

SHOE INDUSTRY DIPLOMA COURSE



SHOE COSTING*



*This document has been produced without formal editing



This learning element was developed by the UNIDO Leather Unit's staff, its experts and the consultants of the Clothing and Footwear Institute (UK) for the project US/PHI/85/109 and is a part of a complete Footwear Industry Certificate/Diploma Course. The material is made available to other UNIDO projects and may be used by UNIDO experts as training aid and given, fully or partly, as hand-out for students and trainees.

The complete Certificate/Diploma Course includes the following learning elements:

Certificate course

- Feet and last
- Basic design
- Pattern cutting
- Upper clicking
- Closing
- Making
- Textiles and synthetic materials
- Elastomers and plastomers
- Purchasing and storing
- Quality determination and control
- Elements of physics
- General management
- Production management
- Industrial Law
- Industrial accountancy
- Electricity and applied mechanics
- Economics
- SI metric system of measurement
- Marketing
- Mathematics
- Elements of chemistry

Certificate/Diploma course

- Closing
- Collection building
- Advanced technology
- Work study
- The role of the production manager
- Production planning
- Material purchasing & control
- Quality control
- Material and related science
- Adhesives
- Pattern making and engineering
- Shoe costing
- Grading

S H O E

C O S T I N G

S Y S T E M

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SHOE COSTING SYSTEM

The contents of the document are related to the actual processes involved in the costing of a shoe.

- Pages (1 - 6) demonstrate clearly the items that are usually included in any overhead structure.
- Pages (7 - 8) identify the processes involved in obtaining the overhead cost per pair.
- Pages (9 - 11) cover most of the items that are normally included, when costing upper, bottom and grindery materials.
- Pages (12 - 15) include details of all of the labour and operations items that are usually included in a labour cost.
- Pages (16 - 17) relate to the Prime Costs and Profit Margins.

FACTORY OVERHEADS

1)	PREMISES RENT	₱ 30,000
2)	PREMISES COSTS	10,000
	a) Cleaning	
	b) Cleaning Equipment	
	c) Security Services	
	d) Premises (repairs & maintenance)	
	e) Maintenance of Site	
	f) Rates	
	g) Fire Insurance	
3)	ELECTRICITY AND GAS	100,000
4)	DEPRECIATION	6,000
5)	MANAGEMENT	170,000
6)	MAINTENANCE LABOUR	20,000
7)	NON-PRODUCTIVE COSTS	20,000
8)	PRODUCT DEVELOPMENT LABOUR COSTS	60,000
9)	QUALITY CONTROL LABOUR COSTS	80,000
10)	PRODUCTION CONTROL LABOUR COSTS	12,000
11)	TRAINING CENTRE LABOUR COSTS	12,000

12)	MATERIAL LABOUR COSTS	₱ 10,000
13)	PERSONNEL OFFICE	20,000
	a) Personnel Officer	
	b) Nurse	
	c) Medical requirements	
14)	ADMINISTRATION	100,000
15)	INSURANCE	100,000
16)	POST AND TELEPHONE	100,000
17)	TRANSPORT	50,000
18)	DESIGN DEVELOPMENT COSTS	150,000
	a) Loss on samples	
	b) Patterns	
	c) Press knives and dies	
	d) Moulds	
	e) Lasts	
19)	SUB-QUALITY COSTS	150,000
	a) Factory repairs	
	b) Loss on Worn Returns	
	c) Loss on Unworn Returns	
	d) Loss on Factory jobs	

20)	STATIONARY	₱ 30,000
21)	TRAVELLING COSTS	50,000
22)	INTEREST CHARGES	40,000

T O T A L	<u>₱ 1,320,000</u>
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OVERHEAD COSTS

COST OF OVERHEADS

FORECASTED SHOE SALES

COST PER PAIR

COST SHEET

UPPER MATERIAL

	CODE NO.	ALLOWANCE	PRICE	COST (10 PRS)
Upper leather	300	15 sq. ft.	₱ 35.00	₱ 525.00
Upper leather	301	5 sq. ft.	30.00	150.00
Vamp Lining	402	10 sq. ft.	20.00	200.00
Center Lining	403	4 sq. ft.	15.00	60.00
Dupont	504	.5 sq. ft.	4.00	2.00
Felt bottompiece	604	.25 sq. ft.	4.00	1.00
Sock foam insert	605	.2 sq. ft.	3.00	6.00
Sock	606	5 sq. ft.	30.00	150.00
Vamp & Quarter backer	607	10 sq. ft.	25.00	250.00
Total cost of uppers				₱ 1,344.00

COST SHEET

BOTTOM MATERIALS

	CODE NO.	ALLOWANCE	PRICE	(COST (10 PRS))
Sole	700	4.5 sq. ft.	₱ 20.00	₱ 90.00
Insole	701	10 pairs	5.00	50.00
Top Piece	702	10 pairs	2.00	20.00
Heel	703	10 pairs	10.00	100.00
Stiffener	704	.6 sq. ft.	60.00	36.00
Shank	705	10 pairs	1.00	10.00
Total bottom materials				₱ 306.00

