MSS402031 Interpret product costs in terms of customer requirements

Release: 2

MSS402031 Interpret product costs in terms of customer requirements

Modification History

Release 1. Supersedes and is equivalent to MSS402031A Interpret product costs in terms of customer requirements.

Release 2. Unit code in Application updated.   Equivalent outcome.

Application

This unit of competency covers the skills and knowledge required by an individual to be able to identify the major cost components of either products or processes, the basic relationship of these to customer benefit, and use this to help minimise waste (defined as anything not delivering value as defined by the customer). It has a different focus to *MSS402082 Apply cost factors to work practices*, which focuses on costs in isolation, whereas this unit regards all costs not directly leading to customer benefit as waste.

This unit applies to an individual who uses their understanding of the customer's requirements of the product or process being undertaken as the basis for investigating work processes to identify waste sources and then takes action relevant to their level of competency and authority to reduce this waste. It requires an understanding of both the cost factors in the products they make and also the benefits which the customer derives from the product.

This competency may be performed individually or in a team-based environment.

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.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

Pre-requisite Unit

Nil

Competency Field

Competitive systems and practices

Unit Sector

Not applicable

Elements and Performance Criteria

Elements describe the	Performance criteria describe the performance needed to

essential outcomes.		demonstrate achievement of the element.	
1	**Identify cost components deriving from customer benefit and other costs**	1.1	Identify customer features/benefits in product or process being undertaken.
		1.2	Identify cost components which deliver customer features/benefits and those which do not.
2	**Compare required performance of product or process steps with actual performance**	2.1	Identify performance 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 customer-related targets.
		2.4	Separate costs components into those that contribute to customer features/benefits and those that do not.
		2.5	Determine non-contributing cost components 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.

Foundation Skills

This section describes those required skills (language, literacy and numeracy) that are essential to performance.

Foundation skills essential to performance are explicit in the performance criteria of this unit of competency.

Range of Conditions

This field allows for different work environments and conditions that may affect performance. Essential operating conditions that may be present (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) are included.

Competitive systems and practices include one or more of:	• lean operations
	• agile operations
	• preventative and predictive maintenance approaches
	• statistical process control systems, including six sigma and three sigma
	• Just In Time (JIT), kanban and other pull-related operations control systems
	• supply, value, and demand chain monitoring and analysis
	• 5S
	• continuous improvement (kaizen)
	• breakthrough improvement (kaizen blitz)
	• cause/effect diagrams
	• overall equipment effectiveness (OEE)
	• takt time
	• process mapping
	• problem solving
	• run charts
	• standard procedures
	• current reality tree.
Customer features/ benefits include all of:	• characteristics of the product or service which the customer perceives as meeting their need
	• characteristics of the product or service which the customer perceives as adding value
	• financial or features items which the customer perceives and a benefit.
Performance includes all of:	• takt - the allowable time to produce one product at the rate and quality customers are demanding it
	• the rate of output of the plant compared to the takt time.
Customer-related targets includes all of:	• internally set financial targets that contribute to meeting customer features/benefits
	• operational targets that contribute to meeting customer features/benefits
	• other targets that contribute to meeting customer features/benefits.
Contributing cost components include	• costs that make a direct contribution to customer features/benefits.
	• costs that need to be incurred (although they may be minimised)

Manufacturing Industry Skills Alliance

all of:	in order to gain the customer feature/benefit.
Non-contributing cost components include all of:	• costs that do not contribute to customer features/benefits • costs that must be maintained, such as regulatory compliance costs which do not contribute to customer features and so should be minimised • costs that neither contribute to customer features/benefits nor must be maintained (muda) and so should be eliminated if possible.
Muda (waste) includes all of:	• any activity which does not contribute to customer or organisation benefit/features in the product • activities which do not yield any benefit to the organisation or any benefit to the organisation's customers • excess production and early production • delays • movement and transport • poor process design • inventory • inefficient performance of a process • making defective items.

Unit Mapping Information

Release 1. Supersedes and is equivalent to MSS402031A Interpret product costs in terms of customer requirements

Links

The MSS Sustainability Companion Volume implementation Guides are available from VETNet: -
https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=5b04f318-804f-4dc0-9463-c3fb9a3fe998

Manufacturing Industry Skills Alliance