



Australian Government

Department of Education, Employment and Workplace Relations

MSACMS602A Manage a value chain

Revision Number: 1

MSACMS602A Manage a value chain

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit covers the knowledge and skills needed to manage a value chain, a supply chain or a demand chain, including the close liaison with suppliers and customers and even the managing of the supply/demand chain of smaller suppliers/customers (if they wish it). This unit covers the managing of the supply chain, the demand chain as well as the overall value chain and may be applied to the managing of the chain internally/externally within an organisation.
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Application of the Unit

Application of the unit	In a typical scenario, the person (who may be a manager, technical specialist or similar) needs to manage the value/supply/demand chain on an ongoing basis to achieve the best overall contribution of valued added to their product in terms of customer benefit/features.
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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>MSACMT631A</i>	<i>Undertake value analysis of product costs in terms of</i>

Prerequisite units	<i>MSACMS601A</i>	<i>Analyse and map a value chain</i>
		<i>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. Evaluate the value chain	1.1. Identify all members in the value chain for product/s in area of responsibility 1.2. Identify value added by each member of the chain 1.3. Identify acute and chronic issues which impact on the value chain 1.4. Develop priority list of items for improvement
2. Liaise regularly with chain members	2.1. Establish and maintain regular liaison with all chain members 2.2. Identify current and forecast issues with each member 2.3. Work with members to help them address their issues 2.4. Build trust and confidence in the relationship 2.5. Develop a priority list of items for improvement 2.6. Negotiate with all chain members to ensure improvements benefit chain members and improve the benefits/features perceived by the ultimate customer
3. Monitor the value added at each step	3.1. Identify changes in value added by each chain member 3.2. Identify areas where changes to value added are required 3.3. Develop a priority list of items for improvement 3.4. Work with chain member to bring about improvements to value added
4. Continue to reduce waste	4.1. Identify waste in value chain 4.2. Work with chain members to continually reduce waste

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- liaison
- negotiation
- communication
- planning
- basic value analysis

Required knowledge

- purpose of value chain analysis
- methods of value chain analysis
- types of waste and methods of reducing it
- process used to make product
- processes employed by other members of the value chain sufficient to have meaningful dialog with them
- methods of value analysis

Evidence Guide

EVIDENCE GUIDE

The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, the range statement and the assessment guidelines for this training package.

Overview of assessment requirements	The person will be continuously monitoring the value chain to drive further improvement both in their own organisation and also others in the value chain.
What are the specific resource requirements for this unit?	Access to an organisation following competitive manufacturing.
What critical aspects of evidence are required to demonstrate competency in this unit?	Evidence of ongoing improvements in the value chain should be available, along with the waste reductions which flow from it.
In what context should assessment occur?	Assessment needs to occur in an organisation pursuing competitive manufacturing or by a suitable project or case study.
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 units related to development and improvements of systems for competitive manufacturing.
What method of assessment should apply?	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. 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. The assessee will have access to all techniques, procedures, information, resources and aids which would normally be available in the workplace. The method of assessment should be discussed and agreed with the assessee prior to the commencement of the

EVIDENCE GUIDE	
	assessment.
What evidence is required for demonstration of consistent performance?	Evidence should be from an ongoing monitoring and improvement of the supply chain.

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.

Value chain	Competitive manufacturing organisations encompass the entire supply system, beginning product design, raw material mining and processing and all tiers of the value chain. Any truly 'competitive' system is highly dependent on the demands of its customers and the reliability of its suppliers. No implementation of competitive manufacturing can reach its full potential without including the entire 'enterprise' in its planning.
Value added	Value added is measured against its contribution to the customer benefits/features and may be in the form of: • technical benefits/features • location benefits/features • aesthetic benefits/features • information benefits/features.
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 manufacturing, 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. Waste for this unit may include activities which do not yield any benefit to the organisation or any benefit to the organisations customers.

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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