

STUDY ON GARMENTS BUYING HOUSE MERCHANDISING

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This Report Presented in Partial Fulfillment of the Requirements for the
Degree of
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DECLARATION

I hereby declare that, this project has been done by me under the supervision of **Md. Mahfuzur Rahman, Senior Lecturer, Department of TE**, Daffodil International University. I also declare that neither this project nor any part of this project has been submitted elsewhere for award of any degree or diploma.

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ABSTRACT

The project is on ‘STUDY ON GARMENTS BUYING HOUSE MERCHANDISING’.

This report emphasizes and illustrates on working procedure of buying house and buying house merchandiser. It is known to all, that buying house playing an important role in our RMG sector, as a huge amount of order is coming into our country through buying house.

In this paper I discussed the main functions of buying house. Organ gram of a buying house, working procedures are also included here. The paper needs to confirm an order, commercial Inco terms, test requirements and spec sheets also discussed here.

I also discussed about the merchandising process, responsibilities of merchandiser, work flow of merchandiser as merchandiser execute the order. The qualities of merchandiser, the papers handled by merchandiser, the area of merchandiser all are included here.

Some tables, figures are added for creating practical sense. Some example is also added to explain things. Some Case Study consists of different experimental discussion, experimental result & discussion. By careful training, education, planning, assisting and co-coordinating the activities of buying house will spread out and help our RMG sector as well as our economy.

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Limitations

Some of the limitations of the report are,

1. Due to confidentiality, the Buying House restricts disclosing some important data.
2. Accuracy of the secondary data depends upon the accuracy of the secondary source as crosschecking was not possible.
3. Personal biasness of the merchandiser at the time collecting primary data
4. All the concerns personnel of the office have not been interviewed.
5. The time of internship is limited and not over 2 months.

CHAPTER 01

INTRODUCTION

1.1 Origin of the Study

Through this internship I got the practical sense of professionalism in Buying House. This project will show the Activities of a buying house, activities of a merchandiser, product development, production, marketing and quality. Overall the working procedure of Buying house will be presented through this project.

1.2 Objectives of the study

Specific Objective:

The main objective of this report is to have an assessment about overall activities of buying house and also activities of merchandisers in a Buying House, how they execute orders, make shipment delivery, what are the commercial matters related and so on.

Other objectives:

- ❖ To have exposure to the functions of the Buying house
- ❖ To know about the profile of A Buying house
- ❖ To know about performance of the Buying house
- ❖ To apply theoretical knowledge in the practical field.

1.3 Scope of the Report

This report has been prepared through extensive discussion with Buying house employees and management. While preparing this report with the help of The Fielding group (bd) I had a great opportunity to have an in depth knowledge of all the activities of a Buying house.

1.4 Study Methodology

The study requires a systematic procedure from selection of the topic to preparation of the final report to perform the study, the data sources were to be identified and collected; to be classified, analyzed, interpreted and presented in a systematic manner and key points were to be found out. The overall process of methodology had been given as below:

A. Selection of the topic: The topic of the study was assigned by the respected supervisor. While assigning the topic necessary recommendations and suggestions were provided by the supervisor to make this internship report a well organized and perfect one.

B. Identifying data sources: Essential data sources, both primary and secondary, were identified that would be needed to carry on the study and complete this report.

1. The primary data sources:

- Face to face conversation with the merchandisers, management people etc.
- Practical desk work
- Relevant file study as provided by the concerned merchandisers

2. Secondary data sources:

- Visiting various types of factories (woven/knitted).
- QMS audit report 2011 for assigned factories (Interstoff Apparels/Silken sewing/Pandora Sweaters etc.) done by Marks and Spencer
- Company profile of the factories (woven/knitted).

C. Data collection: Primary data were collected through direct and face to face interview of the different personnel of the factories.

- D. Classification, analysis, interpretations and presentation of data:** Some pictorial tools are used in this report for analyzing the collected data and to classifying those to interpret in a clear and understandable manner.
- E. Findings of the study:** The collected data were scrutinized and were pointed out and shown as findings. Few recommendations were also made for improvement of the current situation.

Final report preparation: On the basis of the suggestion of the supervisor, some corrections were made to present the paper in this form.

Chapter Two

Role of Buying House in RMG sector

2.1. An overview of RMG sector

RMG sector is the major Foreign Currency earning sector of Bangladesh. Its foreign earning share is about 75%. Garment industry can be classified in different perspective but mainly there are three types of garment industry in RMG sector based on technology and raw materials used in the industry are as follows. The RMG sector rapidly attained high importance in terms of employment, investment; foreign exchange earnings and its contribution to GDP. In the initial stage Importer organization/country directly invest in our country by itself or with our local investors. The first garment factory in Bangladesh was set up in the late 70s, named Reaz garment Industry, played a pioneer role by exporting ten thousand pieces of shirt to France. Now we're having 4500 garment industry in Bangladesh. At present RMG units in Bangladesh is employing 2.4 million of people and more than 2 million are working indirectly surrounding the industry any about 80% workers are female. Bangladesh has so far exports apparels to almost 85 countries but USA is the largest market. At that time they directly place orders and execute all the procedure. By the time our local investors rapidly establish new industries with our local technologist and skilled manpower. But as they have few importer/Buyer, they were in need of much more Buyer /importer. Then the sense of third party buyer/ Buying House/trading house is established. Now in our country maximum RMG industries get their order by buying house/trading house. All the process executes by factory but supervises and controlled by buying house.

2.2 Terms related to Buying house:

Some buying house related terms are defined below,

Third party buyer/Trading house: They are not the actual buyer; act as a buyer to the factory behalf of the importer/end buyer/customer. They place order and execute that and get their commission from the importer. They also known as buying agent

Satellite office: They are the country office of the actual buyer. Importers establish their own office in respective country to place order & execute directly.

Customer/End buyer: Importer is known as customer or end buyer. Some time they place order directly to the factory or by their satellite office or by the trading office. Customer or end buyer may be whole seller or retailer.

•**Woven Garment Industry:** The industry manufacturing garments and using woven fabric,

Ex: Shirt, Trouser, Blouse, Sleeping Gown etc.

•**Knit Garment Industry (Cut & Sew):** The industry producing garments and using knitted fabric. Ex: t-shirt, Polo-shirt, Tank top etc.

•**Fully fashion garment Industry:** the Industry producing knitted garments and using yarn as main materials instead of fabric. Ex: Sweater, Pullover, Cardigan etc.

2.3 Importance of buying house:

Our rapidly growing RMG industries are producing garments with proper quality but comparatively in low price. As a result new importers are willingly come into our country. And most of them are come through buying house, as they haven't idea of placing order and execution. So, now a days buying houses playing a vital role in RMG sector. They have skilled manpower, testing machineries and sometime their own factories to execute an order. Buying houses directly contact with the buyer and confirm an order, and then place this order in a suitable factory that is done this type of order and have

some reputation on that type of garments production. As a result distance between buyer and manufacturer is reduced by buying house. It consumes time and money for both factory and buyer. It is fulfilling the gap between factory and buyer. To execute these works buying house needs some technologist and skilled person. By this it also help us from unemployment problem.

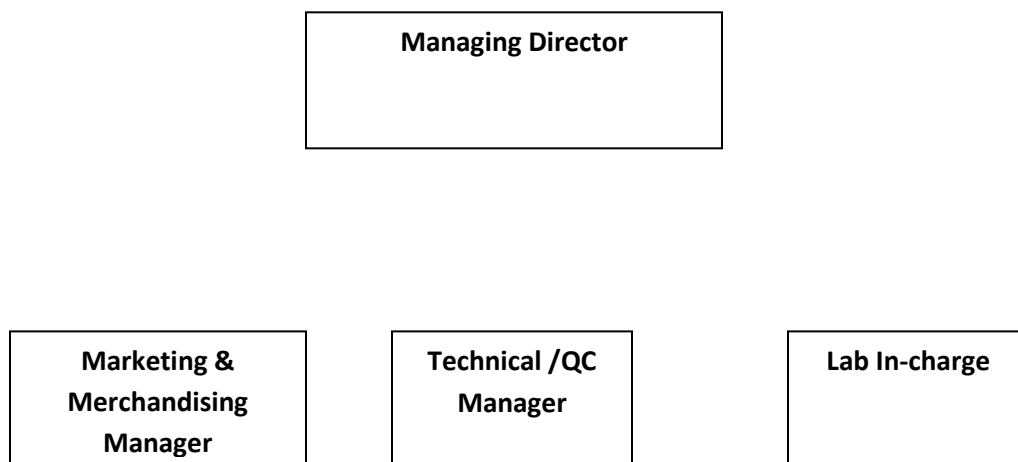
The actual data can't be found anywhere as they haven't any organization, how much order is placed by buying house on factories. But it is known to all that the amount is huge. Now-a-days number of buying house is increasing rapidly. And they are helping us by collecting order from importing countries and place them in our RMG industries. So it can be say that, buying houses helping our economy by sourcing orders and placement.

