

THE VALUE GRID

Many clients find it hard to visualise a value grid as opposed to a value chain. Here is a simple example:

VALUE CHAIN (ONE DIMENSION)

On the most basic level, you analyse the chain of activity from beginning to end to investigate where value is added or could be added. The linear chain (in yellow) implies that value analysis is only possible between links, for example, between input logistics and operations.

ADDING A SECOND DIMENSION

But it is obvious that value should also be analysed in non-linear linkages (in green). For example, what is the relationship and value opportunity between input and sales and marketing or between operations and sales and marketing? Each domain must be connected to the other and the value opportunities considered.

ADDING A THIRD DIMENSION

Dimensions one and two consider the internal relationships of an organisation, without acknowledging that no company works in isolation. For example, high value orders may be delivered using one delivery service (courier) and low value orders another (postal service).

We need to consider other organisations that we work with and incorporate their value grid (in orange).

This is only a level 1 analysis and we haven't even considered HR, infrastructure, technology, procurement and all the other sub-categories. Already it is obvious that a value chain analysis is inadequate and that a value grid analysis is required, and that this is not necessarily a simple matter.

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