



Australian Government

Department of Education, Employment and Workplace Relations

MSS405031A Undertake value analysis of product or process costs in terms of customer requirements

Release: 1

MSS405031A Undertake value analysis of product or process costs in terms of customer requirements

Modification History

New unit, superseding MSACMT631A Undertake value analysis of product costs in terms of customer requirements* - Not equivalent

* Prerequisite *MSACMT230A Apply cost factors to work practices* - removed

Unit Descriptor

This unit of competency covers the skills and knowledge required by an employee 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 employee 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 cost and so identifying and reducing waste.

Application of the Unit

This unit applies to an individual who undertakes the value analysis of a product or service, establishing the features/benefits obtained by customers from the cost components relating to those benefits. From this appropriate or waste cost will be determined and actions taken to either reduce waste or improve saleability.

This unit differs from *MSS405030A Optimise cost of a product or service*, in that it requires costs to be measured against customer features/benefits and is designed to contribute to value stream costing. *MSS405030A Optimise cost of a product or service* complements this unit by allowing detailed analysis of all costs, including overheads.

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.

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 customer benefits to determine appropriate or 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 waste
		1.3	Determine any additional features that may be added to improve saleability
		1.4	Analyse waste cost components and allocate to direct and indirect cost categories
		1.5	Determine options for reducing direct and indirect waste 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

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| 2 | Analyse performance variance | 2.1 | Identify waste 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/waste |
| | | 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 |

Required Skills and Knowledge

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

Required skills

Required skills include:

- undertaking self-directed problem solving and decision-making on issues of a broad and/or highly specialised nature and in a wide variety of contexts
- communicating at all levels in the organisation and value chain and to audiences of different levels of literacy and numeracy
- determining customer features/benefits added to products at each operational step
- relating cost components to customer features/benefits
- distinguishing between direct and indirect costs
- identifying relevant cost component categories for product
- determining application scope of cost reduction plan, including products, areas, employees and suppliers included in plan
- undertaking competitor benchmarking for reference in cost analysis

Required knowledge

Required knowledge includes:

- customer features/benefits from products
- impact of customer features/benefits on sales, market share and firms profitability
- performance and cycle times for products made or service provided
- major costs which are controllable (and how to control them)
- types of waste (muda)
- methods of reducing waste
- methods of reducing cycle time
- desirability of improving performance and methods of reducing cycle time

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	A person who demonstrates competency in this unit must
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competency in this unit	be able to provide evidence of their ability to: • identify customer features/benefits for a product and their impact on market share or saleability of the product • determine direct/indirect costs in a product • determine which costs are waste • analyse cycle times and make suggestions for reduction in cycle time • develop a cost/waste reduction plan.
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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 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
Waste	Waste (also known as muda in the Toyota Production System and its derivatives) is any activity which does not contribute to customer benefit/features in the product.

	Within operations, categories of waste include: • 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
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Cost	Cost includes: - 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
Determine customer feature/benefits	This unit does not require that customer features/benefits must be obtained by the person undertaking the unit directly contacting customers. The features/benefits may have already been determined by sales and marketing personnel and passed on to operations. However, the unit requires that the product or process must be analysed to determine how the product or process supplies the features/benefits and by which step/feature of the product or process
Performance	Performance is may be thought of as the rate of output or delivery of the performance or service compared to the rate required to meet demand for the product or service
Cycle time	Cycle time includes: the normal time to complete an operation on a product
Pull	Pull is the concept of producing to demand, rather than for stock or some forecast

Unit Sector(s)

Unit sector

Competitive systems and practices

Custom Content Section

Not applicable.