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# TRAINING OF CALCULATION OF THE COST OF SHOES PRODUCTION WITH THE FULL COSTING METHOD (CASE STUDY ON MILENIA MSMES, CIOMAS, BOGOR)

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## Abstract

The rapid development in the industrial world is increasing the competition that occurs between companies in producing quality products at quite competitive prices. The Micro, Small and Medium Enterprises (MSME) sector is one of the industries that competes in advancing the economy in Indonesia. MSME Millennia is a micro, small and medium scale business that has a business in producing ballet type shoes for women. MSME Millennials market their products to wholesalers in the Bogor Wholesale Market area, which is located on Jalan Sartika Bogor, which will then market shoe products outside the region. The purpose of this study is to identify and analyze how the allocation and calculation of the Cost of goods sold of shoes with the company method and the full costing method. Through this identification and analysis, it can be seen whether the calculation of the company's Cost of goods sold is better when compared to the full costing method and it is hoped that the accuracy of the costs that should occur in production activities is expected. Costs in manufacturing companies are divided into three, namely: direct material costs, direct labor costs, and factory overhead costs. The results obtained from research regarding the calculation of the Cost of goods sold, obtained two values, namely based on the company's calculation for the cost of goods manufactured is Rp. 16,088.27 (Model AIII01), Rp. 15,315.30 (Model AIII02), and Rp. 15,688.27 (Model AIII03). . The Cost of goods sold method with full costing is Rp. 16,942.78 (Model AIII01), Rp. 16,170,25 (Model AIII02) and Rp. 16,542.77 (Model AIII03). This difference greatly affects the company in determining the selling price of the product because the cost of the product is the main element in determining the selling price of the product. Based on the results of the study, it can be concluded that the calculation of the Cost of goods sold as the basis for determining the selling price according to the full costing method is better in analyzing production costs than calculating the company's Cost of goods sold. This is because the calculation using the full costing method is more accurate because in the calculation it charges factory overhead costs more precisely, including the imposition of depreciation costs.

**Keywords:** Cost of goods sold; Full Costing Method

## I. INTRODUCTION

In today's growing business world, this can be seen from the number of business activities, especially in terms of industry. In the industrial world, competition often occurs in creating and introducing superior products from each company. One of the main goals of the company is to get the maximum profit. However, the survival of the company can be at stake when the company cannot anticipate a competitive market.

The rapid development in the industrial world is currently increasing the competition that occurs between companies in producing quality products at quite competitive prices. Facing a fairly tight business competition, the company must have the right strategy and method so that its products can remain competitive and still generate profits according to a predetermined plan.

The role of the Micro, Small and Medium Enterprises (MSME) sector in economic development in Indonesia is often associated with the government's efforts to reduce the number of unemployed and to equalize people's income in order to reduce the unemployment rate. Micro, Small and Medium Enterprises (MSMEs) have a significant contribution to the government's efforts to accelerate national economic growth through the mission of providing employment opportunities that have an impact on increasing income per capita and play a role in increasing foreign exchange earnings and strengthening the structure of the national industry. Based on data from the Central Statistics Agency (BPS), the contribution of MSMEs to the economy is quite large, reaching 61.41%, while the employment of MSMEs has reached 60 million units. According to Indef economist Bhima Yudhistira, it is predicted that in 2017-

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2020 the number of MSME units can penetrate 65 million units, both medium, micro and small businesses.

The presence of Micro, Small and Medium Enterprises (MSMEs) is the most important part of the Indonesian economy, because it has become one of the biggest driving forces in the Indonesian economy today. Actors in Micro, Small and Medium Enterprises (MSMEs) are the single biggest drivers of economic growth in Indonesia. The role of Micro, Small and Medium Enterprises (MSMEs) in the national economy is quite large. The number reached 99.9% and employment reached 97%. Currently, MSMEs contribute to GDP up to 60.34%. In terms of the number of small businesses in Indonesia reached 93.4%, then 5.1% medium enterprises, and only 1% large ones.

Fig. 1 Industry Growth Chart in Indonesia in 2015-2017

Based on the graph above, BPS noted that the growth of the small-sized manufacturing industry in the second quarter of last year only grew by 2.5% compared to last year's period. In the previous quarter of 2017, this industry was still able to grow up to 6.63%. The growth of this small manufacturing industry is hampered by many obstacles, such as marketing and capital. And in the second quarter of 2017 the small manufacturing industry experienced a decline which occurred due to a lot of unhealthy (negative) growth.