Chapter Three

Activities of Buying House

3.1 Organ gram of an ideal Buying house:

Every organization has its own organ gram to execute the working procedure. Buying house basically is a office with some testing machine and equipments, as it is not directly execute the order. So every Buying house needs some energetic skilled merchandiser to maintain the placement of order and execution, some quality controller (QC) to maintain the garments quality some other officials to do official works.



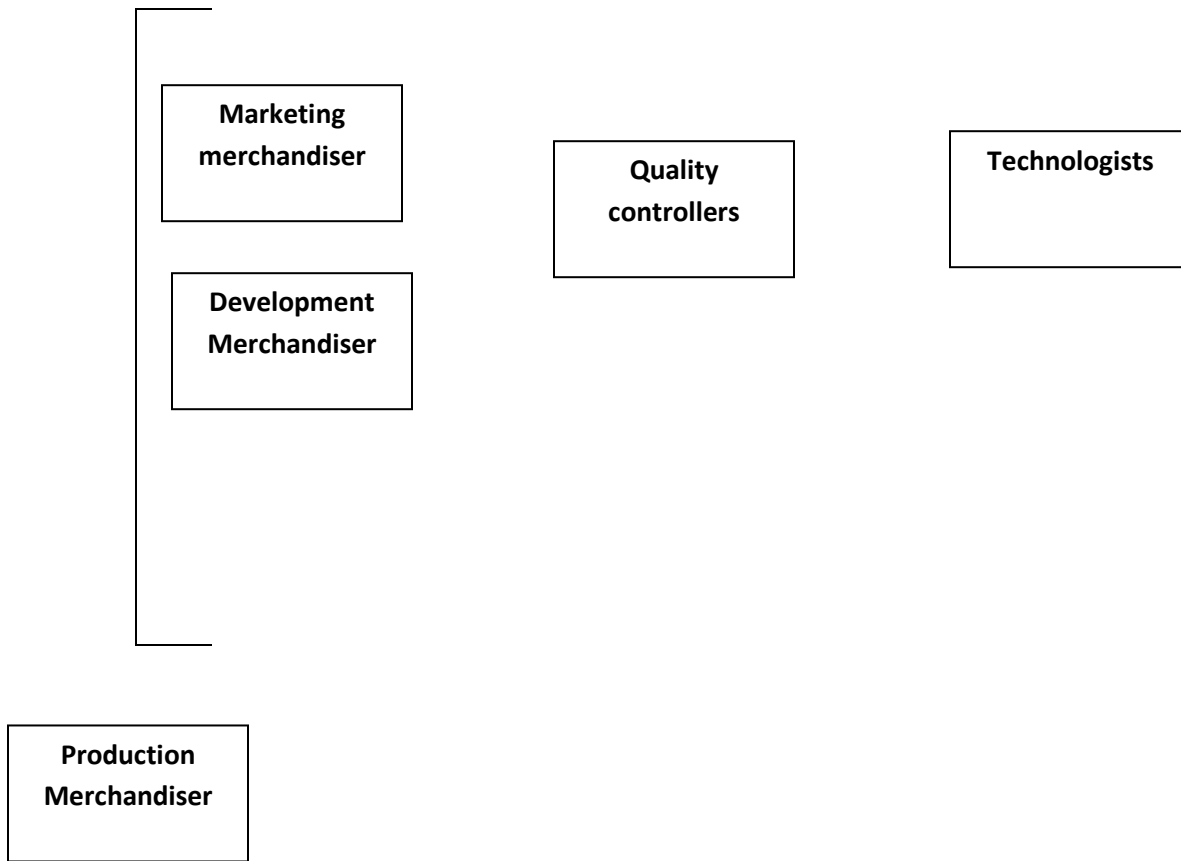


Figure: 1- Organ gram of a buying house

3.2 Work Flow of a Buying house:

Every organization has its own working procedure. It's varies from organization to organization. Buying house working procedure is given below,

- First of all marketing merchandiser contact with a buyer and collect an order by showing the garments they made before or directly ask which type of garments buyer need.
- Then he /she find out the suitable factory for that specified garments. The factory must be audited by recognized organization like Oeko-tex, WRAP etc. (Depends on Buyer).
- Do consumption & costing and bargaining with factory for cost for the specific product. Finalize cost and send it to buyer.
- Then development merchandiser develops the product send 1st pattern for any correction.
- Usually buyer makes some modification on 1st pattern, so 2nd pattern is submitted according to 1st pattern comments.
- Then fit sample is made and QC check is it follows the approved 2nd pattern.
- Then the Red seal sample is sent for approval which is also known as buying sample. And if the red seal sample approved then the order is confirmed.
- Then production merchandiser starts his work.
- Production merchandiser basically follows up the total production stage. After getting approval of red seal sample he has to book the fabric and trims.
- He has to Follow up the fabric and trim arrived in factory in time or not. After all approval he does production planning meeting with factory.
- QC has to follow the production is running with approved item, fabric and accessories or not. He helps production merchandiser by giving all production information.
- QC's main task is to check all samples (red seal, gold seal, web sample etc) sent to buyer, and help factory people if there any confusion with production.

- Fabric, trims accessories are checked in lab in buying house. It's called in-house test like Bulk fabric hanger, shade variation in shade continuity, lab dip, fabric quality etc.
- Different types of inspection also done in lab before ex-factory/shipment.
- After doing ex-factory showing packing list and some commercial activities buying house receive their commission.

There are huge task is done by a buying house which starts with meeting with buyer and ends with collecting commission from buyer.

3.3 Order placement:

Placement of an order in a factory is an important task, as the production is the main function of whole task. Placement of order depends on some important things, these are given below:

(1) Audited factory:

- The factory is must be audited by third party auditor
- If it audited then audited by which organization
- Is the auditor is internationally recognized or not
- It also some time preferred by buyer, UK based buyer preferred Oeko-tex audited factories etc.

(2) Production capacity & Order quantity:

- The production capacity of the factory (pcs/day).

- Factory can achieve or not the order quantity within lead time.

(3) Other facility:

- If the product contains any embellishments (embroidery/print), then it should be place in that type of factory.
- If the product needs dyed yarn then composite factory is suitable for that.

3.4 Order Execution :

Order execution is done by following up all the process running in the factory. The items follow up by a merchandiser to execution of an order is given below,

- Fabric booking (in case of woven fabric or imported fabric).
- Fabric in-house
- Trims in house
- Approval of fabric quality, shade and for all trims.
- Size set approval
- Cut date
- Starting Production
- Production capacity maintaining by FTY or not.
- Various samples sent in time or not
- Co-operate with QC or not.
- Garments testing is done or not
- Test result approved or not

- Ex-factory/ shipment done in time or not.

Chapter Four

Various Types of requirements to execute an order

Various Order sheet & Spec sheet:

Different types of order sheet & spec sheet is used during confirming an order, these are given below,

1. **Technical workbook:** Which contain,

- Fabric specification
- Colors
- Measurement of garments
- Grading

- Embellishments
- Trims etc

Fabric Component	Fibre Content	Position on garment	Colour	Weight/Gge	Yarn Count
VARIEGATED RIB	100% COTTON		MAIN	RED	180G/M2
WOVEN TWILL BRUSHED	100% COTTON	INSIDE BACK NECK PATCH FOR LABEL	RED CHECK		21X21/64X54
Accessory Component	Position on Garment		Colour	Ref No	
FRAMILON TAPE	SHOULDERS		CLEAR		
SCOTTY APPLIQUE	FRONT		AS ARTWORK		
STRETCH LACE	NECKLINE		CREAM		
Construction Seams	Position on garment	Colour	Ndl Thread	SP3cm/bight	

4 THREAD OVERLOCK	SHOULDERS, SIDE SEAMS, ARMHOLE, UNDERARM & NECK TRIM	RED	120'S SPUN POLY	
4 THREAD OVERLOCK	ATTACH LACE TO NECK SEAM	RED	120'S SPUN POLY	
T/N COVERSTITCH	TOPSTITCH LACE AT NECK (3MM GAUGE)	RED	120'S SPUN POLY	
T/N COVERSTITCH	CUFFS & HEM (6MM GAUGE)	RED	120'S SPUN POLY	
EMB. STITCH	APPLIQUE AT CF	AS BOOKED	EMB. THREAD	

Table: 1- Tech Pack

Customer Ref(s): 484-12 Dept(s): 7 Date: 18-Mar-2011
Our Order Number(s): 0 Factory: BANGLADESH Issue No: COSTING
Description: LADIES VARIEGATED RIB L/S SLEEP TEE Apprvd By:

