

What is a Value Chain? A definition.

For all businesses, there is a chain of activity from collection of materials and resources to final, satisfactory delivery of a product to customers or clients. This applies to tangible products as well as services (where the materials are people and knowledge; when we say “product” we mean tangible [products] and intangible [services]).

Generally, Chain Analysis examines this chain of activity to identify areas of improvement.

The Value Chain is a particular way of looking at the chain – from the perspective of how value may be added at each level of the chain.

The Value Chain breakdown is a common, first-stage element of sophisticated Business Analysis. When you conduct a business analysis, you start by breaking up the company in question into domains and then analysing each constituent domain. For example, you can do an umbrella competitive analysis of a whole organization, but it is more sophisticated to do one of, for example, the input logistics parts of the business, the operations parts of the business and so forth.

Further, a Value Chain is a linear point-of-view. A multi-dimensional point-of-view is the Value Grid. See <http://www.value-chain.com>