/decrease in profits		**5%**	**7%**	Change in profit as a percentage from base line (red equals decrease)

Instructions.

Enter values in the unshaded cells. Start with the baseline sales estimate you have. The sheet will pull in the values from the cost model sheet for sales price (RRP) and the cost associated with the purchase of the raw products and manufacturing costs you entered on that tab. Enter the price change (as a percentage) and how you think this will impact on sales volume (as a percentage increase or decrease). This will then reflect these changes at the bottom in terms of gross profit (i.e sales price minus cost of sales).

Note the colour of cells C7:E7 will change to red if the retail margin is set to zero (i.e. your selling directly) and the trade price C9:E9 will change to green.

[1] Batch size can be from 1 item upwards.

It must have a minimum value of 1.

[2] Detail the cost of your raw materials. A line for each item.

[3] Enter shipping costs incurred in sourcing the component.

[4] This is any other cost that you incur procuring the materials, for example import duties etc.

[5] Detail the cost of your raw materials. A line for each item.

[6] Enter shipping costs incurred in sourcing the component.

[7] This is any other cost that you incur procuring the materials, for example import duties etc.

[8] Enter the total labour hours required to produce the full batch.

[9] Enter the target hourly rate for your own labour. This should never be below the current minimum wage.

[10] The final price to be paid by the retail customer.

[11] Enter the margin to be retained by the retailer.

NB. Leave this box as 0% if you are retailing direct to the public.

[12] Enter your baseline sales estimate here

[13] Enter the change in estimated sales here, - sign is a decrease in sales no sign or + sign is an increase in sales

[14] Enter the change in estimated sales here, - sign is a decrease in sales no sign or + sign is an increase in sales

[15] enter the change in price from the base line here - sign is a price reduction from the base line. + sign or no sign is an increase

[16] enter the change in price from the base line here - sign is a price reduction from the base line. + sign or no sign is an increase