	Tol+/-	8	10	12	14	16	18	20	22	
A	SHOULDER WIDTH EXCLUDING NECK TRIM	0.5	9	9.3	9.6	9.9	10.2	10.5	10.8	11.1
B	ACROSS FRONT: 13CMS FROM SNP	1	31	32	33	34.3	35.6	37	38.4	40.3
C	ACROSS BACK: 13CMS FROM SNP	1	32	33	34	35.3	36.6	38	39.4	41.3
D	BUST 2.5CMS BELOW UNDERARM	1	39	41	43	45.5	48	51	54	57
E	WAIST WIDTH: 40CMS FROM SNP	1	37.5	39.5	41.5	43	46.5	49.5	52.5	55.5
F	HIP WIDTH 58CMS FROM SNP	1	41	43	45	47.5	50	53	56	59
G	HEM WIDTH	1	46	48	50	52.5	55	58	61	64
H	HEM DEPTH (INC. STITCHING)	0.2	2	2	2	2	2	2	2	2
I	FRONT LENGTH: SNP TO HEM	1	88	89	90	91	92	93	94	95
J	BACK LENGTH: SNP TO HEM	1	88	88.5	89	89.5	90	90.5	91	91.5
K	LENGTH: AT CB TO HEM	1	85.5	86	86.5	87	87.5	88	88.5	89
L	ARMHOLE DIAGONAL	0.5	18.3	18.9	19.5	20.3	21.1	22.1	23.1	24.1
M	BICEP AT UNDERARM	1	14.3	14.9	15.5	16.3	17.1	18.1	19.1	20.1
N	OVERARM: CROWN TO CUFF END	1	58.9	59.3	59.7	60.1	60.5	60.9	61.3	61.7
O	UNDERARM	1	46	46	46	46	46	46	46	46
P	CUFF WIDTH	0.5	9.9	10.2	10.5	10.8	11.1	11.4	11.7	12
Q	CUFF HEM DEPTH (INC. STITCHING)	0.2	2	2	2	2	2	2	2	2
R	BACK NECK WIDTH: SEAM TO SEAM	0.5	18.6	19	19.4	19.8	20.2	21	21.6	22.2
S	FRONT NECK DROP: SEAM TO SEAM	0.5	12.5	12.8	13.1	13.4	13.7	14	14.3	14.6
T	LACE DEPTH	0.1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
U	MINIMUM NECK STRETCH	MIN	31	31	31	31	31	31	31	31
V	APPLIQUE POSITION BELOW CF NECK SEAM	0.5			5	TBC				
W										
X										
Y										
Z										

Table: 2- Size speck

2. Label order form (LOF):

- Wash instruction
- Care instruction
- Barcode number
- Fibre composition
- Age
- Size
- Price
- Brand name
- Hanger sticker specification
- Swing ticket specification etc.

3. Purchase order (PO) sheet:

- Shipment date
- Number of product under specific size
- Number of cartoon

4. Design Sheet:

- Picture of the product
- Picture of the print/embroidery
- Picture of the garments in packing form
- Picture of the product in hanging form
- Measurement of print/embroidery placement

Design Sketch & Information			
Garment Description:	sleep tee	Design number:	484-12
Season:	A/W	Department:	BHS nightwear dept
Designer:	Christine Langley	Proposed Sizes:	8 - 22
Account Manager:	Ann Archer	Date of Design:	
UK Garment Tech:	Caroline Pearce	Proposed Country:	Sri Lanka
Main Fabric Quality/Ref	varigated rib or waffle - please cost both		
Colour	red		
Embellishment Details: (wash/print/embroidery/ beads/sequins/transfer)	1cm stretch lace applique yd check buggie aop patch - with sleep lounge label		

Figure: 2- Design Sheet

5. Comments sheet:

- Contain comments made on red seal sample

4.1 Different sample required to execute an order:

1. Fit Sample:

Fit sample is made on approved pattern.

Purpose	: See the workmanship test the factory skill
Status	: Nothing specific
Material	: Available
Price	: Not confirmed
Quantity	: One for customer and one for merchandiser
Delivery	: As per request

2. Salesman sample:

Sample is made when price is confirmed and orders are on speculation, usually in L size in all color combinations of expected order. Buyer held a meeting with its customers and records their response on order quantity per color, size etc and finally place order to their vendor

Purpose	: Sales meeting by retailers market appraisal demand
Status	: Final stage of the order confirmation
Material	: Actual
Price	: Confirmed

Quantity : There is minimum quantity per color combination

Delivery : Very important to meet the delivery date

3. Photo sample:

Samples are made with actual color and material to be worn by the models on the event of shooting for catalog.

4. Approval sample:

In any discrete period of time, whenever it required any revision in the sample, a new sample is made (some times mock-up is workable too) as per new specification. It is sent to buyer for his approval of the conformity that the revision is done correctly.

5. Pre-production sample:

When material for bulk production arrived, factory makes a sample with the actual material and sends to buyer.

6. Production/Gold seal sample:

It is a reference to the buyer that the bulk is being produced as per specifications Buyer wants to be assured that correct material is sourced and line workmanship conformed to the quality level.

7. Shipping sample:

A sample is kept from every pre shipping inspection to be referred, if required, after the order had been delivered. Usually for any disputes (e.g. claim) shipping samples is important.

4.2 Various Lab-test ask by buying house:

Various types of lab-test ask by buying house during confirming an order. Most of them are done on fabric stage as it is the most important part of whole process. Tests are also done on garment and trims. Tests are also varies from buyer to buyer. These are discuss below,

1. **Fabric test:** Fabric tests are two types:

- Base test
- Bulk test

Base tests are two types:

- Appearance and hand feel
- Physical tests

This two type base test is also known as quality test. Physical tests are given below:

- Weight (GSM)
- Composition
- Dimensional stability (wash & dry clean)
- Spirality test (for knitted fabric)
- Stretch recovery
- Bursting strength (knitted fabric)

- Tensile strength (Woven fabric)
- Pilling resistance
- Surface flash (Brush)
- Seam performance (Woven)
- Stretch properties (elastin)

Bulk test: All types of color fastness test are known as bulk test.

- Color fastness to light
- Color fastness to wash
- Color fastness to water
- Color fastness to rubbing
- Color fastness to chlorinated water
- Color fastness to sweating etc.

2. Garment tests: In garment form different tests are done, these are given below:

- Dimensional stability
- Print durability
- Abrasion resistance

3. Trims tests: Trims tests are below type,

- **Button:** Pull test
- **Bow:** Pull test
- **Metal:** Nickel test
- **Elastic:** Latex test etc.

Below a test requirement is attached for example:

Product Category: Children's wear

Specification No: CH3

Product Type: Jersey wears

Date of Issue: Nov-09

MANDATORY REQUIREMENTS		EVALUATION METHOD	REQUIREMENT
	General Safety	SI 2005/1803 The General Product Safety Regulations 2005	Compliance with the Regulations.
	Fibre Content	SI 1986/26 The Textile Products (Indications of	Compliance with the Regulations
	Chemical Management – REACH	EC1907/2006 The REACH Regulations 2006	Compliance with the relevant sections of the

PERFORMANCE REQUIREMENTS		REQUIREMENT
4a	Bursting Strength	Knitted Fabric - 300 kPa Lace - 175 kPa
5	Pilling Blends of synthetic fibers with other fibers	Grade 3-4 @ 1,000 cycles
7	Dimensional Stability to Washing	Maximum Length & Width: $\pm 5\%$
7a	Spirality	< 5%

PERFORMANCE REQUIREMENTS		REQUIREMENT
8	Dimensional Stability to Dry Cleaning	
21	Print/Motif Durability - If applicable	No significant deterioration of application, change in appearance due to abrasion markings, loss of
22	Garment Cleansing	No significant cross-staining, color change, shrinkage or deterioration in appearance after
23	Surface Flash	No Surface Flash
34	Stretch & Recovery	5% Max
9	Colour Fastness to Light	Fluorescent colours and silks: BS Grade 3 Other fabrics: BS Grade 4
10	Colour Fastness to Water	Colour Stain: Grade 4 (Contrast: Grade 4-5) Colour Change: Grade 4
12	Colour Fastness to Washing - Excluding white and cream	Colour Stain: Grade 4 (Contrast: Grade 4-5) Colour Change: Grade 4
14	Colour Fastness to Dry Cleaning	Colour Stain: Grade 4 (Contrast: Grade 4-5)
17	Colour Fastness to Rubbing - Excluding white and cream	<u>Pigment prints</u> Dry Rubbing: Grade 3-4 Wet Rubbing: Grade 3

Table: 3- Test requirement of John Lewis

4.3 Various Important terms Considered during pricing

Undertaking price quotation for buyers:

There are following process for fixation price:-

1. **FOB (Free on board)**
 - a. Exporter does not bear the cost of freight of ship or air
 - b. It is buyer who him self bear the freight
2. **C & F (Cost & freight)**
 - a. Free on board + freight = c & f
 - b. In this case ship or air freight is carried by the exporter while quoting price.
 - c. This price a bit higher than FOB
3. **CIF (Cost, insurance & freight)**
 - a. C& f + insurance = CIF
 - b. In this case in addition to the bearing of freight, the cost of insurance is also borne by the export.
4. **CM (Cost of making / manufacturing)**
 - a. Manufacturing or exporter will get only making charge of that garment
 - b. Fabric, trimming and other materials is supplied by the buyer.
5. **CMT (Cost of manufacturing and trimming)**
 - a. Manufacture or exporter will get the making charge and at the same time will get the trimming cost
 - b. Fabric is supplied by the buyer

4.5 Various types of audit/certification want by buying house

Various types of audit are wanted by buying house. Audits are done by third party auditor. All audits is covered safety issue, child labor, CBA, environment etc. Different world wide recognized organization done these audits. These are,

Business Social Compliance Initiative (BSCI):

- initiated by the Brussels based Foreign Trade Association (FTA)
- In 2002 a common platform was established for the various different European Codes of Conduct
- In March 2003 the FTA formally founded the Business Social Compliance Initiative (BSCI).