Often MSMEs have financial constraints in the form of initial capital to the calculation of the Cost of goods sold. Business actors are usually not detailed and lack detail in calculating the Cost of goods sold so that there is an inaccuracy in identifying existing production costs. This can lead to errors in setting the selling price of their products and inaccuracies in estimating the profits to be obtained by the company. So the company needs to calculate the Cost of goods sold correctly. One of the determination of the Cost of goods sold is to calculate production costs accurately and accurately while maintaining the quality of the goods or products produced, so that the unit Cost of goods sold produced by the company is lower than its competitors. This policy is very useful for the company to set the right selling price and in accordance with the profit the company wants to earn.

MSME Millennia is one of the small and medium enterprises engaged in the business of making women's shoes. This company carries out the production process based on orders and processes. This company also calculates the Cost of goods sold. The author tries to apply a system of calculating the Cost of goods sold with the full costing method to produce a more accurate cost calculation so that the company can set the right selling price and become better at running its business.

TABLE I
CALCULATION OF COST OF GOODS SOLD COMPARISON OF COMPANY METHODS WITH FULL COSTING METHODS FOR MILLENNIAL MSMES

| Shoes Model | HPP Per Pair/month | | The difference between the two Methods (Rp) |
|---|---|---|---|
| | Company Method (Rp) | Full Costing Method (Rp) | |
| AIII 01 | 16.088,27 | 16.942,78 | 854,50 |
| AIII 02 | 15.315,30 | 16.170,25 | 854,95 |
| AIII 03 | 15.688,27 | 16.542,77 | 854,50 |

Based on table 1 above, it is stated that the calculation of the company's method in one month of production is lower than the calculation of the full costing method. The difference in the resulting value is caused by the method used by the company does not charge factory overhead costs correctly, but only classifies some overhead costs into other costs. The calculation result of full costing is higher because the full costing method includes the calculation of all resources used by the company so that the resulting calculation value is higher than the calculation method used by the company.

The purpose of this study is to obtain data and information that will be used in the preparation of the thesis, namely to make conclusions regarding "Analysis of Calculation of the Cost of goods sold of Shoes with the Full Costing Method (Case Study on MSME Millennia Ciomas, Bogor)" as well as an effort to develop and application of the knowledge of writing that has been obtained in lectures.

The research objectives to be achieved by writing in research are as follows:

1. To identify the allocation and calculation of the Cost of goods sold applied to Millennial MSMEs.
2. To analyze how the allocation and calculation of the Cost of goods sold for SMEs using the Full Costing method.
3. To analyze the difference between the two methods in calculating the Cost of goods sold.

## II. STUDY THEORY AND LITERATURE

Micro, Small and Medium Enterprises (MSMEs) play an important role in the Indonesian economy, both in terms of the number of businesses and in terms of job creation. MSMEs, apart from absorbing a lot of manpower, have proven to be effective as a safety valve for the national economy in times of economic crisis, as well as being a dynamist of economic growth after the economic crisis.

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As for the definition of Micro, Small and Medium Enterprises (MSMEs) according to Law No. 20 of 2008 article 1 paragraph 1 to paragraph 3, namely:

a. Micro Business is a productive business owned by individuals and or individual business entities that meet the criteria for Micro Enterprises as stipulated in the law.
b. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of Medium Enterprises or Large Businesses that meet the Business criteria. Small as referred to in this Law.
c. Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled or become a part either directly or indirectly with Small Businesses or Large Businesses with total net assets or sales proceeds. annually as regulated in this Law.

Micro and Small Enterprises are defined as individuals or business entities that have carried out activities or businesses that have the highest annual sales or turnover or have the highest assets or assets (excluding land and buildings occupied).

From the understanding and explanation above, as for the principles and objectives of MSMEs:

a. Micro, Small and Medium Enterprises are based on the principles of kinship, economic democracy, togetherness, efficiency with justice, sustainability, environmental insight, independence, balance of progress and national economic unity.
b. Micro, Small and Medium Enterprises aim to grow and develop their businesses in the context of building a national economy based on just economic democracy.