COST SHEET

GRINDERY MATERIALS

	CODE NO.	ALLOWANCE	PRICE	COST (10 PRS)
Clicking Grindery	800	10 prs.	₱ 4.00	₱ 40.00
Foil	801	10 prs.	.50	5.00
Clicking Adhesive	802	10 prs.	2.00	20.00
Closing Grindery	803	10 prs.	1.00	10.00
Closing Adhesive	804	10 prs.	1.00	10.00
Toe Puff	805	10 prs.	1.00	10.00
Backseam tape	806	10	.30	3.00
Topline tape	807	10	.50	5.00
Threads	808	80	.05	0.40
Making & Shoeroom Grindery	809	10 prs.	1.00	10.00
Making & Shoeroom Adhesive	810	10 prs.	1.00	10.00
Box	811	10	10.00	100.00
Label	812	10	.06	.60
Tissue Paper	813	10	.01	.10
Total Grindery Costs				₱ 214.10

CUTTING DEPARTMENT COST SHEET

STYLE: _____

RANGE: _____

OPERATION	GRADE	EST.	ACTUAL
Prepare & Ink			
Match Stamp			
Skiving			
Pen/Block Mark			
Lining Stamp			
Press Punch			
Splitting			
Combine Cntr./Stiffner			
Transport			
Prepare for H/F			
High Frequency			
Make Trim			
Tape & Latex Strap			
Fold Strap To Centre			
Cut Strap to Length			
Ink Strap Ends			

ESTIMATED COST

ACTUAL

GRADE	SMS	P	
TOTAL			

GRADE	SMS	P	
TOTAL			

Date: _____

Signed: _____

CLOSING ROOM SHEET

STYLE:

RANGE:

OPERATION	GRADE	EST.	ACT.
Dupont Tape			
Attach Dupont			
Attach Underlay			
Attach Backers			
Combine Linings M/c			
Stick Lngs by Hand			
Seam Close Back			
Seam Close Front			
Rub & Tape Back			
Rub & Tape Front			
Hand Fold			
Machine Fold			
Lap			
Lap			
X St. Centr/Stiff			
X Stitch			
Mock Stitch			
Top Stitch			
Top Stitch			
Run Binding			
Knock over Binding			
Channel Binding			

OPERATION	GRADE	EST.	ACT.
Attach Buckles			
Buckle Up & Cut Thds & Loop			
Bar Punch			
Shear Lining			
Attach Toe Puff			
Size: Checking			
For Close			
For Lap			
Pass & Book Out			

ESTIMATED COST

GRADE	SMS	P	
TOTAL			

ACTUAL COST

GRADE	SMS	P	
TOTAL			

Date: _____
Signed: _____

MAKING & SHOE ROOM COST SHEET

STYLE: _____

RANGE: _____

OPERATION	GRADE	EST.	ACT.
Fit Up Work In Ass.			
502 Back Mould			
Forepart Last			
Waist Last & Plugnail			
Rough & Pound			
Cement Btms. Attach Felt Filler			
Sole Lay			
Heel Attach & Slip			
Rub Off			

OPERATION	GRADE	EST.	ACT.
Sock, Rub Down			
Crepe & Wash			
Flake & Flame			
Paint, Sole Clean			
Qtr. Mould & Spray Dress Soles			
Clean & Shine Patent			
Trims/Lace Up/ Buck Up/Cut Gusset			

ESTIMATED COST

GRADE	SMS		
TOTAL			

ACTUAL COST

GRADE	SMS		
TOTAL			

Signed : _____

Date : _____

LABOUR COSTS

	CODE NO.	ALLOWANCE	PRICE	COST (10 PRS)
Clicking	900	10 prs.	₱ 2.00	₱ 20.00
Closing Preparation	901	10 prs.	1.00	10.00
Closing	902	10 prs.	2.00	20.00
Components	903	10 prs.	1.50	15.00
Making	904	10 prs.	2.00	20.00
Shoe Room	905	10 prs.	1.00	10.00
Total Labour				₱ 95.00

PRIME COSTS

TOTAL UPPER COSTS	₱ 1,344.00	(10 pairs)
TOTAL BOTTOM COSTS	306.00	(10 pairs)
TOTAL GRINDERY COSTS	214.10	(10 pairs)
TOTAL LABOUR COSTS	95.00	(10 pairs)
TOTAL PRIME COST	₱ 1,959.10	(10 pairs)
TOTAL PRIME COST	196.00	(1 pair)

PRIME COSTS	₱ 196.00 (1 pair)
OVERHEAD COSTS	60.00 (1 pair)
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T O T A L	₱ 256.00 (1 pair)
PROFIT MARGIN (10%)	25.60 (1 pair)
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C O S T T O T A L	₱ 281.60 (1 pair)

Wholesale/Retail margin (25%) ₱ 70.40
Retail Price ₱352.00

