



**Australian Government**

# **MSS405047 Undertake analysis of cost and waste in terms of customer value**

**Release: 1**

# MSS405047 Undertake analysis of cost and waste in terms of customer value

## 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 Requirements changed. Workplace outcome changed. Supersedes and is not equivalent to MSS405031 Undertake value analysis of product or process costs in terms of customer requirements.

## Application

This unit describes the skills and knowledge required to analyse processes, products or services to determine the value-adding factors that most impact on meeting customer requirements.

This unit applies to managers, technical specialists or those in similar roles who are required to determine the relationship between cost and customer perceived value across a significant part of a value stream, including appropriate and unnecessary (muda) cost, and to recommend changes to reduce waste and/or increase customer value.

This unit applies to any organisation that is implementing 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.

## Pre-requisite Unit

Nil

## 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. |

| Elements                                                                             | Performance Criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Elements describe the essential outcomes.                                            | Performance criteria describe the performance needed to demonstrate achievement of the element.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 1. Determine appropriate costs and waste (muda) in terms of customer-perceived value | 1.1 Identify features and benefits of process, product or service that reflect customer- perceived value<br>1.2 Review process, product or service to determine process steps or features which deliver customer perceived value<br>1.3 Identify additional features that may improve saleability<br>1.4 Analyse cost components of process, product or service to determine costs that deliver customer value, appropriate costs and muda<br>1.5 Analyse muda cost components to identify options to reduce direct and indirect muda costs |
| 2. Determine process waste (muda) in terms of customer- perceived value              | 2.1 Review process or operational steps with reference to customer-perceived value to determine cost impact of muda<br>2.2 Review performance data with reference to customer-perceived value to determine cost impact of muda<br>2.3 Consult with stakeholders to confirm identified muda and determine options to reduce waste                                                                                                                                                                                                            |
| 3. Recommend improvements                                                            | 3.1 Determine expected cost improvement and impact on customer-perceived value from waste reduction options<br>3.2 Determine cost and expected customer value from proposed additional features<br>3.3 Short list actions which maximise expected customer value and minimise costs<br>3.4 Seek input from stakeholders to develop recommendations, including initial plans or scoping, for short listed actions<br>3.5 Submit recommendations according to approval processes                                                              |

## 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 complex workplace documentation
- Writing skills to document recommendations

- Oral communication skills to consult with stakeholders
- Numeracy skills to interpret performance data and determine costs and value.

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

## **Unit Mapping Information**

No equivalent unit.

## **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 MSS405047 Undertake analysis of cost and waste in terms of customer value**

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## **Performance Evidence**

There must be evidence the candidate has completed the tasks outlined in the elements and performance criteria of this unit, and demonstrated the ability to:

- determine cost, value and waste with reference to customer perceived value of at least one process, product or service
- identify, evaluate and recommend improvements.

## **Knowledge Evidence**

There must be evidence the candidate has knowledge of:

- cost components, direct and indirect costs
- sources of information to identify customer perceived value
- factors influencing saleability
- impact of features and benefits on customer-perceived value, sales, market share and firm's profitability
- major costs which are controllable (and how to control them)
- types of muda
- how to distinguish between appropriate costs and muda
- methods of reducing appropriate costs and muda.

## **Assessment Conditions**

Skills must have been demonstrated in the workplace or in a simulated environment that reflects workplace conditions and contingencies. The following conditions must be met for this unit:

- use of suitable facilities, equipment and resources, including:
  - information on customer perceived value in relation to process, product or service
- modelling of industry operating conditions.

Assessors must satisfy the NVR/AQTF mandatory competency requirements for assessors.

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