In Micro, Small and Medium Enterprises there are criteria for MSMEs according to Law No. 20 of 2008 Chapter IV Article 6 paragraphs 1-3 as follows:

a. Micro Business Criteria are as follows:
   1) Have a net worth of at most Rp. 50,000,000.00,- excluding land and buildings for business premises, or
   2) Have annual sales of a maximum of Rp. 300,000,000.00,-
b. Small Business Criteria are as follows:
   1) Has a net worth of IDR 50,000,000,- up to a maximum of IDR 500,000,000,- excluding land and buildings for business premises; or
   2) Have annual sales of more than Rp. 300,000,000.00,- up to a maximum of Rp. 2,500,000,000.00,
c. Medium Enterprises Criteria are as follows:
   1) Has a net worth of IDR 500,000,000.- up to a maximum of IDR 10,000,000,000.00 excluding land and building for business; or
   2) Have annual sales results of more than Rp. 2,500,000,000.00,- up to a maximum of Rp. 50,000,000,000.00,-.

**Production cost**

Production costs are costs incurred to process raw materials into finished products that are ready to be sold, for example the cost of raw materials, the cost of auxiliary materials, the cost of employee salaries and others. A broader understanding of production costs is the sacrifice of economic resources, which is measured in units of money, which has occurred for certain purposes (Mulyadi, 2012). In a narrow sense, production costs can be interpreted as the sacrifice of economic resources to obtain assets. Production costs can be defined as the cost of goods used in order to earn income and will be used as a deduction from income (Supriyono, 2011). Based on these production costs, it can be concluded that production costs are sacrifices of economic resources in order to carry out the company's main business, namely to earn profits.

Cost (Cost) is cash or cash equivalents sacrificed (paid) for goods and services that are expected to provide benefits (income) at this time or in the future for the company.

Production costs are the costs of all expenses made by a manufacturing company to produce a product during a certain production period. The production costs consist of:

1. Raw Material Cost
2. Direct Labor Cost
3. Factory Overhead Cost

**Cost of goods sold**

The Cost of goods sold or product cost is an important element to assess the success (performance) of trading and manufacturing companies. The Cost of goods sold has a close relationship with indicators of the company's success. The Cost of goods sold basically shows the cost of products (goods and services) produced in a certain accounting period.

To determine the company's profit and loss and the means of information to determine the selling price of the product, it is necessary to determine the Cost of goods sold. In this case, the Cost of goods sold is very important in determining the selling price. The Cost of goods sold can determine the selling price in order to obtain a profit in accordance with the wishes of the company. According to Mulyadi (2012) the term cost of goods is also used to show the sacrifice of economic resources in the management of raw materials into finished products.

Benefits of Cost of goods sold

According to Mulyadi (2012) stated that information on the Cost of goods sold is useful for managers in:

1. Determine the selling price of the product
2. Determine the realization of production costs
3. Calculating gross profit or loss for a certain period
4. Determine the cost of inventory of finished products and products in process presented in the balance sheet

## III. RESEARCH METHOD

This type of research used a comparative descriptive analysis to compare the results of the calculation of the cost

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of goods manufactured by the company with the calculation of the cost of goods manufactured using the full costing method.

Data collection method is a technique or method used to collect data. The data collection method in this research is conducting a field survey. This survey was conducted in depth by observing directly the object of research. The data collection technique used in this method is by means of a survey in this study, namely interviews, documentation and observation.

1. Field Research
   The research was conducted by directly observing the place that became the object of research. The research was carried out by collecting data through direct observation of the object of research related to the problems discussed in this thesis.
2. Interview
   Conduct interviews with company owners related to the data needed in writing this thesis.
3. Filling Out Questionnaire
   This method is done by compiling a questionnaire, to obtain in-depth company data, completing the data obtained from interviews
4. Documentation
   Studying and analyzing documents and company records related to the data studied, after data from interviews.
5. Observation
   Collecting data by conducting direct observations of production activities carried out by workers in producing products.

## IV. RESULTS AND DISCUSSION

### Results of the Discussion on Calculation of the Cost of Goods Sold of MSME Shoes for Millennials

The calculation of the Cost of goods sold of shoes per pair that has been carried out by the company so far is still very simple. The costs that are taken into account in determining the Cost of goods sold include the cost of raw materials, direct labor wages, and other costs which are the only factory overhead costs calculated by the company. In calculating production costs, the company calculates the materials used on a per-kodi basis. The calculation of factory overhead costs by the company is usually not calculated in detail but several costs are calculated based on the costs estimated or estimated by the company. The main raw material used is cloth which is better known as AC material and the wages of labor are calculated based on the number of shoes produced per code. Furthermore, all production cost calculations which are calculated on a per score basis will be calculated in more detail so that the production cost per pair of shoes can be known.

