



## Episode 7 Acronyms and Definitions

## **1. FTY – Factory**

Definition: Refers to the manufacturing facility where the production of goods takes place.

Usage: "We need to confirm the lead time with the FTY before placing our final order."

## **2. OEM – Original Engineering Manufacturer**

Definition: A manufacturer that designs and produces a product based on the specifications of another company, often producing products that are sold under another company's brand name.

Usage: "The OEM is responsible for producing the products we sell, and they use our designs and standards."

## **3. ODM – Original Design Manufacturer**

Definition: A company that designs and manufactures a product according to a client's specifications but also owns the design rights and often sells products to various brands.

Usage: "We are working with an ODM to bring our custom design to market more efficiently."

## **4. SKU – Stock Keeping Unit**

Definition: A unique identifier for each product in a retailer's inventory, often used for tracking purposes.

Usage: "Please check the SKU to see if the product is available in stock."

## **5. TP – Tech Pack**

Definition: A comprehensive document containing all the technical details about a product's design and specifications, including materials, colors, dimensions, construction, and production processes.

Usage: "I need to finish the tech pack for the new jacket design before we send it to the factory."

## **6. BOM – Bill of Materials**

Definition: A detailed list of raw materials, components, and sub-assemblies used in the manufacturing process of a product.

Usage: "The BOM should include all the fabrics, trims, and components needed for production."

## **7. FOB – Freight on Board**

Definition: A shipping term indicating who pays for the shipping cost and when the responsibility of the goods is transferred from the seller to the buyer. "FOB Origin" means the buyer is responsible for shipping costs and risk once the goods leave the factory.

Usage: "The order is shipped FOB, so we will be responsible for the costs once the goods leave the factory."

## **8. LDP – Landed, Duty Paid**

Definition: A shipping term where the seller pays for all costs involved in transporting goods to a destination, including duties and taxes.

Usage: "The cost of goods is LDP, so we don't need to worry about extra charges when the shipment arrives."

## **9. MOQ – Minimum Order Quantity**

Definition: The smallest quantity of an item that a supplier is willing to sell or a factory is willing to manufacture.

Usage: "The factory's MOQ is 500 units per style, so we need to plan accordingly."

## **10. FC – First Cost (or Factory Cost)**

Definition: The cost of producing a product at the factory, including materials, labor, and overhead, but excluding shipping and handling.

Usage: "The first cost of the product is \$5, but we need to add shipping and customs fees to determine the total cost."

## **11. COGS – Cost of Goods Sold**

Definition: The total cost of producing and acquiring goods that are sold by a business, including direct costs like materials and labor, and sometimes shipping and handling.

Usage: "We need to reduce our COGS in order to increase our profit margin on these products."

## **12. IMU – Initial Mark Up**

Definition: The difference between the cost of a product and its selling price, usually expressed as a percentage.

Usage: "The IMU on the new collection should be 60%, which gives us enough room for sales discounts."

## **13. LT – Lead Time**

Definition: The amount of time from placing an order until the product is delivered.

Usage: "The lead time for these leather bags is 45 days from order to delivery."

## **14. TNA – Timing and Action**

Definition: A project management tool that outlines key deadlines and the required actions for each stage of production.

Usage: "We need to set up a TNA to ensure all steps are completed on time for the product launch."

## **15. NDC – National Distribution Center**

Definition: A central warehouse or distribution hub where products are stored and from where they are shipped to regional distribution centers or directly to customers.

Usage: "The inventory will be shipped from the NDC to regional warehouses across the country."

## **16. XFTY – X-factory**

Definition: Refers to the point at which goods are ready to be shipped from the factory, with the buyer assuming responsibility from that point.

Usage: "The order is X-factory next week, so we need to arrange for freight."

## **17. GAC – Goods at Consolidator**

Definition: Refers to goods that are at the consolidation point, where products from multiple suppliers or manufacturers are gathered before shipping to the final destination.

Usage: "The shipment is at the GAC, awaiting final assembly before heading to the U.S."

## **18. CM – Cut/Make**

Definition: Refers to the cost associated with cutting and making garments or products, which is usually distinct from the fabric/material costs.

Usage: "The CM cost for this batch is \$3 per unit, including labor and cutting expenses."

## **19. YY – Yield**

Definition: The percentage of usable material or product that is produced during manufacturing, often used to measure waste or inefficiency.

Usage: "The yield of the fabric is 85%, meaning 15% of the material is wasted during cutting."

## **20. PO – Purchase Order**

Definition: A formal document issued by a buyer to a supplier, detailing the items, quantities, and agreed prices for products to be purchased.

Usage: "We've placed a PO with the factory for 1,000 units of the new design."

## **21. PI – Proforma Invoice**

Definition: A preliminary bill of sale that provides a detailed breakdown of the cost of goods or services before the official invoice is issued.

Usage: "Please send me a PI so I can review the costs before we finalize the PO."

## **22. PP – Pre-production Sample**

Definition: A sample produced before full-scale manufacturing begins, used to verify design, materials, and production methods.

Usage: "We're waiting for the PP sample to ensure everything meets our quality standards before we proceed with mass production."

## **23. TOP – Top of Production Sample**

Definition: A sample produced after mass production has started but before full-scale manufacturing is completed, used to confirm that the production process is correct.

Usage: "Once we receive the TOP, we can finalize the full order."

## **24. QA – Quality Assurance**

Definition: A systematic process to ensure that the product meets the specified requirements and standards throughout production.

Usage: "The factory's QA team will inspect the products before shipment to ensure they meet our standards."

## **25. QC – Quality Control**

Definition: The process of inspecting and testing products to detect any defects or deviations from quality standards.