



Australian Government

MSFFT4010 Identify and calculate production costs

Release: 1

MSFFT4010 Identify and calculate production costs

Modification History

Release 1 - New unit of competency

Application

This unit of competency covers estimating materials, labour and time requirements, and establishing costs for the provision of products, including all overheads in a significant mass production environment. It may involve referral of matters to other enterprise personnel.

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

Pre-requisite Unit

Competency Field

Unit Sector

Furnishing Technology

Elements and Performance Criteria

Elements describe the essential outcomes.

Performance criteria describe the performance needed to demonstrate achievement of the element.

1	Gather information	1.1	Details of the particular product and competition products are obtained
		1.2	Details of the proposed production operation are obtained and analysed
		1.3	Labour unit cost projections are obtained and agreed
		1.4	Logistic support contracts, supply agreements or equivalent are obtained and analysed
		1.5	Details of proposed warehousing and physical distribution systems and related cost factors are obtained
		1.6	Information is converted to usable form and stored ready for retrieval and application
2	Estimate materials	2.1	Types and quantities of materials required for production

	and labour		are estimated and recorded
		2.2	Time requirements for production activities and other lead times are estimated
		2.3	Labour requirements for direct production and handling operations are estimated and recorded
3	Determine and calculate overheads	3.1	Components contributing to overhead costs are identified
		3.2	Overhead costs to be attributed to work in accordance with commercial and enterprise procedures are identified
4	Calculate production costs	4.1	Total materials costs and labour costs are calculated in accordance with enterprise procedures
		4.2	Total production cost is calculated, including overheads and mark-up percentages
		4.3	Final cost to customer is calculated in conjunction with marketing/sales personnel
5	Document details and verify, where necessary	5.1	Details of costs and charges are documented in accordance with enterprise practice
		5.2	Costs, calculations or other details are verified by other enterprise personnel, as required
		5.3	Details are documented for future reference in accordance with enterprise practices

Foundation Skills

Foundation skills essential to performance are explicit in the performance criteria of this unit of competency. Detail on appropriate performance levels for each furnishing unit of competency in reading, writing, oral communication and numeracy utilising the Australian Core Skills Framework (ACSF) are provided in the Furnishing Training Package Implementation Guide.

Range of Conditions

Specifies 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. Range is restricted to essential operating conditions and any other variables essential to the

work environment.

Unit context includes:	• work health and safety (WHS) requirements, including legislation, building codes, material safety management systems, hazardous and dangerous goods codes, and local safe operating procedures or equivalent • work is carried out in accordance with legislative obligations, environmental legislation, relevant health regulations, manual handling procedures and organisation insurance requirements • work requires individuals to demonstrate organisational and administrative ability, discretion, judgement and problem solving • work is undertaken in accordance with established procedures involving a range of products, equipment and installation sites • interaction with customers and other personnel from the operator's workplace
Tools, equipment and resources include:	• measuring equipment • product sales literature • product samples
Overhead costs include:	• rental/lease costs • utilities • non-production resources • depreciation of plant and equipment • warehousing margins • physical distribution unit costs • insurance • other costs incurred by doing business
Personal protective equipment includes:	• that prescribed under legislation, regulations and enterprise policies and practices
Information and procedures include:	• enterprise production plan and schedule • enterprise financial management policy and procedures • enterprise policy and procedures for cost and apportioning overheads • labour employment costs (awards, enterprise bargaining agreements and contracts) • material/supply costs (contracts, standing agreements, market rates and warehousing margins) • physical distribution contracts or arrangements • Australian, international and enterprise quality standards and procedures

Unit Mapping Information

Supersedes and is equivalent to LMFFT4010B Identify and calculate production costs.

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=0601ab95-583a-4e93-b2d4-cfb27b03ed73>

Assessment Requirements for MSFFT4010 Identify and calculate production costs

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Performance Evidence

- Collect, organise and understand information related to multi-trade work instructions and work orders, building and structural plans and safety procedures
- Apply safe handling requirements for equipment, products and materials, including use of personal protective equipment
- Identify materials used in the work process
- Follow work instructions, operating procedures and inspection processes to:
 - minimise the risk of injury to self or others
 - prevent damage to goods, equipment and products
 - maintain required production output and product quality
- For a significant mass production operation, determine the production and product costs using the following or equivalent steps:
 - obtain all information relevant to the determination of costs
 - interpret plans, specifications and instructions for production and materials to be used
 - estimate quantities of materials required
 - determine the types and amount of labour required to complete the work
 - estimate time required to complete the work
 - determine/calculate overheads
 - document the process and outcomes
- Use mathematical ideas and techniques to correctly complete measurements, calculate area and estimate material requirements
- Communicate ideas and information to enable confirmation of work requirements and specifications and the reporting of work outcomes and problems, interpret basic plans and follow safety procedures
- Use workplace technology related to the coordination, including communication equipment, time and management aids and other measuring devices
- Avoid backtracking, work flow interruptions or wastage
- Work with others and in a team by recognising dependencies and using cooperative approaches to optimise work flow and productivity

Knowledge Evidence

- Production systems documentation processes
- Enterprise costing procedures
- Mathematical formulae and processes relevant to costing

- Components of labour costs
- Enterprise/commercial approach to overhead costs
- Enterprise/commercial approaches to warehousing and physical distribution costs
- Enterprise information management processes, including storage requirements

Assessment Conditions

- Assessors must:
 - hold training and assessment competencies as determined by the National Skills Standards Council (NSSC) or its successors
 - have vocational competency in the furnishing industry at least to the level being assessed with broad industry knowledge and experience, usually combined with a relevant industry qualification
 - be familiar with the current skills and knowledge used and have relevant, current experience in the furnishing industry.
- Assessment methods must confirm consistency of performance over time rather than a single assessment event and in a range of workplace relevant contexts.
- Assessment must be by observation of relevant tasks with questioning on underpinning knowledge and, where applicable, multimedia evidence, supervisor's reports, projects and work samples.
- Assessment is to be conducted on single units of competency or in conjunction with other related units of competency. Foundation skills are integral to competent performance in the unit and should not be assessed separately.
- Assessment must occur on the job or in a workplace simulated facility with relevant process, equipment, materials, work instructions and deadlines.
- Access is required to all necessary facilities and associated equipment, including calculators, computers and relevant software.

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