



## Embroidery Company Payroll Expense Sheet

This **Embroidery Company Payroll Expense** spread sheet will show you how you can figure your payroll expenses that would be associated with embroidery only. You will notice at the bottom of the sheet the **Design Production and Set up Payroll**. This is not included in the embroidery expense. It should be another line item on the customers invoice. If you offer these services Free of charge, then you will have to include them in your payroll expense for embroidery.

**Example:** You have 3 people in embroidery, 2 people in twill, 1 office person and 1 shipping and receiving person. You also have a person that does all of your design work and set up. You will need to include in your costs the 3 people in embroidery, a portion of your office person and a portion of your shipping and receiving person. Don't forget your salary. If your business is 75% embroidery and 25% something else, then you will allocate 75% of your salary for this project. The design set up person will not be included because the design set up should be an additional charge to the customer.

*(Yes, they are part of your actual Embroidery expense for your business, but for the purpose of creating your Embroidery Pricing Structure, they should not be a part of the expense for that portion of your business.)*

You will notice in this example that the embroidery production payroll expense is 64.29%. This is the percentage of the owners salary and the office and shipping payroll that would be allocated for the payroll expense and the payroll taxes expense for this company in the **Expense Spread Sheet**. The payroll taxes were about 30% of the payroll. You should check this figure with your accountant, because it may be different for your business. This includes the employers portion of all payroll expenses such as Unemployment, Social Security and Medicare and other benefits that are provided.

I have included a blank worksheet for you to use to fill in all of your information. You will then need to figure out the percentage of each department so that you can add only the embroidery portion to the **Cost Analysis Spread Sheet** (Module 2).

You will need to add more areas for the other departments in your business that will work for you. Mine is just an example. If you are doing Transfers, you will add that section. If you are doing any other services, each one will have its own section and percentage of your total payroll. If you do not have any employees and are working solely alone, you will need to departmentalize each of your areas as well in order to be able to come up with a fair pricing structure. You do not want one that is too high because you have added expenses in that were not applicable to embroidery. This is a mistake that many people make.