Administered by:	FTA/Foreign Trade Association (www.fta-eu.org)
In operation since:	2004
Initiative :	Business initiative with 60 members in 10 countries (mainly Retailers)
Focus :	Social (labor/ILO conventions)
Sector	General, including textile and clothing
Verification/certification:	Third party audits, certification possible via SA8000
Audited/certified companies:	> 1300 companies audited (2006) [1].
More information :	www.bsci-eu.org

Process of BSCI Social Audits

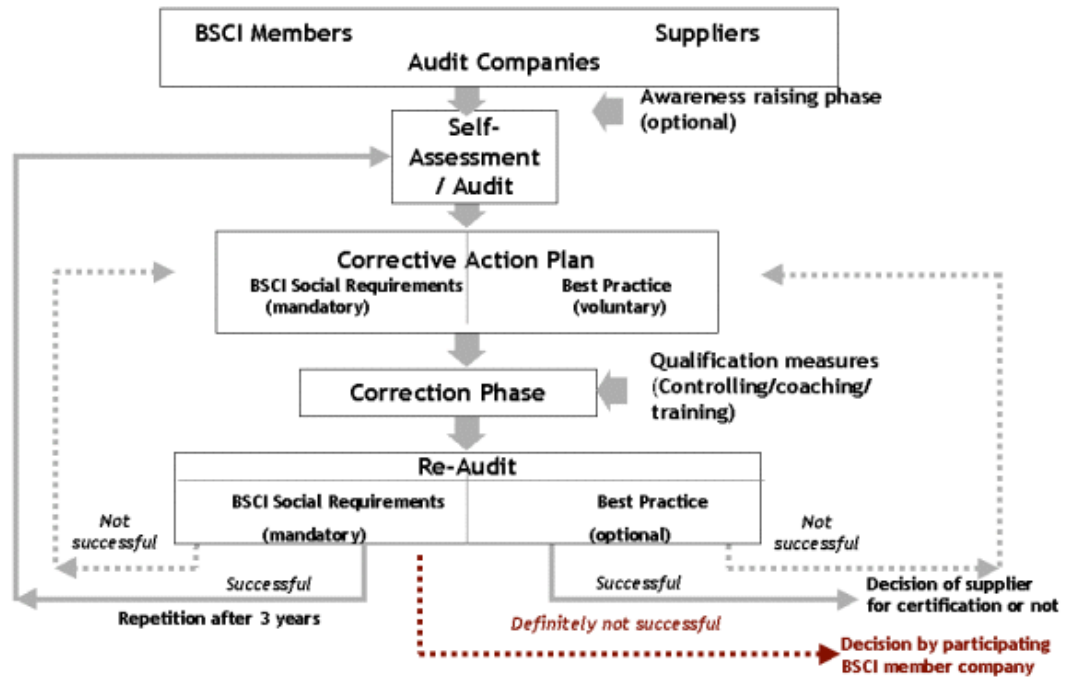


Figure: 3- Process of BSCI audit

Worldwide Responsible Apparel Production (WRAP):

Administered by: WRAP organization

In operation since: 2000

Initiative : Industrial associations initiative (American Apparel and Footwear Association, other industry associations).

: Social (labor/ILO conventions)

Focus

Sector Apparel (programs for other sectors are under development)

Verification/certification: Third party audits leading to certification

Audited/certified companies: App. 600 facilities are certified (2004) of which 33 in China.
1400 factories (belonging to some 700 manufacturers) have
Applied for the WRAP program [2].

More information: www.wrapapparel.org

Fair Labor Association (FLA):

Administered by: FLA organization

In operation : since 1999

Initiative : Multi stakeholder initiative (brand companies, NGOs, Universities):

Focus : Social (labor/ILO conventions)

Sector ; Mainly sportswear and outdoor wear

Verification/certification: Third party audits, no certification

Audited/certified companies: 3.700 factories in 18 countries (2006)

Participating textile brands : Adidas, Asics, Eddie Bauer, Drew Pearson Marketing, Gear for
Sports, Gildan, Activewear, H&M, Liz Claiborne, Mountain
Equipment Coop, New Era Cap, Nordstrom, Nike, Outdoor
Cap, Patagonia, Phillips-Van Heusen, Puma, Reebok, Top of

information : The World, Twins Enterprise, Umbro and Zephyr Graf-X [3]. More
www.fairlabor.org

Oeko-tex 100/1000:

Administered by: International Association for Research and Testing in the
Field of Textile Ecology (Öeko-Tex)

In operation: since 1992 (oeko-tex 100) and 1995 (oeko-tex 1000)

Initiative : Textile (research) institutes

Focus : Human ecology for workers and consumers (Oeko-tex 100)
And environmentally friendly production (Oeko-tex 1000)

Sector : Textile

Verification/certification: Independent testing on harmful substances, certification

Audited/certified companies: Hundreds for oeko-tex 100 / 28 for oeko-tex 1000 (2004) [4].

Participating textile brands : Mainly suppliers/producers

More information : www.oeko-tex.com

ISO 14000 series:

Administered by ISO organization

In operation	since 1997
Initiative	Network of national standards institutes of 157 countries
Focus	Environmental management system
Sector	General
Verification/certification	Third party audits leading to certification
Audited/certified companies	37.000 organizations in 112 countries are certified [5].
More information	www.iso.org

There are more organizations are related in audit but Bangladesh these are the main auditor for factories. Third party audit basically depends on buyer, ex: UK based buyers usually prefers Oeko-tex audit.

4.6 Commercial documents or Inco terms related to any order:

INCOTERMS are a set of rules for the interpretation of the most commonly used trade terms in international trade- International Commercial Terms. They were first published by the International Chamber of Commerce (ICC) in 1936 and since then have been updated in 1953, 1967, 1976, 1980, 1990 and 2000.

The basic purpose of Inco terms is to clarify how functions, costs and risks are split between the buyer and seller in connection with the delivery of the goods as required by the sales contract. Delivery, risks and costs known as critical points. **INCOTERMS** classified into four groups. This are-

International Commercial Terms
(INCOTERMS)

GROUP	TERMS	STANDS FOR
E	EXW	Ex Works
F	FCA	Free Carrier
	FAS	Free alongside Ship
	FOB	Freight On Board
C	CFR	Cost and freight

	CIF	Cost Insurance and Freight
	CPT	Carriage Paid to
	CIP	Carriage and Insurance paid to
D	DAF	Delivered at frontier
	DES	Delivered Ex Ship
	DEQ	Delivered Ex Quay
	DDU	Delivered Duty Unpaid
	DDP	Delivered Duty Paid

Table: 4– various Inco terms

Proforma Invoice:

PI has opened against PO. Here describe color details also have to open LC base on PI. Meanwhile merchandiser has to complete lab dip and also get accessories approval.

Lab Dip is process. Through this process identify the chemicals are used to produce the fabric. If it is not exam than fabric color may be differ and there has also possibility to reject the order. That's why it is essential to do.

MONTRIMS LTD.

SIAAM TOWER(LEVEL 9TH), PLOT#15, DHAKA MYMENSINGH ROAD,
SECTOR# 3, UTTARA MODEL TOWN, UTTARA, DHAKA-1230.
TEL# 088-02-8955000-2,8955004 FAX# 088-2- 8931432.
Factory:-Mouchak, Kaliakoir, Gazipur.

PROFORMA INVOICE

TO,
M/S. PANDORA SWEATERS LTD.
GILAR CHALA,MASTER BARI,
SHREEPUR,GAZIPU -1700.
BANGLADESH.

REF : MON/7475/2011
DATE : 06-01-2011

NAME OF MKT : MR. GIAS.
BUYER : JOHN LEWIS.
PACKING MATERIALS FOR EXPORT ORIENTED GARMENTS INDUSTRY.

SL. NO.	DESCRIPTION	QUANTITY	RATE (IN US\$)	AMOUNT (IN US\$)
01.	BARCODE STICKER (2"X4")	127030 Pcs	0.25/Dz	2,646.46
TOTAL :				\$ 2,646.46

AMOUNT (IN WORDS): US DOLLAR TWO THOUSAND SIX HUNDRED FORTY SIX & FORTY SIX CENTS ONLY.