The calculation of the cost of goods manufactured by the company is based on a sample of 3 shoe models produced in January - April 2018. The three shoe models are examples of the products produced by the company. An average of one shoe model is produced for 4 months.

The raw materials used by MSMEs are calculated based on the proportion of materials needed to make 1 shoe code which is adjusted to the area of the pattern used multiplied by the unit price of the raw material. Although each shoe has a different size, the costs calculated are assumed to be the same.

Each shoe model requires imitation materials for the face, mat, CE purl, as well as other materials such as paper tips (front and back), sole, sponge, and others to form a shoe unit. Upfront material usually requires about 1.4 meters for shoe perkodi with material prices ranging from Rp. 20,000 - Rp. 30,000/meter. Meanwhile, other AC materials needed for shoe mats are around 1.125 meters/kodi. AC materials for shoe mats range from Rp. 15,000 - Rp. 20,000/meter. The average imitation material for the surface and the mat used has a width of 1.4 meters.

The material used for the pur CE (inner layer) usually has a size of 100cmx120cm with prices varying around Rp. 8000 - Rp. 14,000/meter. As for the end of the paper using a material measuring 100cmx90cm. Paper tips are used for the front and back of the shoe. To produce 1 kodi, the CE pur and hard ends require different amounts of material.

The cost of shoe design temporarily by the owner of the company has not been included as a production cost and is not included in the calculation of the Cost of goods sold according to the company's method. The direct labor cost for the AIII01 and AIII02 models is Rp. 96,000.00/kodi while the AIII03 model is Rp. 81,000.00/kodi. The direct labor costs for the AIII01 and AIII02 shoe models are higher than the AIII03 shoe models. This is related to the level of difficulty in working on the shoe model and the use of accessories in the shoe model that is produced.

The cost of labor wages for the top builders in the AIII01 and AIII02 models is Rp. 50.000,00/kodi while AIII03 is Rp. 45.000,00/kodi. The cost of labor wages for builders under models AIII01 and AIII02 is Rp. 35.000,00/kodi while AIII03 is Rp. 25,000.00/kodi.

The cost of production can be seen from the total production costs incurred by the company to produce a product. Full costing is a method of calculating cost of goods that takes into account all elements of production costs into the cost of production, which consists of raw material costs, direct labor costs, and factory overhead costs, both fixed and variable.

The cost of raw materials is calculated by transferring the amount of raw materials used perkodi with the price per unit and then divided by 20 pairs. This is because 1 kodi consists of 20 pairs of shoes. So that the results obtained for the cost of a pair of shoes. The shoes produced consist of different sizes but the raw material costs incurred on average are almost the same because the pattern design is made in the same sheet of AC material. The amount of raw materials issued by SMEs with examples of models AIII01, AIII02, and AIII03.

- Model AIII01 Raw Material Cost

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Newbook AC Material (Rp 20,000 x 1.4m) :20
= Rp 1,400
Harmoni AC Material (Rp 15,000 x 1.125m):20
= Rp 843.75
Pur CE (Rp 14,000 x 1.4m) :20 = Rp 980
Texton 1.3mm (Rp 9,500: 40) x 2 pieces = Rp 475
YY sole (Rp 20,000: 40) x 2 pieces = Rp 1,000
Tamsin iron 14 (Rp 7,200 : 40) x 2 units = Rp 360 +

Amount = Rp 5.058,75

- Model AIII02 Raw Material Cost

Kijang Lax AC Material (Rp 24,000 x 1.4m) :20
= Rp 1,680
Harmoni AC Material (Rp 15,000 x 1.125m) :20
= Rp 843.75
Pur CE (Rp 14,000 x 0.0964m) :20 = Rp 67.48
Texton 1.3mm (Rp 9,500: 40) x 2 pieces = Rp 475
YY sole (Rp 20,000: 40) x 2 pieces = Rp 1,000
Tamsin iron 14 (Rp 7,200 : 40) x 2 units = Rp 360 +

