



Australian Government

Department of Education, Employment and Workplace Relations

MSS402030A Apply cost factors to work practices

Release: 1

MSS402030A Apply cost factors to work practices

Modification History

New unit, superseding MSACMT230A Apply cost factors to work practices - Equivalent

Unit Descriptor

This unit of competency covers the skills and knowledge required by an individual to identify cost components in their work and to be able to determine, in general terms, the cost impacts of alternative actions.

Application of the Unit

This unit applies to an individual who is required to contribute to, and be involved in, the assessment of cost factors in their work. This may be done individually or in a team environment.

The unit covers the skills to be able to assess the relative costs of the alternatives and use this as one of the key factors in making decisions. Decisions are made within the scope of the employee's authority and according to procedures. Typical decisions include those that contribute to the efficient organisation of own work and the improvement of production time and cycle times.

This unit requires the application of skills associated with problem solving to identify cost factors and cost implications of own work and self-management to apply cost-effective practices.

Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Not applicable.

Employability Skills Information

This unit contains employability skills.

Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.

Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.

Elements and Performance Criteria

1	Identify the major cost components of product or process in own work area	1.1	Identify cost components in the product or process in own work area
		1.2	Recognise the impact of current or alternative actions on costs
2	Identify constraints to cost-efficiency	2.1	Identify required production/process rate and major costs
		2.2	Identify costs factors under individual or team control
		2.3	Relate identified costs factors to impact on overall cost of production/process
		2.4	Identify cost factors that are a constraint to cost-efficiency in own work area
3	Apply cost-efficient work practices	3.1	Identify and explain to relevant people the implications of possible actions/changes to improve cost-efficiency in simple financial terms
		3.2	Identify non-financial implications of proposed changes in discussion with relevant people
		3.3	Select actions which minimise overall costs
		3.4	Monitor actions to ensure cost-efficiency in own work area is maintained

Required Skills and Knowledge

This section describes the skills and knowledge required for this unit.

Required skills

Required skills include:

- communicating with others to clarify cost factors and contribute suggestions for improvement
- visualising normal operational procedures in terms of flow
- distinguishing between fixed and variable costs
- identifying fixed and variable cost components relevant to own work, including where applicable:
 - power/energy
 - materials, plant and equipment
 - production or process time, including impact on salary and wages
 - office expenses
 - government taxes and charges

Required knowledge

Required knowledge includes:

- cost components of products made
- costs concepts, such as expense and income
- major cost contributors to product (e.g. energy)
- the difference between internally and externally controlled costs
- difference between overhead, labour and consumables

Evidence Guide

The evidence guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.

Critical aspects for assessment and evidence required to demonstrate competency in this unit	A person who demonstrates competency in this unit must be able to provide evidence of the ability to: • identify the scope of their own and their teams work
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	and relate it to the overall flow of work in the organisation • express cost factors in specific terms (e.g. cost per item, process and task) and not just in a general manner • identify and express costs factors in simple financial terms • use cost factors to select lower cost alternatives when making decisions.
Context of and specific resources for assessment	Assessment of performance must be undertaken in a workplace using or implementing one or more competitive systems and practices. Access may be required to: • workplace procedures and plans relevant to work area • specifications and documentation relating to planned, currently being implemented, or implemented changes to work processes and procedures relevant to the assessee • documentation and information in relation to production, waste, overheads and hazard control/management • reports from supervisors/managers • case studies and scenarios to assess responses to contingencies.
Method of assessment	A holistic approach should be taken to the assessment. Competence in this unit may be assessed by using a combination of the following to generate evidence: • demonstration in the workplace • workplace projects • suitable simulation • case studies/scenarios (particularly for assessment of contingencies, improvement scenarios, and so on) • targeted questioning • reports from supervisors, peers and colleagues (third-party reports) • portfolio of evidence. In all cases it is expected that practical assessment will be combined with targeted questioning to assess underpinning knowledge. Where applicable, reasonable adjustment must be made to work environments and training situations to accommodate ethnicity, age, gender, demographics and

	disability.
Guidance information for assessment	Assessment processes and techniques must be culturally appropriate and appropriate to the oracy, language and literacy capacity of the candidate and the work being performed.

Range Statement

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Competitive systems and practices	Competitive systems and practices may include, but are not limited to: • lean operations • agile operations • preventative and predictive maintenance approaches • monitoring and data gathering systems, such as Systems Control and Data Acquisition (SCADA) software, Enterprise Resource Planning (ERP) systems, Materials Resource Planning (MRP) and proprietary systems • 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
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	Competitive systems and practices should be interpreted so as to take into account: • the stage of implementation of competitive systems and practices • the size of the enterprise • the work organisation, culture, regulatory environment and the industry sector
Cost components	Cost components include: • fixed and variable costs, such as power/energy, materials, plant and equipment, production or process time, including impact on salary and wages • office expenses, such as telephone • government taxes and charges
Process	Process may include: • a production, maintenance, logistics, office or other support process in an organisation
Overall cost	Overall cost may include: • the assessment of negative and positive financial implications • negative long-term issues, such as occupational health and safety (OHS), environmental and regulatory issues

Unit Sector(s)

Unit sector

Competitive systems and practices

Custom Content Section

Not applicable.