TERMS AND CONDITION:-

P/I VALIDITY : 15 DAYS.
DELIVERY : WITHIN 6TH TO 7TH WEEK OF RECEIPT OF L/C.
BANK CHARGES : L/C. OPENING, AMENDMENT AND OTHERS BANKING CHARGES (IF ANY)ARE FOR L/C. OPENER'S ACCOUNT.
INTEREST : INTEREST FOR USANCE PERIOD WILL BE PAID BY THE OPENER AT LIBOR AND OVER DUE INTEREST WILL BE PAID @ 18% P.A.
PAYMENT : PAYMENT MUST BE IN US DOLLAR BY CONFIRMED IRREVOCABLE L/C OF MONTRIMS LIMITED AT 90 DAYS SIGHT ON JANATA BANK, LOCAL OFFICE, 1, DILKUSHA C/A., DHAKA-1000.
VAT REG. NO : YOU MUST BE PROVIDE US BEFORE SHIPMENT DATE.
YOU SHALL HAVE TO MENTION YOUR VAT REGISTRATION NUMBER ON BACK TO BACK L/C REQUIRED FOR SUBMITTING MUSUK-11.

MONTRIMS LTD.


AUTHORIZED SIGNATURE

ACCEPTANCE OF THE BUYER

Figure: 4- Proforma invoice

Freight on Board (FOB)

FOB system is most common system in our country. In this system the seller delivers the goods cleared for export, when they pass the ship's rail at the named port of shipment.

Letter of Credit (L/C):

A standard, commercial letter of credit (LC) is a document issued mostly by a financial institution, used primarily in trade finance, which usually provides an irrevocable payment undertaking. The parties to a letter of credit are usually a beneficiary who is to receive the money, the issuing bank of whom the applicant is a client, and the advising bank of whom the beneficiary is a client. Almost all letters of credit are irrevocable, i.e., cannot be amended or canceled without prior agreement of the beneficiary, the issuing bank and the confirming bank, if any. [6]

Export Procedure

1. Seller and buyer conclude a sales contract, with method of payment usually by letter of credit (documentary credit).
2. Buyer applies to his bank, usually in Buyer's country, for letter of credit in favor of seller (beneficiary).
3. Issuing bank requests another bank, usually a correspondent bank in seller's country, to advise and usually to confirm the credit.
4. Advising bank, usually in seller's country forwards letter of credit to seller informing about the terms and conditions of credit.
5. If credit terms and conditions confirmed to sales contract, seller prepares goods and documentation, and arranges delivery of goods to carrier.
6. Seller presents documents evidencing the shipment and draft (Bill of Exchange) to paying, accepting or negotiating bank named in the credit (the advising bank usually), or any bank willing to negotiate under the terms of credit.
7. Bank examines the documents and draft for compliance with credit terms. If complied with, Bank will pay, accept or negotiate.
8. Bank, if other than the issuing bank, sends the documents and drafts to the issuing bank.
9. Bank examines the documents and draft for compliance with credit terms. If complied with, Seller's draft is honored.

10. Documents release to buyer after payment or on other terms agreed between the bank and Buyer.
11. Buyer surrenders bill of lading to carrier (in case of ocean freight) in exchange for the goods or the delivery order.

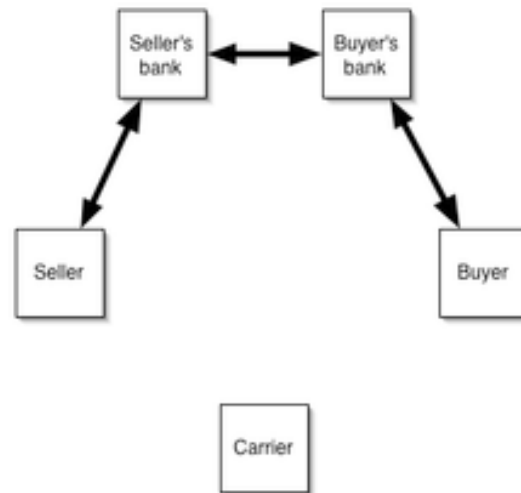


Figure: 5- work flow of Letter of credit

Bill of Lading:

A bill of lading (sometimes referred to as a BOL or B/L) is a document issued by a carrier to a shipper, acknowledging that specified goods have been received on board as cargo for conveyance to a named place for delivery to the consignee who is usually identified. A thorough bill of lading involves the use of at least two different modes of transport from road, rail, air, and sea. The term derives from the verb "to lade" which means to load a cargo onto a ship or other form of transportation. [7]

A bill of lading can be used as a traded object. The standard short form bill of lading is evidence of the contract of carriage of goods and it serves a number of purposes:

- It is evidence that a valid contract of carriage, or a chartering contract, exists, and it may incorporate the full terms of the contract between the consignor and the carrier by reference

- It is a receipt signed by the carrier confirming whether goods matching the contract description have been received in good condition (a bill will be described as clean if the goods have been received on board in apparent good condition and stowed ready for transport); and
- It is also a document of transfer, being freely transferable but not a negotiable instrument in the legal sense, i.e. it governs all the legal aspects of physical carriage, and, like a cheque or other negotiable instrument, it may be endorsed affecting ownership of the goods actually being carried.

Date _____ **BILL OF LADING – SHORT FORM – NOT NEGOTIABLE** Page 1 of 1

SHIP FROM				Bill of Lading Number:					
[Name] [Street Address] [City, ST ZIP Code] SID No.:				BAR CODE SPACE					
SHIP TO				Carrier Name:					
[Name] [Street Address] [City, ST ZIP Code] CID No.:				Trailer number: Serial number(s):					
THIRD PARTY FREIGHT CHARGES BILL TO				SPAC:					
[Name] [Street Address] [City, ST ZIP Code]				Pro Number:					
				BAR CODE SPACE					
Special Instructions:				Freight Charge Terms (Freight charges are prepaid unless marked otherwise): Prepaid <input type="checkbox"/> Collect <input type="checkbox"/> 3rd Party <input type="checkbox"/> <input type="checkbox"/> Master bill of lading with attached underlying bills of lading.					
CUSTOMER ORDER INFORMATION									
Customer Order No.			# of Packages	Weight	Pallet/Slip (circle one)		Additional Shipper Information		
					Y	N			
					Y	N			
					Y	N			
					Y	N			
Grand Total									
CARRIER INFORMATION									
Handling Unit		Package		Weight	HM (X)	Commodity Description <small>Commodities requiring special or additional care or attention in handling or stowing must be so marked and packaged as to ensure safe transportation with ordinary care. See Section 2(e) of NMFC item 360</small>	LTL Only		
Qty	Type	Qty	Type				NMFC No.	Class	

Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows: "The agreed or declared value of the property is specifically stated by the shipper to be not exceeding _____ per _____".

COD Amount: \$
 Fee terms: Collect Prepaid Customer check acceptable

Note: Liability limitation for loss or damage in this shipment may be applicable. See 49 USC § 14706(c)(1)(A) and (B).

Received, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications, and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.		The carrier shall not make delivery of this shipment without payment of charges and all other lawful fees. Shipper Signature _____	
Shipper Signature/Date This is to certify that the above named materials are properly classified, packaged, marked, and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.	Trailer Loaded: <input type="checkbox"/> By shipper <input type="checkbox"/> By driver	Freight Counted: <input type="checkbox"/> By shipper <input type="checkbox"/> By driver/pallets said to contain <input type="checkbox"/> By driver/pieces	Carrier Signature/Pickup Date Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation in the vehicle. Property described above is received in good order, except as noted.

