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Garment Costing Guide

There are 2 main methods of costing used in the garment industry. So-called “traditionalcosting” and “full value-added costing”, which is the method of costing we are focusing on inthis module. Based on what you have learned already, what do you think might be the differencebetween traditional costing and full value-added costing?

Write your thoughts in the text box below, then click on“Check”.

Traditional costing mainly focuses on direct manufacturing costs, such as material, labor, and basic overheads involved in garment production (CMT level). It often does not fully capture indirect or value-adding activities across the supply chain. In contrast, full value-added costing considers the entire value chain, including design, sourcing, logistics, quality control, branding, and other indirect costs. It provides a comprehensive and realistic cost structure, helping businesses understand where value is created and how profitability can be improved.
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In your own words, explain the problems with a basic cost sheet.

Write your thoughts in the text box below, then click on“Check”.

A basic cost sheet has several limitations. It mainly focuses on direct production costs like materials, labour, and basic overheads, but it does not capture the complete value chain. It often ignores important cost elements such as design, sourcing, logistics, and other value-added activities. CURRENT WORD COUNT: _44_