Australian Government

MSS402032 Interpret cost and waste in terms of customer value

Release: 1

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Modification History

Release 1. Unit code changed. Unit title changed. Application changed. Elements changed. Performance Criteria changed. Foundation Skills populated. Range of Conditions removed. Assessment Conditions changed. Supersedes and is equivalent to MSS402031 Interpret product costs in terms of customer requirements.

Application

This unit describes the skills and knowledge required to identify major cost components of a process or part of a process and their basic relationship to customer benefit or customer perceived value.

For the purposes of this unit any cost that does not directly lead to customer benefit is considered waste (muda). It differs from *MSS403086 Improve cost factors in work practices*, which focuses on costs rather than customer benefit.

The term customer benefit is used to refer to expected value for the customer and the unit does not require review of customer feedback or determination of customer perceived value. Where information on customer perceived value is available this can be taken to meet the requirements of customer benefit.

This unit applies to individuals who are required to determine costs that contribute to delivering customer benefits and those that don’t, and use this to identify changes within own work or work area that can reduce waste (muda).

This unit applies to any organisation that is implementing continuous improvement or more formal competitive systems and practices.

No licensing or certification requirements exist at the time of publication. Relevant legislation, industry standards and codes of practice within Australia must be applied.

Competency Field

Competitive systems and practices

Elements and Performance Criteria

Elements	**Performance Criteria**
Elements describe the essential outcomes.	Performance criteria describe the performance needed to demonstrate achievement of the element.
1. Identify customer benefits and cost components of process	1.1 Identify customer benefits in process 1.2 Identify cost components in process and determine those which deliver customer benefits

Elements	**Performance Criteria**
Elements describe the essential outcomes.	Performance criteria describe the performance needed to demonstrate achievement of the element.
2. Determine options to reduce waste (muda)	2.1 Identify performance required to meet customer needs in own work and/or that of team 2.2 Identify actual performance 2.3 Compare cost components of process with current targets 2.4 Separate cost components into those that contribute to customer benefits and those that do not 2.5 Determine non-contributing cost components that are not required and which are under control of individual or team
3. Minimise waste (muda)	3.1 Recommend changes to reduce muda and obtain approvals according to procedures 3.2 Adopt approved changes to reduce muda 3.3 Monitor effect of changes in relation to cost factors and customer benefits to determine recommendations for further improvements

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential to performance but not explicit in the performance criteria.

- Reading skills to interpret cost information and current targets
- Writing skills to seek approvals
- Oral communication skills to make recommendations and seek approval for changes
- Numeracy skills to calculate cost information and monitor performance.

Other foundation skills essential to performance are explicit in the performance criteria of this unit.

Unit Mapping Information

Release 1. Supersedes and is equivalent to MSS402031 Interpret product costs in terms of customer requirements.

Links

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