



Australian Government

Department of Education, Employment and Workplace Relations

MSS405006A Develop a Balanced Scorecard

Release: 1

MSS405006A Develop a Balanced Scorecard

Modification History

New unit, superseding MSACMS605A Develop a Balanced Scorecard for use in competitive manufacturing* - Not equivalent

* Prerequisites *MSACMS601A Analyse and map a value chain, MSACMT280A Undertake root cause analysis, MSACMT631A Undertake value analysis of product costs in terms of customer requirements* - removed

Unit Descriptor

This unit of competency covers the skills and knowledge required to develop and use a Balanced Scorecard approach for reporting and improving operational performance.

Application of the Unit

This unit covers the skills needed to develop or improve a Balanced Scorecard and facilitate its use for improving performance in an organisation. The unit 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 information technology (IT) skills.

This unit has a strong emphasis on providing leadership in implementation, determining required performance measures and requires an ability to test the validity of performance measuring and reporting processes.

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	Develop strategy map for Balanced Scorecard operation	1.1	Develop strategic objectives of an organisation in consultation with stakeholders
		1.2	Check strategic goals and objectives include those which make the organisation unique
		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, innovation and learning, and growth
		1.5	Add additional required perspectives and associated strategic goals and objectives
		1.6	Map strategic objectives showing cause/effect flows
		1.7	Validate strategy map with stakeholders
2	Develop KPIs	2.1	Identify possible KPIs for each strategic objective
		2.2	Identify/develop appropriate metrics for each KPI
		2.3	Agree target KPI levels
		2.4	Check measures and KPIs encourage the behaviours required to meet the total performance goals and objectives

- 3 Develop reporting systems
 - 3.1 Identify strategic and operational drivers
 - 3.2 Align KPIs 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

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

Required skills

Required skills include:

- developing KPIs and their application at the enterprise level
- analysing organisation operations and determine strategy for implementation of Balanced Scorecard approach, including:
 - required communication with others
 - negotiations if any, required with internal and external suppliers, customers and delegates
 - analysis of any skill gaps in self and others
 - required training
 - measuring of KPIs
 - data collection
 - work organisation and procedure changes
 - risk identification and contingency measures
- analysing data, including competitive systems and practices indicators and verifying results with stakeholders
- solving problems associated with implementing and gaining support for Balanced Scorecard implementation across the organisation
- negotiating with employees, suppliers and customers, where necessary, to achieve implementation of Balanced Scorecard
- communicating and negotiating at all levels in the organisation and value stream and with individuals of different levels of literacy and numeracy
- documenting

Required knowledge

Required knowledge includes:

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

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.

<p>Critical aspects for assessment and evidence required to demonstrate competency in this unit</p>	<p>A person who demonstrates competency in this unit must be able to provide evidence of the ability to:</p> <ul style="list-style-type: none"> • develop strategy for an enterprise • develop procedures for implementation of the Balanced Scorecard practices in an enterprise • identify and implement changes to operations flowing from the implementation of the Balanced Scorecard • lead the implementation of change across an enterprise.
<p>Context of and specific resources for assessment</p>	<p>Assessment of performance must be undertaken in a workplace using or implementing one or more competitive systems and practices.</p> <p>Access may be required to:</p> <ul style="list-style-type: none"> • 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.
<p>Method of assessment</p>	<p>A holistic approach should be taken to the assessment.</p> <p>Competence in this unit may be assessed by using a combination of the following to generate evidence:</p> <ul style="list-style-type: none"> • 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

	<p>(third-party reports)</p> <ul style="list-style-type: none"> • portfolio of evidence. <p>In all cases it is expected that practical assessment will be combined with targeted questioning to assess underpinning knowledge.</p> <p>Where applicable, reasonable adjustment must be made to work environments and training situations to accommodate ethnicity, age, gender, demographics and disability.</p>
Guidance information for assessment	<p>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.</p>

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	<p>Competitive systems and practices may include, but are not limited to:</p> <ul style="list-style-type: none"> • 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)
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	<ul style="list-style-type: none"> • cause/effect diagrams • overall equipment effectiveness (OEE) • takt time • process mapping • problem solving • run charts • standard procedures • current reality tree <p>Competitive systems and practices should be interpreted so as to take into account:</p> <ul style="list-style-type: none"> • the stage of implementation of competitive systems and practices • the size of the enterprise • the work organisation, culture, regulatory environment and the industry sector
Balanced Scorecard	The Balanced Scorecard is an approach to competitive systems and practices that sets out an organisation'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)
Organisation	<p>Organisation may include:</p> <ul style="list-style-type: none"> • a whole organisation • a discrete subsidiary, plant or division
Additional required perspectives	<p>Additional required perspectives may include:</p> <ul style="list-style-type: none"> • workforce • environment • occupational health and safety (OHS)

Unit Sector(s)

Unit sector

Competitive systems and practices

Custom Content Section

Not applicable.