Amount = Rp 4.426,23

- Model AIII03 . Raw Material Cost

AC Champion Material (Rp 30,000 x 1.4m) :20
= Rp 2,100
Harmoni AC Material (Rp 15,000 x 1.125m) :20
= Rp 843.75
Pur CE (Rp 14,000 x 1.4m) :20 = Rp 980
Texton 1.3mm (Rp 9,500: 40) x 2 pieces = Rp 475
YY sole (Rp 20,000: 40) x 2 pieces = Rp 1,000
Tamsin iron 14 (Rp 7,200 : 40) x 2 units = Rp 360 +

Amount = Rp 5.758,75

TABLE III
THE COST OF DIRECT MATERIALS FOR THE PRODUCTION OF MILLENNIAL SMES

| Cost of Raw Materials Per Kodi | AIII01 Model | AIII02 Model | AIII03 Model |
|---|---|---|---|
| Raw Material Cost Per Pair | Rp 5.085,75 | Rp 4.426,23 | Rp 5.785, 75 |

TABLE IIIII
DIRECT LABOR COSTS PER SHOE CODE

| No | Type of Work (Per Kodi) | AIII01 (Rp) | AIII02 (Rp) | AIII03 (Rp) |
|---|---|---|---|---|
| 1 | Top Builder | 50.000 | 50.000 | 45.000 |
| 2 | Undercutter | 35.000 | 35.000 | 25.000 |
| 3 | Sol | 1.500 | 1.500 | 1.500 |
| 4 | Bensol | 5.000 | 5.000 | 5.000 |
| 5 | Finishing | 4.500 | 4.500 | 4.500 |
| Total TKL Wage per code | | 96.000 | 96.000 | 81.000 |

**The cost of using auxiliary materials per pair of Millennial MSME shoe production**

- Cost of Auxiliary Materials

Auxiliary materials are materials that do not become part of the finished product or materials which, even though they are part of the finished product, are relatively small in value. Auxiliary materials in the production of shoes, among others, are Pur, hard toe, tamsin iron, accessories, thread, and others.

- Electricity cost

Electricity is used by MSME Milia to support production activities in the workshop. Electricity is usually used for lighting and to operate machines. Millennial MSMEs use electricity supplied from PLN. Based on the company's monthly expenses, the electricity bill for the workshop is about 50% of the total monthly electricity cost.

- Machinery and Vehicle Maintenance Costs

Machine and vehicle maintenance costs represent maintenance and repair costs as well as the purchase of spare parts for machines and vehicles if the machine or vehicle is damaged. The vehicles used in relation to shoe production activities are 2 units of motorcycles which are privately owned vehicles used for MSME operational activities. Machine maintenance costs incurred by MSMEs include the cost of replacing sewing needles, machine lubricants, and others. while the costs incurred for vehicle maintenance include oil change costs and engine service.

TABLE IVV
DIRECT LABOR COSTS PER SHOE CODE

| No | Details | Cost (Rp/month) |
|---|---|---|
| 1 | Sewing machine | 150.000 |
| 2 | Pon machine | 70.000 |
| 3 | Motorcycle | 200.000 |
| Amount | | 420.000 |

**Equipment and machinery depreciation expense**

Depreciation of equipment and machinery is charged to all shoe models produced per year amounting to Rp. 4,122,000, so the amount of depreciation per month is Rp. 343,500. For the three shoe models (AIII01, AIII02, and AIII03), the depreciation expense is Rp. 114.50 per pair after dividing the total production for 1 month. Factory overhead costs will be further divided for auxiliary materials, electricity costs, components of maintenance costs and components of equipment depreciation costs that support shoe production activities for the calculation of factory overhead costs.

TABLE V
CALCULATION OF FACTORY OVERHEAD COST PER PAIR OF SHOES

| Details | AIII01 (Rp) | AIII02 (Rp) | AIII03 (Rp) |
|---|---|---|---|
| Auxiliary Raw Material | 4.629,52 | 4.489,07 | 4.279,52 |
| Electricity Usage Fee | 100 | 100 | 100 |
| Machine and Vehicle Maintenance Costs | 140 | 140 | 140 |

| | | | |
|---|---|---|---|
| Equipment Depreciation Cost | 114,50 | 114,50 | 114,50 |
| BOP/Pair (Rp) | 4.984,02 | 4.844,2 | 4.634,02 |