Figure: 6- Copy of Bill of lading

Packing List:

A packing list is a shipping document that accompanies delivery packages, usually inside an attached shipping pouch or inside the package itself. It commonly includes an itemized detail of the package contents and does not include customer pricing. It serves to inform all parties, including transport agencies, government authorities, and customers, about the contents of the package. It helps them deal with the package accordingly. [8]

MILLENIUUM TEXTILES (SOUTHERN) LTD													
PACKING LIST													
MILLENIUUM TEXTILES SOUTHERN LTD BARA RANGAMATIA,ASHULIA,SAVAR DHAKA-1341,BANGLADESH						BUYER : BHS page 1							
						ORDER NO :		15090					
						STYLE NO :		895762					
						ORDER QTY :		5000		PCS			
						SHIP QTY :		5000		PCS			
						BLANCE QTY :		0		PCS			
DESCRIPTION : BOYS SENIOR LEAD IN TROUSER													
ASSORT : SOLID COLOUR SOLID SIZE													
CTN NO	TTL/CTN	COLOUR	LOT	DOCKET NO	146	152	158	164	170	176	w34	w36	PKT/CAR TON
1-8	8	BLACK	5762	66239		20							160
9-48	40	"	"	66239			20						800
49-120	72	"	"	66239				20					1440
121-197	77	"	"	66239					20				1540
198-234	37	"	"	66239						20			740
235-247	13	"	"	66239							20		260
248	1	"	"	66239		15		10					25
249	1	"	"	66239					10	10			20
250	1	"	"	66239								15	15
TTL	250	"	"	66239								15	5000
CARTON MEASUREMENT					75X34X19CM				80X42X19CM				
SIZE					146	152	158	164	170	176	w34	w36	TTL
ORDER QTY						175	800	1450	1550	750	275		5000
SHIP QTY						175	800	1450	1550	750	275		5000
BLANCE QTY													0
WEIGHT LIST													
SIZE					146	152	158	164	170	176	w34	w36	TTL KGS
GROSS WEIGHT					8	8.50	9.00	9.80	10.50	11.20	12.00	12.80	2625.00
NET WEIGHT					6.5	7.00	7.50	8.20	8.80	9.20	10.00	10.50	2200.00
MAIN MARK				SS 11				SIDE MARK				SS 11	
CUSTOMER: BHS				MTSL								MTSL	
ORDER NO: 15090								CUSTOMER: BHS					
LOT NO: 895762								ORDER NO: 15090					
DEPT: 89								LOT NO: 895762					
ACCOUNT: 1368								DEPT: 89					
SIZE:								ACCOUNT: 1368					
EAN CODE:								SIZE:					
COLOUR: BLACK								EAN CODE:					
ITEM: BOYS SENIOR LEAD IN TROUSER								COLOUR: BLACK					
CARTON NO : OF								GROSS WEIGHT: KGS					
DOCKET NO: 66239								NET WEIGHT: KGS					
								CARTON MEAS:75X34X19CM & 80X42X19 CM					
								CARTON NO: OF					
								DOCKET NO: 66239					
TOTAL QTY:				5000 PCS									
TOTAL GROSS WEIGHT:				2625.00 KGS									
TOTAL NET WEIGHT :				2200.00 KGS									
TOTAL CARTON :				250 CTN									
TOTAL CBM :				14.26									

Figure: 7- Packing list

4.7 SWOT analysis of buying house:

By SWOT analysis we can know the present situation of buying house and also can predict of future of it. SWOT analysis is given below:

Strength:

- Market is spreading day by day; new buyers are coming through buying house.
- Buying houses executing the orders with good reputation.
- Requiring skilled and technical persons to do execution smoothly.
- A huge amount of orders is executing by them.
- World wide recognized buyers are in their hand.
- New buyers mostly want coming through by third party than direct contact.
- Marketing policy of buying house make them stronger.
- As buying house are not directly conducting production they can concentrate on marketing.
- Investment to establish a buying is not a very big deal.
- With few skilled manpower and management is enough to follow up an order.

Weakness:

- Buying house is not producing the goods, so reputation goes to manufacturer.
- For some non-reputed buying house reputation hampers of all buying house.
- Suppliers are going through direct contact with buyer after one or two shipment.
- Some time buying house decrease its reputation by placing order in inexperienced FTY.
- Day by day more fashionable products order is coming need some training session.
- Most common/basic type of orders is conducting in our country.

Opportunities:

- More buyers want to come in our country.
- Most of buyers are not familiar to this condition; they need third party for placing orders.
- Reputation of buying house.
- Buying houses conducting fashion weeks, garments trade fair in many countries.
- New marketing policies are applying by buying house.
- Reputation of our RMG sector making opportunities for buying houses.
- Small buyers are not willing to open their own buying house.

Threat:

- Buyers are opening their own satellite/country office in our country.
- Buyer are directly contacting with manufacturer.
- Manufacturers are impressing buyer for direct contact after one shipment by third party.
- Go through third party is comparatively costly than direct contact.
- Not directly producing any product.

From above we can say that, the position of buying house strong now. But if more new buyers can not be captured then it will be problematic for them, as reputed buyers are willing to open their own country office. In future buying houses will be totally depends on small buyers, they have all season orders but small in quantity.

Chapter Five

Buying House Merchandiser

5.1 Merchandising:

The word “Merchandising” means the persons specially involved in garments trade. The term merchandising has been derived from the merchandise. Merchandise means goods that are bought and sold.

The term Merchandising may be defined as: Person who merchandises the goods, specifically for export purpose. Garments merchandising means buying raw materials and accessories, producing garments, maintaining required quality level and exporting the garments within schedule time. From the above definition, we can say that a person involved in garments merchandising needs a wide range of knowledge and skill to perform his job successfully. The job itself is Technical and general as well.

5.2 Main function of a merchandiser:

- Fabric requirement calculations.
- Accessories requirement calculation (e.g. thread, button, interlining, label, poly bag, carton etc.)

- Costing.
- Sourcing of yarn
- Sourcing of accessories
- Sourcing of Dyeing
- Possible date to arrival fabric and accessories in the garments factory
- Garments production planning.
- Pre-shipment inspection schedule
- Shipping documents.

All the main functions, mentioned above are important but the procurement of yarns and accessories are most important as because there are many technical parameters involved in specification in this area.

5.3 Qualities of a merchandiser:

1. Good command of English and good communication skills in English.
2. Good knowledge of Yarn, Fabric, Dyeing, Printing, Finishing, Dyes, Color Fastness, Garments production, etc.
3. Clear conception of the usual Potential Quality problems and garment manufacturing.
4. Good knowledge of the usual raw materials inspection systems and garments inspection system.
5. Knowledge of the compliance, buyer's code of conduct, SA 8000, Warp, International human rights, Core ILO conventions and various standards.
6. Knowledge of quota system and category countries, duty rate, custom regulation, shipping and banking documentation.

5.4 Other qualities of merchandiser:

1. He / she should be hard worker
2. He / she should be responsible for the job
3. He / she should be not bureaucratic
4. He / she should be must have knowledge in
 - computer literacy
 - e- mail website
 - windows, ms, power point, excel etc
5. He / she should be able work intelligently
6. He / she should have ability to improve public relation
7. He / she should be well behaved personality
8. He / she should be pleasant behavior to motivate people
9. He / she should be good knowledge on calculation
10. He / she should be goal achiever

5.5 Roles & responsibilities:

When an export order is placed to a merchandiser, he has to schedule the following main functions to execute the export order perfectly in time (schedule):-

- Fabric requirement calculation (consumption, YPD).
- Accessories requirement, calculation (Example, Thread, button, interlining, label, poly bag and cartoon etc).
- Sourcing of fabrics.
- Sourcing of accessories.
- Production follow-up with fabric and accessories, be possible date of arrival of fabric and accessories in garment factory.

- Costing of garments.
- Garment analysis and production planning.
- Performa making, swatch making and distribution to the production unit and quality concern people.
- Pre-shipment inspection schedule.
- Shipment documents
- Have to prepare proper time and action plan
- Arranging shipping documents and final inspection.

Chapter Six

Activities of a buying house Merchandiser

6.1 Merchandising chronological process:

Process is described below:

Order confirmed:

Trims, Fabric, Price, Accessories, Garment quantities and Ex- factory date need to be confirmed.

Summary receipt

Order summary has to cover total order with style and color and quantity.

L/C receipt

L/C should come 10 day after order confirmation which gives order a legal validity.

LOF receipt

Label order form, contain all information about trims excluding supplier name.

Spec sheet receipt

A sheet contains size measurement with garments construction information which need to received after 10 days of order confirmation

Sizing receipt

Size breakdown of total order has to come 10 days after order confirmation.

Red seal receipt

After receiving fit comments red seal should sent according to fit sample comments.

Red seal comments

It has to approved by buyer before starting production

Fabric in-house

Fabric should be in-housed one month before starting production

Accessories in-house

Accessories should be in-housed one month before starting production

Production starts Production should start one month before shipment. Actually it depends on order quantity and factory production rate (Production/day).

Gold seal dispatch

Gold seal should be dispatch after 6-7 days after start production

Gold seal approval

Gold seal approval must come before final inspection to rectify any problem found in production.

Shipment Date

It has to calculate considering fabric and accessories in-house one month before start production.

6.2 Execution process for garment export:

- Order inquiry from buyer to factory.
- Approval of order from Buyer, as per the costing given by the Merchandiser.
- Buyer Bank gives master L/C to the factory. Commercial dept deals with the follow up of L/C matters.
- B/B, L/C is given to the suppliers of accessories and fabric, etc.
- Fit sample sent to the Buyer for fit approval.
- Pre-Production sample submitted to Buyer with original accessories and fabric.
- Fabric and trims to be in housed on due time as per time and action plan.
- Pilot production to be started as per time and action plan. (Pilot production or initial production can consist of 100to 200 pcs.)
- Online inspection by buyers Q.C certifies the quality of the garments.
- Bulk production to be started, as per the time and action plan.
- In the main time commercial section, prepare the shipping documents
- Final inspection as per time and action plan (after final inspection ok).
- Goods are made ex factory.
- Goods handed over to the shipping line (Sea shipment)
- Goods will reach to buyer port.
- Cost of fabric is to USA \$ mts.

