



Australian Government

Department of Education, Employment and Workplace Relations

MSACMS605A Develop a Balanced Scorecard for use in competitive manufacturing

Revision Number: 1

MSACMS605A Develop a Balanced Scorecard for use in competitive manufacturing

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit covers the knowledge and skills required to develop and use a Balanced Scorecard approach to managing a manufacturing operation.
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Application of the Unit

Application of the unit	<p>This unit covers the skills needed to develop or improve a Balanced Scorecard and facilitate its use for managing a manufacturing business. This competency covers the development of key performance indicators (KPIs) and type of metrics for a Balanced Scorecard but does not include the technical skills for related IT skills and similar.</p> <p>This unit requires the application of skills associated with communication, teamwork, problem solving, initiative, enterprise, planning and organising in order to provide leadership in the development of a Balanced Scorecard system. This unit has a strong emphasis on determining required performance measures and requires an ability to test the validity of performance measuring and reporting processes.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units	<i>MSACMS601A</i>	<i>Analyse and map a value chain</i>
	<i>MSACMT280A</i>	<i>Undertake root cause analysis</i>
	<i>MSACMT631A</i>	<i>Undertake value analysis of product costs in terms of customer requirements</i>

Employability Skills Information

Employability skills	This unit contains employability skills.
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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.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Develop strategy map for balanced scorecard operation.	1.1. Develop strategic objectives of business/business unit in consultation with stakeholders 1.2. Check strategic objectives include those which make the business <i>unique</i> 1.3. Check with employees and customers that strategic objectives address real issues and problems 1.4. Categorise strategic objectives into the major perspectives of financial, customer, process and innovation and learning and growth 1.5. Add <i>additional required perspectives</i> and associated strategic objectives 1.6. Map strategic objectives showing cause/effect flows. 1.7. Validate strategy map with stakeholders
2. Develop Key Performance Indicators (KPIs)	2.1. Identify possible Key Performance Indicators for each strategic objective 2.2. Identify/develop appropriate metrics for each Key Performance Indicator 2.3. Agree target Key Performance Indicator levels 2.4. Check measures and Key Performance Indicators encourage the behaviours required to meet the total performance goals
3. Develop reporting systems	3.1. Identify strategic and operational drivers 3.2. Align Key Performance Indicators to strategic and operational drivers 3.3. Develop reporting structures which align responsibilities with reported information 3.4. Arrange for data to be collected and Balanced Scorecard reports to be generated and distributed 3.5. Arrange for reporting against strategy map
4. Implement a Balanced Scorecard strategy	4.1. Analyse pattern of performance as revealed by strategy map 4.2. Determine causes of poor performance as displayed by the Balanced Scorecard 4.3. Take appropriate action to improve total performance

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- identifying Key Performance Indicators and their application at the enterprise level
- analysis
- problem solving
- planning and organising
- negotiating
- communication
- documenting
- calculations

Required knowledge

- vision and mission of organisation
- strategic issues for the organisation
- Balanced Scorecard principles and components of the including perspectives, feedback loops, metrics and reporting systems
- KPI development principles
- responsibilities of personnel at different organisational levels/within different organisational sections

Evidence Guide

EVIDENCE GUIDE	
<p>The Evidence Guide describes the underpinning knowledge and skills that must be demonstrated to prove competence. It is essential for assessment and must be read in conjunction with the performance criteria, the range statement and the assessment guidelines of the relevant training package.</p>	
Overview of assessment requirements	Assessment should cover a holistic view of enterprise operations and the ability to establish a strategy for improvement across all areas using the Balanced Scorecard.
What are the specific resource requirements for this unit?	Access to an organisation using, or intending to use the Balanced Scorecard approach.
What critical aspects of evidence is required to demonstrate competency in this unit?	Evidence of the development and use of a Balanced Scorecard should be available
In what context should assessment occur?	Assessment will need to occur in an organisation which is using or developing a Balanced Scorecard approach as a competitive manufacturing strategy
Are there any other units which could or should be assessed with this unit or which relate directly to this unit?	This unit could be assessed concurrently with other relevant units.
What method of assessment should apply?	<p>Assessors must be satisfied that the person can consistently perform the unit as a whole, as defined by the Elements, Performance Criteria, skills and knowledge. A holistic approach should be taken to the assessment.</p> <p>Assessors should gather sufficient, fair, valid, reliable, authentic and current evidence from a range of sources. Sources of evidence may include direct observation, reports from supervisors, peers and colleagues, project work, samples, organisation records and questioning. Assessment should not require language, literacy or numeracy skills beyond those required for the unit.</p> <p>The assessee will have access to all techniques, procedures, information, resources and aids which would normally be available in the workplace.</p> <p>The method of assessment should be discussed and agreed with the assessee prior to the commencement of the assessment</p>
What evidence is required for demonstration of consistent performance?	Generally use of a Balanced Scorecard over a period of time would be needed to generate sufficient evidence. It is unlikely that a single assessment event would provide sufficient evidence and project and portfolio approaches may be appropriate.

Range Statement

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.

Balanced Scorecard

The Balanced Scorecard is an approach to competitive manufacturing that sets out an enterprise's vision and strategy by establishing and measuring enterprise activity in a number of different perspectives in addition to the normal financial perspective. Other perspective areas are customer, internal business process and learning and growth. For each perspective area the Balanced Scorecard emphasises establishing and measuring performance (metrics).

Additional required perspectives

Additional required perspectives may include:

- workforce
- environment
- OHS

Unit Sector(s)

Unit Sector	CM Systems
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Co-requisite units

Co-requisite units	
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Functional area

Functional Area	
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