TABLE VI
CALCULATION OF THE COST OF GOODS SOLD USING THE FULL COSTING METHOD PER PAIR OF SHOES

| Details | AIII01 (Rp) | AIII02 (Rp) | AIII03 (Rp) |
|---|---|---|---|
| Direct Raw Material | 5.085,75 | 4.426,23 | 5.758,75 |
| Direct Labor | 6.400 | 6.400 | 5.650 |
| Factory Overhead Cost | 4.984,02 | 4.844,02 | 4.634,02 |
| Shoe Design Fee | 500 | 500 | 500 |
| Cost of Goods Sold/Installation | 16.942,78 | 16.170,25 | 16.542,77 |

**Comparison of the calculation of the cost of shoe production with the company method and the full costing method**

Based on the two calculation methods described previously, a comparative analysis can be carried out between the calculation of the cost of production with the company method and the full costing method.

TABLE VII
. COMPARISON OF THE CALCULATION OF THE COST OF SHOE PRODUCTION WITH THE COMPANY METHOD AND THE FULL COSTING METHOD

| Shoes Model | HPP Per Pair/month | | The difference between the two Methods (Rp) |
|---|---|---|---|
| | Company Method (Rp) | Full Costing Method (Rp) | |
| AIII 01 | 16.088,27 | 16.942,78 | 854,50 |
| AIII 02 | 15.315,30 | 16.170,25 | 854,95 |
| AIII 03 | 15.688,27 | 16.542,77 | 854,50 |

Calculations with the Full Costing method produce a higher value. The Full Costing method includes the calculation of all data sources used by the company so that the resulting calculation value is higher. Full Costing calculation can reflect how much the company actually sacrificed in its production activities. Factory overhead costs are recorded in the Full Costing method including costs incurred as a result of activities that support the production process. Costs that arise as a result of activities in the production process include depreciation and maintenance costs for equipment, machinery and vehicles. Design costs are also included in the calculation of the cost of production using the Full Costing method. Design costs include cost activities that must be taken into account because they are costs incurred in supporting the production process. So that the calculation produced by the Full Costing method is higher because it includes the calculation of all costs that occur in the production process.

Calculations with the Full Costing method will be useful for companies to make resource efficiency used in production activities and in determining selling prices in accordance with the expected profit.

## V. CONCLUSION AND SUGGESTION

**Conclusion**

After analyzing the calculations at MSME Millennia regarding the calculation of the cost of shoe production using the full costing method, it can be concluded that:

a. Millennial SMEs apply the calculation of the cost of production which is still very simple. Cost elements calculated using the company's method include direct material costs, direct labor costs and factory overhead costs (other costs). The calculation of the cost of shoe production according to MSME Millennials is Rp. 16,088.27 for the AIII01 shoe model, Rp. 15,315.30 for the AIII02 shoe model, and Rp. 15,688.27 for the AIII03 shoe model.
b. Based on the calculation of the cost of production using the full costing method, the production cost is higher than the calculation method with the company method, namely Rp. 16,942.78 for the AIII01 shoe model, Rp. 16,170,25 for the AIII02 shoe model, and Rp. 16,542.77 for the AIII03 shoe model. . The difference in the resulting value is caused by the imposition of factory overhead costs from the two methods used. In the Full Costing method, the depreciation cost element is included in the calculation of factory overhead costs.
c. The main difference between the company's calculation method and the full costing method lies in the treatment of factory overhead costs. The difference in the resulting value is caused by the method used by the company does not charge factory overhead costs appropriately, so the production costs calculated by the company are less accurate. Errors in calculating the cost of production can result in the determination of the selling price of a company to be too high or too low. The calculation of the cost of production is one of the important things for every company to do.

**Suggestion**

1. Practical Advice for Companies
   a. Millennial MSMEs should use the calculation of the cost of production using the full costing method, because it can identify the costs that support the production process compared to the calculation method that has been carried out by the company.
   b. Millennial SMEs should include design costs in calculating the cost of production. This is because design costs are also costs incurred to support the production process. So that the calculation of the cost of production will be more accurate so that in the calculation of pricing it becomes better and more precise and is able to maximize the expected profit.
2. Theoretical Suggestions
   For Readers, in order to be able to compare the calculation of production costs carried out by the company with the calculation of the full costing method, to assess the cost efficiency of the company to be studied.

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