6.3 CRITICAL PATH METHOD (CPM): CPM is a network technique used mainly for activity and time planning (or scheduling).There is lots of event to accomplish a project (time like mass production of garments) in a schedule. In the below discussed the action plan to execute an order within the schedule.

Time and action plan for Imported fabric (Lead time 120days)

Order Quantity: 50000pcs

Activities	Date	LST Day
Order Confirmation	1 st April	-119
TECHNICAL WORKBOOK RECEIVED	1 st April	-119
CUSTOMER PO RECEIVED	2 nd April	-118
FABRIC PO RELEASE	7 TH April	-113
TRIMS PO RELEASE	7 TH April	-113
BULK FABRIC APPROVAL (for quality)	7 TH April	-113
LAB DIP	10 TH April	-110
SIZE SET APP.	15 th April	-105
LABEL/PACKING ARTWORK APP.	20 Th April	-100
FABRIC BOOKING	20 Th April	-110
BULK FABRIC EX-MILL (FML)	25 th May	-65
BULK FABRIC INHOUSE	5 Th June	-55
BULK FABRIC (For Shade Continuity) APP.	6 Th June	-54
TRIM TEST SENT	10 Th June	-50
BULK TRIMS INHOUSE	12 Th June	-48
SUPPLIER PP MEETING	15 Th June	-45
CUT DATE	15 Th June	-45
SEW DATE	18 th June	-42
GOLD SEALS APPROVAL	5 th July	-25

GARMENT TEST RESULT SENT	15 th July	-16
PRE-SHIPMENT INSPECTION	28 th July	-3
GOODS EX-FACTORY	1 st August	0
PACKING LIST SENT	3 rd August	

Table: 5- Critical path method for 120days leads time

6.4 Consumption & costing:

T-Shirt:

For, T-shirt {(s/j) 30/1 combed yarn}

Measurement:-

Length = 70 cm

½ chest = 60 cm / dia

Sleeve length = 25 cm

Arm hole width = 40 cm

GSM = 145

Find out consumption / dz in kg?

Formula:-

(Back length + sleeve length) × ½ chest × 2 × GSM × 12

10000000

= $\frac{\{(70 + 5) + (25 + 5)\} \times 60 \times 2 \times 145 \times 12}{10000000} \times \frac{\text{B.L} + \text{S.L} \times \text{chest} \times \text{GSM}}{100 \times 100 \times 1000} \times 12$

10000000

100

100

1000

= 2.28 kg + 7%

= 2.28 kg + 0.159

= 2.439 kg [neck and sleeve are made rib so add 0.10]

All time collar in rib = (350-400)

Sweater/Pullover:

For example : Calculate the factory merchandising pricing (costing) of a Men's pullover with Crew neck, Saddle shoulder, long sleeve, all over 4 lines (normal) diamond and 8 lines fancy cables. Yarn type- 100 % Acrylic, price \$ 1.96 / lb , required yarn – 16 lbs /dzn, gauge- 3G . Shipment will be 30th June 2011.

Given,

Yarn Price	=	\$1.96
Required Yarn	=	16 lbs/ dzn
Yarn	=	Acrylic
Required Gauge	=	3 G
Season	=	Peak as delivery 30th June

Wastage = 6%

Cost of Manufacturer (CM)= \$ 22 / dzn

Design

4 lines diamond (normal) = \$ 1 x4 = 4 \$4

8 lines cabels (fancy) = \$ 0.5 x 8 = \$4

Total = **\$8**

Style

Saddle sleeve = \$0.50/dzn

Commercial = \$ 4/ dzn

Assessment :

yarn price = \$ 31.36

\$ 1.96 x 16

Yarn Wastage = \$ 1.88

\$1.96 x 16x6%

Cost of Manufacturer (CM) = \$ 22.00

Styling and Designing = \$ 8.00

Trims usual = \$ 4.00

Commercial charge = \$ 4.00

\$4

Total = $\frac{\$ \quad 71.24}{\text{dzn}}$

Hence the sweater price is \$71.24/dzn.

6.5 Cost Calculation:

Cost is divided in to:-

- 1) Pre- cost----- Merchandiser
- 2) Final costing ----- Merchandiser + import section

Garment for example: - \$ 5.00 = cost

Garment costing: - \$ 5.00 + profit = costing

Pre- cost:-

- 1) It is an estimate made before the garment is adopted in to the line
- 2) Fabric, trim and labour costs for each garment is calculated
- 3) The merchandiser / designer usually keep a record of all materials costs on a work sheet.
- 4) Then the costing department can roughly estimate the cost and price structure. (Normally over head cost is 30-40%)

Final costing:-

- 2) It is an exact calculation by the costing or import department

- 3) Using actual figures for fabric,, accessories and labor cost
- 4) Costing department uses-
 - a. Merchandiser work sheet
 - b. A proto type garment
 - c. Production pattern
- 5) A detailed cost analysis is made for each garment the final cost is plotted on a “cost sheet”.

6.6 Analysis a cost sheet:

1. Materials:- Total amount of material \times (\$ 1) / yd = Total price
2. Trimming :- Button(BTN), thread(THD), interlining(INT), level & packing
3. Production pattern making, grading, marking, spreading and cutting
4. Assembly and finishing:- Calculated the average time of operations
5. Over head cost: - Salary, rent, utilities > (30- 40%)
6. Freight :- Air freight / sea freight
7. Quota change

6.7 Costing of garments in (FOB) cost:

Costing of a garment for example in a shirt:

1. Fabric costing
2. Garment accessories:
 1. Button

2. Interlining
3. Label
4. Thread
5. Collar bone
6. Hang tag/ price tag

3. Finishing accessories:

1. Poly bag
2. Plastic clip
3. Gum Tape
4. Neck board
5. Tag pin
6. Sticker
7. Butterfly
8. Collar insert
9. Back board
10. Neck insert
11. Scotch Tape
12. PP belt
13. Carton

4. Labor charge
5. Washing charge (If it is garment wash)
6. Commercial and transportation cost.

+ 10% profit margin.

(% of profit margins is the distortion of the exporter)

6.8 Sample: Reference garment

- The artwork (styling) done by designer and developer.
- Particular purchase order.
- Any revision to the style works.
- Conform to any specific requirement, etc.

6.9 Sourcing of sampling:

First pattern: The first physical version of any garment as per artwork done by designer and developer.

Human mind → Sketch → Paper Pattern → Sample

Purpose : See the design work and test the fitting.

Status : Nothing specific

Material : Available

Price : Not confirmed

Quantity : One for customer and one for merchandiser

Delivery : As early as possible

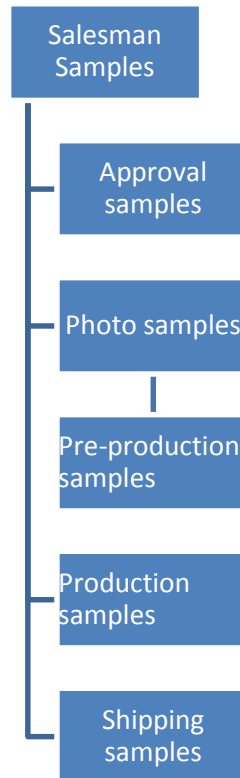


Figure: 8- Chronological process of a Merchandiser

Second pattern: Usually designer or developer always asks for some changes to the first pattern. Second pattern is made as per comments.

Counter sample: Where first pattern is made on designers artwork, counter sample is to make not on designer's artwork, has to follow another sample given by the merchandiser.

Purpose : See the workmanship test the factory skill

Status : Nothing specific

Material : Available

Price : Not confirmed

Quantity : One for customer and one for merchandiser

Delivery : As per request

Salesman sample: Sample is made when price is confirmed and orders are on speculation, usually in L size in all color combinations of expected order. Buyer held a meeting with its customers and records their response on order quantity per color, size etc and finally place order to their vendor

Purpose : Sales meeting by retailers market appraisal demand

Status : Final stage of the order confirmation

Material : Actual

Price : Confirmed

Quantity : There is minimum quantity per color combination

Delivery : Very important to meet the delivery date

Photo sample: Samples are made with actual color and material to be worn by the models on the event of shooting for catalog.

Approval sample: In any discrete period of time, whenever it required any revision in the sample, a new sample is made (some times mock-up is workable too) as per new specification. It is sent to buyer for his approval of the conformity that the revision is done correctly.

Size set: Consists of one pc from each size for each color combination.

Mock up: Any part of the garment to make for particular purpose, not complete garment.

Pre-production sample: When material for bulk production arrived, factory makes a sample with the actual material and send to buyer.

Production sample/Gold seal: It is a reference to the buyer that the bulk is being produced as per specifications Buyer wants to be assured that correct material is sourced and line workmanship conformed to the quality level.

Shipping sample: A sample is kept from every pre shipping inspection to be referred, if required, after the order had been delivered. Usually for any disputes (e.g. claim) shipping samples is important.

