



Australian Government

MSS405031 Undertake value analysis of product or process costs in terms of customer requirements

Release: 1

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Modification History

Release 1. Supersedes and is equivalent to MSS405031A Undertake value analysis of product or process costs in terms of customer requirements

Application

This unit of competency covers the skills and knowledge required by an individual who is required to analyse products and processes to determine the value-adding factors, including design and processing costs that most impact on meeting customer requirements and which may also include competitor benchmarking. The unit also includes implementing identified changes that increase cost-efficiency. The unit may be applied individually or in a team environment.

In this unit an individual uses an analysis of the benefits/features which a customer perceives to be in a product or service as a basis for determining appropriate or unnecessary (muda) cost and so identifying and reducing muda (waste).

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 determine cost-efficiencies. This unit also requires aspects of self-management and learning to ensure feedback and new learning is integrated into costing methods.

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 essential outcomes.

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

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|----------|---|-----|--|
| 1 | Analyse customer benefits to determine appropriate or muda (waste) costs | 1.1 | Analyse product or service to determine features/benefits perceived by customer in product. |
| | | 1.2 | Analyse cost components of product or service and determine those which deliver customer features/benefits and those which are either appropriate or muda. |
| | | 1.3 | Determine any additional features that may be added to improve saleability. |
| | | 1.4 | Analyse muda cost components and allocate to direct and indirect cost categories. |
| | | 1.5 | Determine options for reducing direct and indirect muda costs. |
| | | 1.6 | Select cost-related actions which maximise customer benefits and minimise costs. |
| | | 1.7 | Where required, undertake competitor benchmarking to provide reference points. |
| 2 | Analyse performance variance | 2.1 | Identify muda processing or operational steps for product or service following completion of customer benefit analysis. |
| | | 2.2 | Analyse all costs and determine methods of reducing costs and muda. |
| | | 2.3 | Develop plan and recommendations for actions required to achieve cost improvement or added customer benefits to improve saleability. |
| | | 2.4 | Submit plan and recommendations to stakeholders. |

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.

- Muda includes all of:**
- excess production and early production
 - delays
 - movement and transport
 - poor process design
 - inventory
 - inefficient performance of a process
 - making defective items
 - activities which do not yield any benefit to the organisation or any benefit to the organisations customers.

- Cost includes all of:**
- the monetary value of expenditures able to be directly identified for supplies, services, direct labour, components, cost of inventory, faults and reworks, rejects/scrap, equipment and other items used in the production of the product
 - allocations and estimates for indirect costs (e.g. indirect labour, rent, power and water) where a direct monetary value cannot be

identified.

Unit Mapping Information

Release 1. Supersedes and is equivalent to MSS405031A Undertake value analysis of product or process costs in terms of customer requirements

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=5b04f318-804f-4dc0-9463-c3fb9a3fe998>

Assessment Requirements for MSS405031 Undertake value analysis of product or process costs in terms of customer requirements

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Performance Evidence

Evidence required to demonstrate competence in this unit must be relevant to and satisfy the requirements of the elements and performance criteria and include the ability to undertake value analysis on one (1) or more products or processes and to:

- distinguish between appropriate costs and muda
- distinguish between direct and indirect costs
- determine methods of reducing both appropriate costs and muda
- develop a plan to increase customer perceived benefits/ saleability and/or reduce costs and muda.

Knowledge Evidence

Must provide evidence that demonstrates sufficient knowledge to interact with relevant personnel and be able to undertake value analysis, including knowledge of:

- cost components, direct and indirect costs
- customer perceived benefits
- factors influencing saleability
- impact of customer features/benefits on sales, market share and firms profitability
- major costs which are controllable (and how to control them)
- types of muda
- methods of reducing muda.

Assessment Conditions

- The unit should be assessed holistically and the judgement of competence shall be based on a holistic assessment of the evidence.
- The collection of performance evidence is best done from a report and/or folio of evidence drawn from:
 - a single project which provides sufficient evidence of the requirements of all the elements and performance criteria
 - multiple smaller projects which together provide sufficient evidence of the requirements of all the elements and performance criteria.

- A third-party report, or similar, may be needed to testify to the work done by the individual, particularly when the project has been done as part of a project team.
- Assessment should use a real value analysis project in an operational workplace.
- Knowledge evidence may be collected concurrently with performance evidence or through an independent process such as workbooks, written assessments or interviews (provided a record is kept).
- Assessment processes and techniques must be appropriate to the language, literacy and numeracy requirements of the work being performed and the needs of the candidate.
- Conditions for assessment must include access to all tools, equipment, materials and documentation required, including relevant workplace procedures, product and manufacturing specifications associated with this unit.
- Foundation skills are integral to competent performance of the unit and should not be assessed separately.
- Assessors must satisfy the assessor competency requirements that are in place at the time of the assessment as set by the VET regulator.
- The assessor must demonstrate both technical competency and currency.
- Technical competence can be demonstrated through:
 - relevant VET or other qualification/Statement of Attainment AND/OR
 - relevant workplace experience
- Currency can be demonstrated through:
 - performing the competency being assessed as part of current employment OR
 - having consulted with an organisation providing relevant environmental monitoring, management or technology services about performing the competency being assessed within the last twelve months.

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