



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **MSS405003A Manage a value stream**

**Release: 1**

## **MSS405003A Manage a value stream**

### **Modification History**

New unit, superseding MSACMS602A Manage a value chain\* - Not equivalent

\* Prerequisites MSACMS601A Analyse and map a value chain and 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 manage a value stream, a supply chain or a demand chain, including close liaison with suppliers and customers.

This unit covers the managing of the supply chain, the demand chain as well as the overall value stream and may be applied to the managing of the chain internally/externally within an organisation.

### **Application of the Unit**

This unit applies to a person in a senior role in an organisation, such as a manager, technical specialist or similar, who 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. The unit can be applied to value streams of large or small organisations and to internal and external value streams or a combination value stream.

### **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 | Evaluate the value stream           | 1.1 | Identify all members in the value stream for products in area of responsibility                                                                    |
|   |                                     | 1.2 | Identify value added by each member of the chain                                                                                                   |
|   |                                     | 1.3 | Identify non-value adding steps in the value stream                                                                                                |
|   |                                     | 1.4 | Identify acute and chronic issues which impact on the value stream                                                                                 |
|   |                                     | 1.5 | 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 with each chain member 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 |

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| 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 required value-added changes           |
|   |                                      | 3.4 | Work with chain member to bring about improvements to value added |
| 4 | Continue to reduce waste             | 4.1 | Identify waste in value stream                                    |
|   |                                      | 4.2 | Work with chain members to continually reduce waste               |

## Required Skills and Knowledge

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

### Required skills

Required skills include:

- reading and interpreting a value stream map
- identifying, monitoring and managing flow of materials, information and services in the value stream, including:
  - output quantities and qualities
  - variability
  - uptime
  - other key performance indicators (KPIs) indicators appropriate to the value stream organisations and customer benefit/requirements
- communicating and negotiating at all levels in the organisation and value stream and with individuals of different levels of literacy and numeracy
- identifying steps and processes as value adding and non-value adding
- using appropriate methods for measure value added at steps in the value stream

### Required knowledge

Required knowledge includes:

- purpose of value stream analysis
- methods of value stream analysis and mapping
- concept of waste and value in terms of customer benefit
- types of waste and methods of reducing it
- processes, and operations used in own organisation to make products or deliver services to internal and external customers
- processes employed by other members of the value stream sufficient to have meaningful dialogue with them

## 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.

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| <b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b> | <p>A person who demonstrates competency in this unit must be able to provide evidence of their ability to:</p> <ul style="list-style-type: none"> <li>• review activities of organisations to determine:</li> <li>• their place in value stream</li> <li>• value added by each organisation</li> <li>• non-value added steps within each organisation</li> <li>• determine priorities for improvement in own organisation</li> <li>• negotiate with value stream members on improvements</li> <li>• monitor improvements to determine value added.</li> </ul>                                                                                                                                                                            |
| <b>Context of and specific resources for assessment</b>                                             | <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"> <li>• workplace procedures and plans relevant to work area</li> <li>• specifications and documentation relating to planned, currently being implemented, or implemented changes to work processes and procedures relevant to the assessee</li> <li>• documentation and information in relation to production, waste, overheads and hazard control/management</li> <li>• reports from supervisors/managers</li> <li>• case studies and scenarios to assess responses to contingencies.</li> </ul>                            |
| <b>Method of assessment</b>                                                                         | <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"> <li>• demonstration in the workplace</li> <li>• workplace projects</li> <li>• suitable simulation</li> <li>• case studies/scenarios (particularly for assessment of contingencies, improvement scenarios, and so on)</li> <li>• targeted questioning</li> <li>• reports from supervisors, peers and colleagues (third-party reports)</li> <li>• portfolio of evidence</li> </ul> <p>In all cases it is expected that practical assessment will be combined with targeted questioning to assess underpinning knowledge.</p> |

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|                                            | Where applicable, reasonable adjustment must be made to work environments and training situations to accommodate ethnicity, age, gender, demographics and disability.          |
| <b>Guidance information for assessment</b> | 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.

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| <b>Competitive systems and practices</b> | <p>Competitive systems and practices may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• lean operations</li> <li>• agile operations</li> <li>• preventative and predictive maintenance approaches</li> <li>• 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</li> <li>• statistical process control systems, including six sigma and three sigma</li> <li>• Just in Time (JIT), kanban and other pull-related operations control systems</li> <li>• supply, value, and demand chain monitoring and analysis</li> <li>• 5S</li> <li>• continuous improvement (kaizen)</li> <li>• breakthrough improvement (kaizen blitz)</li> <li>• cause/effect diagrams</li> <li>• overall equipment effectiveness (OEE)</li> <li>• takt time</li> <li>• process mapping</li> <li>• problem solving</li> </ul> |
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|                         | <ul style="list-style-type: none"> <li>• run charts</li> <li>• standard procedures</li> <li>• current reality tree</li> </ul> <p>Competitive systems and practices should be interpreted so as to take into account:</p> <ul style="list-style-type: none"> <li>• the stage of implementation of competitive systems and practices</li> <li>• the size of the enterprise</li> <li>• the work organisation, culture, regulatory environment and the industry sector</li> </ul>                                                                                                                                                                                                                                                                                                    |
| <b>Value stream</b>     | <p>The value stream begins with the customer and includes all actions (both value-adding and non-value added) by both internal sections/departments and external organisations to meet a customer requirement.</p> <p>Depending on the operations and the customer requirement stages where value stream actions may occur include:</p> <ul style="list-style-type: none"> <li>• sales outlet/representative</li> <li>• information gathering, data analysis and research</li> <li>• product design</li> <li>• raw material sourcing</li> <li>• intermediate processing</li> <li>• final assembler/collation/preparation</li> <li>• support services (e.g. accounting, finance and legal)</li> <li>• storage and delivery to customer</li> <li>• after market support</li> </ul> |
| <b>Value added</b>      | <p>Value added is measured against its contribution to the customer benefits/features and may be in the form of:</p> <ul style="list-style-type: none"> <li>• technical benefits/features</li> <li>• location benefits/features</li> <li>• aesthetic benefits/features</li> <li>• information benefits/features</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Value stream map</b> | <p>The map of the value stream may include:</p> <ul style="list-style-type: none"> <li>• hard copy (e.g. paper or whiteboard)</li> <li>• using appropriate software</li> </ul> <p>The map should show all participants and stages of materials and information flow and the value creating and non-value adding steps and processes</p>                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Waste</b>            | <p>Waste (also known as muda in the Toyota Production System and its derivatives) is any activity which does not</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|  | <p>contribute to customer benefit/features in the product.<br/>Within operations, categories of waste include:</p> <ul style="list-style-type: none"><li>• excess production and early production</li><li>• delays</li><li>• movement and transport</li><li>• poor process design</li><li>• inventory</li><li>• inefficient performance of a process</li><li>• making defective items</li><li>• activities which do not yield any benefit to the organisation or any benefit to the organisation's customers</li></ul> |
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## Unit Sector(s)

Unit sector

Competitive systems and practices

## Custom Content Section

Not applicable.