6.10 Swatch: Swatch is a presentation of all the material is (Fabric and Accessories) used for any specific style order. Usually small piece of fabric and each piece of accessories are attached in board paper in a systematic manner. Swatch is very important for production line to make the correct construction of a garment and QC department ensures it. Concerned merchandiser should confirm approve the swatch.

6.11 Trims: Trims cover all the items used in the garment expects the basic fabric. There are hundreds of items used to manufacture the garments. Proper selection of trims and its quality are very important for styling; otherwise the garment may be rejected or returned by the customer.

Following is a part of list that covers some names of the trims:

- | | |
|------------------------|------------------------------------|
| 1.Zipper/Fastener | Teeth |
| : Nylon, Vislon, Metal | |
| Color | : Tape color, Teeth color |
| Size | : #3, #5, #8 etc |
| Length | : As per requirement 18 cm, 72 cm, |
| End | : Close end (C/E), Open end (O/E) |
| Slider | : One way, reversible |

2. Sewing thread:

Shade, color fastness etc.

Tensile strength, Elasticity, Shrinkage, Moisture Regain, abrasion, Resistance etc. 30s, 60s, 20s/2, 40s/9 etc.

3. Labels : Main, Size, Care, Content, price, patch etc.

4. Button : Horn, Metal etc.
5. Elastic : Cotton, Polyester etc.
6. Eyelet : Antique Matching etc.
7. Velcro : Hook & Pile
8. String/Cord : Cotton, Polyester etc.
9. Tags : Price tag, Hand tag
10. Sticker : Hook & Pile
11. Polybag : Chemical mixture, Thickness (micron/mm: 1mm =1000 micron)
Elasticity, Transparent, LDPE (Low Density Poly Ethlene) PP (Poly Propylene)
12. Blister bag: (0.5) loaded capacity is higher than polybag
13. Carton 3ply, 5ply, Size (L,W,H)
14. Gum tape
15. Scotch tape
16. Tag Pin
17. Plastic clip
18. Hanger

6.12 Fabric swatch comments

After receive the lab dip approval factory receives few yarns as a swatch and do knitting and send the knitted panel to buyer for bulk yarn Here describe fabric color construction GSM (gross square meter) etc.



SWATCHES COLOURS COMMENTS

REF : **TROPHY & TIGER**
LADIES & MEN Windbreaker with Hood
100% Polyamide Outshell
100% Polyester Mesh Bottom Lining
and 190T Taffeta Polyester Sleeves Lining.

Supplier :	BISWAS	Swatches N°	1
Country :	Bangladesh		

SOL'S PARIS CHECKING DATE :	September 04, 2007
PATTERN MAKER :	Anne

Comments on SWATCHES :

- Colour **Dark Slate 372** : OK
- Colour **Navy 318** : OK
- Colour **Pale grey 379** : OK
- Colour **White 102** : OK
- Colour **Carmine Red 155** : OK
- Colour **Red 145** : OK
- Colour **Light Azure 201** : OK
- Colour **Azure 202** : OK

RESULT :

All colours are OK, have to respect strictly all this colours in production.

Awaiting for other combo variant sample to check
- TROPHY in White 102/ Pale grey 379 & Red 145/Carmine red 155,
- TIGER in Navy 318/ Pale grey 379 & Red 145/ Pale grey 379 .



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Figure: 9- Fabric swatch

6.13 Yarn booking sheet

After getting panel approval factory advises to supplier to make the delivery of the fabrics as per the PI. Yarn supplier make delivery according to the agreed date as per the PI.

6.14 Accessories Booking Sheet

Before going to bulk production merchandiser had ordered all accessories items including zipper, elastic, care label, main label, dosing etc base on order requirement.

6.15 Shipping Carton Sketch

Here merchandiser follow shipping carton mark which is also has to given by buyer-

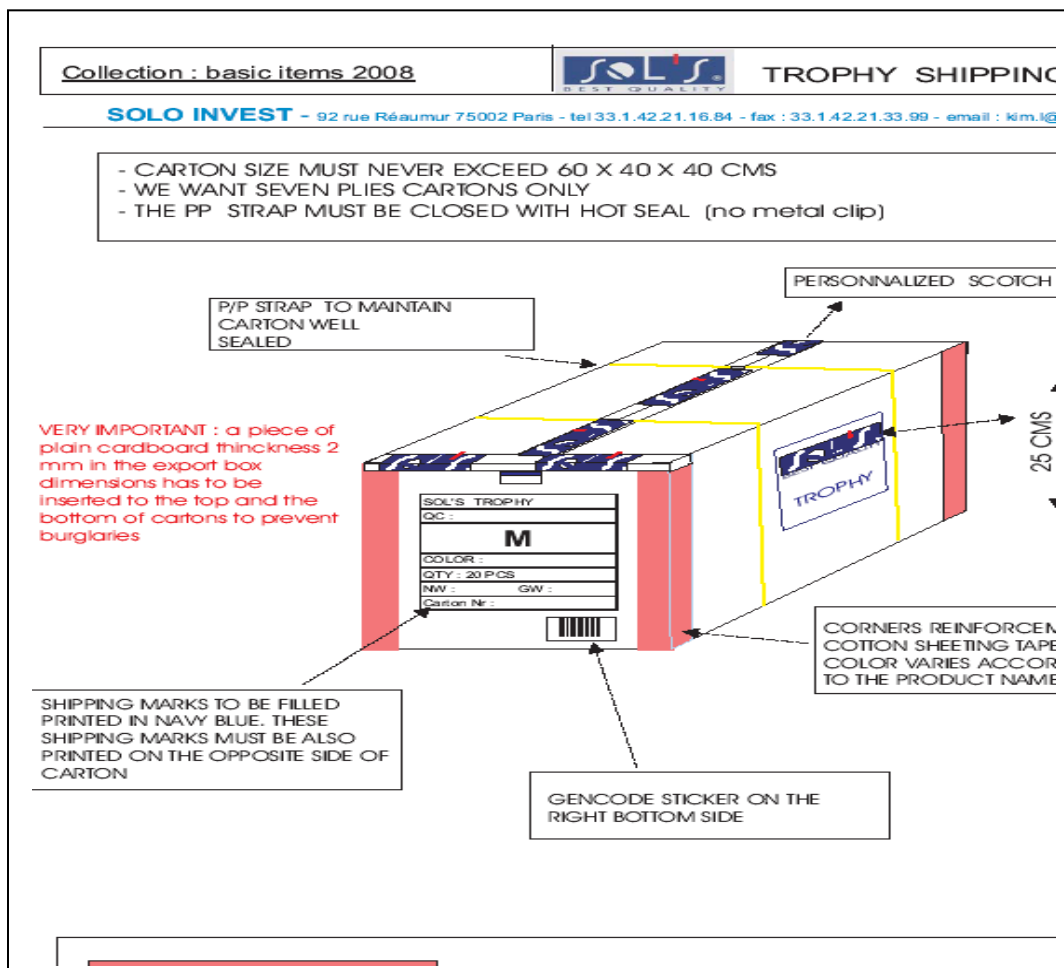


Figure: 10- Carton sketch

6.16 Packing List and Final Inspection:

When goods are nearby ready for shipment, merchandiser offers final inspection to the buying QC. Buying QC come to the factory and gets packing list from the merchandiser. He check the packing list with the style order/PO sheet and bring cartons for inspection. If AQL pass that means goods are in acceptable quality level he gives certificate to ship the goods.

6.17 Document Submission to receive payment from buyer:

- **Financial Documents**

Bill of exchange, Co-accepted Draft

- **Commercial Documents**

Invoice, packing list

- **Shipping Documents**

Transport Document, Insurance Certificate, Commercial, Official or Legal Documents

- **Official Documents**

License, Embassy legalization, Origin Certificate, Inspection Certificate

- **Transport Documents**

Bill of Lading (ocean or multi-modal or Charter party), Airway bill, Lorry/truck receipt, railway receipt, CMC Other than Mate Receipt, Forwarder Cargo Receipt, Deliver Challan etc

After shipping the goods within 5 working days commercial invoice, BL copy, GSP (if any), staffing advice certificate to be sent to the buying house for IC approval. Then 3 sets of documents to arranged and send to one for bank, one for customer and one for shipping agent.

After receiving documents by customer he/she provides the clearance to give payment to the factory.

Chapter: Seven

Conclusion

Though some of problems of buying houses are continuing there business but it is the time for them to take necessary action to ensure their better future. Buying houses have to give priority to build strong relationship with buyers for survived because buyers know the suppliers way of making products and doing business. Buying needs some training program to strengthen their manpower, which is the key strength of buying house. Buying house act as a buyer to the factory and place order & control the process behalf of the end buyer/importer. Placing order, execute the order in time with proper quality is the main key work of a buying house. So, Building strong relationship with the buyer as well as manufacturer is also needed for a buying house.

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