



Australian Government

Department of Education, Employment and Workplace Relations

MSACMT630A Optimise cost of product

Revision Number: 1

MSACMT630A Optimise cost of product

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit covers the knowledge and skills needed to take a global view of the costs of a product and determines methods of reducing costs overall.
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Application of the Unit

Application of the unit	<p>In a typical scenario, a product is selected and analysed by its cost components to determine the best method of lowering the cost overall. This unit differs from <i>MSACMT631A Undertake value analysis of product costs in terms of customer requirements</i> in that it looks at all costs and takes a holistic approach to the cost of the product.</p> <p>This unit primarily requires the application of skills associated with communication in gathering, analysing and applying information. Problem solving, initiative and enterprise, and planning and organising are required to calculate cost components and determine cost optimisation strategies. This unit also requires aspects of self management and learning to ensure feedback and new learning is integrated into costing methods.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	<i>MSACMT631A</i>	<i>Undertake value analysis of product costs in terms of customer requirements</i>
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Employability Skills Information

Employability skills	This unit contains employability skills.
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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.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Analyse total cost components of product	<ul style="list-style-type: none">1.1. Identify all cost components of product1.2. Allocate cost components to major categories such as overhead, depreciation, energy, consumables and labour1.3. Distinguish between costs which directly deliver customer features/benefits and <i>waste</i>
2. Optimise costs	<ul style="list-style-type: none">2.1. Analyse causes of costs which lead to customer features/benefit2.2. Determine methods of increasing the customer benefit/cost ratio2.3. Analyse causes of waste costs2.4. Determine methods of reducing/eliminating waste costs2.5. Analyse interactions between cost components2.6. Check that one method of reducing costs does not cause an increase in another cost/reduction in consumer benefit2.7. Check that cost reduction plans do not reduce required levels of regulatory compliance or Occupational Health and Safety (OHS)
3. Implement cost optimisation	<ul style="list-style-type: none">3.1. Develop cost optimisation plans3.2. Negotiate with relevant people to agree on implementation plans3.3. Take actions to implement the cost optimisation3.4. Monitor the implementation of the cost optimisation3.5. Make adjustments to the plan as required

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- calculation
- analysis
- problem solving
- planning

Required knowledge

- cost components of product
- major costs which are controllable (and how to control them)
- types of waste
- interrelationship of cost components and costs and benefits

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	The person will select a product to analyse and determine cost components. Costs will be identified as waste or otherwise as an aid to determining their treatment. The cost reduction plans will optimise the cost of the product overall in terms of benefit delivered.
What are the specific resource requirements for this unit?	Access to a workplace implementing competitive manufacturing strategies. No other specific resources are required.
In what context should assessment occur?	Assessment will need to occur in a workplace.
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/kaizen.
What method of assessment should apply?	<p>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.</p> <p>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.</p> <p>The assessee will have access to all techniques, procedures, information, resources and aids which would normally be available in the workplace.</p> <p>The method of assessment should be discussed and agreed with the assessee prior to the commencement of the assessment.</p>
What evidence is required for demonstration of consistent performance?	Evidence from a single optimisation may be adequate, although generally analyses of a few products with different cost structures or customer benefit structures would be

EVIDENCE GUIDE

required.

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.

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:

- excess production and early production
- delays
- movement and transport
- poor process design
- inventory
- inefficient performance of a process
- making defective items.

Waste for this unit may include activities which do not yield any benefit to the organisation or any benefit to the organisations customers.

Unit Sector(s)**Unit Sector**

CM Tools

Co-requisite units

Co-requisite units	
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Functional area

Functional Area	
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