



Australian Government

Department of Education, Employment and Workplace Relations

MSS403030A Improve cost factors in work practices

Release: 1

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Modification History

New unit, superseding MSACMT430A Improve cost factors in work practices - Equivalent

Unit Descriptor

This unit of competency covers the skills and knowledge required to evaluate the product or process outcomes of a team in terms of their cost components and to be able to determine, in general terms, the cost impacts of alternative actions.

Application of the Unit

This unit applies to a person who is required to assess the relative costs of alternatives and use this as one of the key factors in decision making. Typical decisions include the efficient organisation of own work and that of others in a work area or within a team and the improvement of throughput and cycle times.

Decisions are made within the scope of the authority of the individual and other employees in the area or team and according to procedures.

This unit primarily requires the application of skills associated with communication and information gathering, teamwork and problem solving to analyse the cost components of work processes. Initiative and enterprise, and planning and organising are also required to identify opportunities for improved cost-efficiency. This unit also requires a degree of self-management and learning to effectively operate and maintain skills and performance.

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	Analyse cost components of work area or team function	1.1	Identify cost components in the product or process
		1.2	Identify costs factors under control of area or employees in the team
		1.3	Identify causes of variability in costs
		1.4	Analyse impact of costs on production or process activities undertaken
2	Improve cost-efficiency of processes and procedures	2.1	Identify methods of improving productivity and/or reducing costs within area or team's responsibility
		2.2	Determine cost/benefit ratio of alternative methods of improving productivity and/or reducing costs
		2.3	Consult with all relevant stakeholders regarding possible changes
		2.4	Recommend changes which will increase productivity and reduce cost and variability
		2.5	Implement recommended changes in consultation with relevant stakeholders

Required Skills and Knowledge

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

Required skills

Required skills include:

- identifying fixed and variable costs in products or processes
- analysing costs and determining those that can be controlled by the individuals in an area or team
- analysing costs over time and identifying variability in cost components
- determining cost/benefit ratios
- communicating and negotiating with others on changes using a variety of mediums

Required knowledge

Required knowledge includes:

- cost components of products made
- costs concepts, such as expense, income and cost/benefit
- major cost contributors to product (e.g. energy, materials, labour and distribution, and so on) depending on the product and process)
- 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 work and the team or area work 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) • identify and express cost factors in basic financial
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	terms - analyse variability in costs and recommend improvements - use cost/benefit to select preferred improvement strategies.
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 project(- 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.
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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 Competitive systems and practices should be interpreted so as to take into account: • the stage of implementation of competitive systems and practices,
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	- the size of the enterprise - the work organisation, culture, regulatory environment and the industry sector
Cost components	Cost components may include: - fixed and variable costs, such as power/energy, materials, plant and equipment, salary and wages, and office expenses (e.g. telephone) - government taxes and charges
Variability in costs	Variability in costs should be assessed over a suitable time. The time should be sufficient to identify: - fluctuations in variable costs related to different volumes of sales, production or operations - abnormal cost fluctuations due to poor design of product or process, poor scheduling, faults, breakdowns and other waste
Process	Process includes all functions that go to meet customer requirements as well as other required functions (e.g. regulatory related functions). Examples include: - design - production - maintenance - logistics - office processes
Procedures	Procedures may include: - work instructions - standard operating procedures - drawings and specifications - manuals - formulas/recipes - batch sheets - temporary instructions and similar instructions provided for the smooth running of the organisation - good operating practice as may be defined by industry codes of practice (e.g. good manufacturing practice (GMP) and responsible care) - government regulations Procedures may be: - written, verbal, computer based or in some other format
Benefits	Benefits should include:

	positive benefits as well as negative benefits, such as quality, safety, reliability and similar issues which may be impacted by a cost saving
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Unit Sector(s)

Unit sector

Competitive systems and practices

Custom Content Section

Not applicable.