



Australian Government

Department of Education, Employment and Workplace Relations

MSACMT231A Interpret product costs in terms of customer requirements

Revision Number: 1

MSACMT231A Interpret product costs in terms of customer requirements

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit covers the knowledge and skills needed for a person to be able to identify the major cost components of their product/s, the basic relationship of these to customer benefits and use this to help minimise waste (defined as anything not delivering a customer benefit). It has a different focus to <i>MSACMT230A Apply cost factors to work practices</i> which focuses on costs in isolation whereas this unit regards all costs not directly leading to customer benefit as waste. It may apply to all employees.</p>
------------------------	--

Application of the Unit

Application of the unit	<p>In a typical scenario, an employee uses their understanding of the customer's requirements of the product or process being undertaken as the basis for investigating processes to identify waste sources and then take actions relevant to their level of competency and authority to reduce this waste. It requires and understanding of both the cost factors in the products they make and also the benefits which the customer derives from the product.</p> <p>This competency may be performed individually or in a team based environment.</p> <p>This unit requires the application of skills associated with analysis and problem solving to identify waste and determine ways to minimise waste. This unit requires initiative and enterprise and application of learning in concepts of waste and waste minimisation</p>
--------------------------------	--

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	
---------------------------	--

Employability Skills Information

Employability skills	This unit contains employability skills
-----------------------------	---

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance Criteria describe the performance needed to demonstrate achievement of the Element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the Range Statement. Assessment of performance is to be consistent with the Evidence Guide.
---	--

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Identify cost components deriving from customer benefits and other costs	1.1. Identify <i>customer features/benefits</i> in product or process being undertaken 1.2. Identify cost components which deliver customer features/benefits and those which don't 1.3.
2. Compare required performance of product or process steps with actual performance	2.1. Identify <i>performance</i> required to meet customer needs in own work and that of team 2.2. Identify actual performance 2.3. Compare cost components of products or process with current <i>customer-related targets</i> 2.4. Separate costs components into those that contribute to customer features/benefits and those that do not contribute 2.5. Determine <i>non-contributing cost components</i> which are under control of the individual or team
3. Minimise waste	3.1. Recommend changes to eliminate or reduce waste 3.2. Adopt changes which minimises waste 3.3. Monitor effect of changes to ensure gains are made against customer features/benefits

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- numeracy
- analysis
- communication and literacy

Required knowledge

- ability to access company information about:
 - customer features/benefits
 - cost components of products made
 - costs concepts such as expense and income
 - major cost contributors to product (eg energy)
- the difference between internally and externally controlled costs
- difference between overhead, labour and consumables

Evidence Guide

EVIDENCE GUIDE

The Evidence Guide provides advice on assessment and must be read in conjunction with the Performance Criteria, required skills and knowledge, the Range Statement and the Assessment Guidelines for this Training Package.

Overview of assessment requirements	An employee will as part of their everyday routine aim to minimise waste and establish a focus in their work on meeting targets that contribute to customer features/benefits.
What are the specific resource requirements for this unit?	Access to a workplace implementing competitive manufacturing strategies. No other specific resources are required.
What critical aspects of evidence are required to demonstrate competency in this unit?	Evidence of being able to identify cost factors in employees work in terms of customer features/benefits and having made appropriate recommendations to reduce waste. Evidence of implementing changes which reduce waste.
In what context should assessment occur?	Assessment will need to occur in a workplace or through a project in a simulated work environment.
Are there any other units which could or should be assessed with this unit or which relate directly to this unit?	This unit may be assessed concurrently with appropriate units on continuous improvement.
What method of assessment should apply?	Assessors must be satisfied that the person can consistently perform the unit as a whole, as defined by the Elements, Performance Criteria, skills and knowledge. A holistic approach should be taken to the assessment. Assessors should gather sufficient, fair, valid, reliable, authentic and current evidence from a range of sources. Sources of evidence may include direct observation, reports from supervisors, peers and colleagues, project work, samples, organisation records and questioning. Assessment should not require language, literacy or numeracy skills beyond those required for the unit. The assessee will have access to all techniques, procedures, information, resources and aids which would normally be available in the workplace. The method of assessment should be discussed and agreed with the assessee prior to the commencement of the

EVIDENCE GUIDE	
	assessment.
What evidence is required for demonstration of consistent performance?	Evidence should be available from several episodes of analysis and implementation of recommendations to reduce waste and improve customer features/benefits.

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Customer features/benefits	Customer features/benefits are those characteristics of the product or service which add value to the customer, this value may be assessed in financial or features terms. The customer may be internal or external.
Performance	Performance may be thought of as the rate of output of the plant compared to the rate required to meet demand. Performance might also be thought of in terms of takt where takt time is the allowable time to produce one product at the rate and quality customers are demanding it. This is NOT the same as cycle time, which is the normal time to complete an operation on a product (which should be less than or equal to takt time).
Customer-related targets	Customer-related targets are the internally set financial and operational targets that contribute to meeting customer features/benefits.
Non-contributing cost components	Some costs incurred make a direct contribution to customer features/benefits. These costs continue to need to be incurred (although they may be minimised) in order to gain the customer feature/benefit. Other costs do not contribute to customer features/benefits (non-contributing cost components) and either must be maintained such as regulatory compliance and occupational health and safety (OHS) costs while other costs are not required and do not contribute to customer features and so should be eliminated if possible. This is also defined in terms of <i>waste</i> - see below.
Waste	Waste (also known as muda in the Toyota Production System and its derivatives) is any activity which does not contribute to customer benefit/features in the product. Within manufacturing, categories of waste include: <ul style="list-style-type: none"> • excess production and early production

RANGE STATEMENT

	<ul style="list-style-type: none">• delays• movement and transport• poor process design• inventory• inefficient performance of a process• making defective items. <p>Waste for this unit may include activities which do not yield any benefit to the organisation or any benefit to the organisations customers.</p>
--	--

Unit Sector(s)

Unit Sector	CM Tools
--------------------	----------

Co-requisite units

Co-requisite units	
---------------------------	--

Functional area

Functional Area	
------------------------	--