

Know the Cost of your Craft

Course Description:

If you don't know the actual cost to produce your product, you are not alone. Attend this workshop and learn the basics of figuring out the cost to make/manufacture your item(s). Leave with a better understanding of where your business is at financially, so you are able to make more informed decisions about the direction you want your business to go.

Introduction:

Who am I to tell you how to run your business? I wasn't formally trained. I don't have an MBA. I graduated high school with a C average. However, I am a self taught entrepreneurial type of gal and I'm a big believer in identifying what I want to learn and then finding people to teach me that thing. Once I have an understanding, and if I'm not the greatest at it, then I hire someone to help me with it. Job creation, yea!

I started my first business in 1992 and I ultimately believe that I have put on this earth to spread loving kindness. I'm not perfect (obviously!) and I have so much to learn on this topic. So as I have already told you, I am finding people to teach me about this. I feel like I'm digressing here...but I did want to mention all of this so that you would know where I am coming from as I write this. I am hoping to offer you support so that you can be successful in all areas of your life...but I want to specifically guide you in the financial realm.

Why do you need to know your COGS?

1. One cannot truly understand break-even points, inventory valuation, profit margins, and so on without knowing how much it costs to produce your item(s) and what the profit margin is.
2. To set (retail, wholesale, and distribution) PRICES and know how much you can discount, one must know what the item(s) cost to manufacture.
 - a. It is difficult to raise prices after an item has 'gone to market'.
3. Story about my friend unknowingly subsidizing her clothing business by being a barista.
4. Questions?

How do we figure out our COGS?

1. *Spreadsheet*: Elements of cost that need to be recorded on spreadsheet:
 - a. Raw materials (including freight & duty).
 - What is the dollar amount, of each raw material, put into producing each item?
 - Story about Jill and how precise she was.
 - b. Labor.
 - Story about my Nana.

-How much would it cost to pay someone to do this?

2. Revisit costing.

- a. How often do your costs go up? This is how often to redo this exercise.
- b. Line by line: can I reduce this cost while keeping the integrity of my product?
-brainstorm: negotiate with vendors, close out sales, lean manufacturing,

How to apply one's COGS to figure out the B/E point. (monthly, per event...)

1. *Spreadsheet*: ex. Monthly expenses & of festival expenses

Conclusion.

1. If you don't keep you personal and & business expenses separate, you will never truly know what your business is doing financially.
2. Don't be discouraged, I have worked this out over a long period of time. There is always something to learn.
3. I am available for consulting if you would like 1 on 1 time to invest in your business.
 - a. Business planning.
 - b. Working on COGS and break-even points.
 - c. Inventory management.
 - d. Marketing & merchandising.

For the full ebook with resources:

Email me teresa@textureclothing.com and I will send the link when I have the finished product!