



Value Chain Management

What is it?

Why should you care?

Value Chain Innovation Forum
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Survival Is Not Compulsory

“It is not the strongest of the species that survives,
nor the most intelligent, but the ones most responsive to
change.”

Charles Darwin

Theory of Evolution based on Theory of Economics

“We only have two sources of competitive advantage:

1. the ability to learn more about our shoppers faster than the competition, and
2. the ability to turn that learning into action faster than the competition”

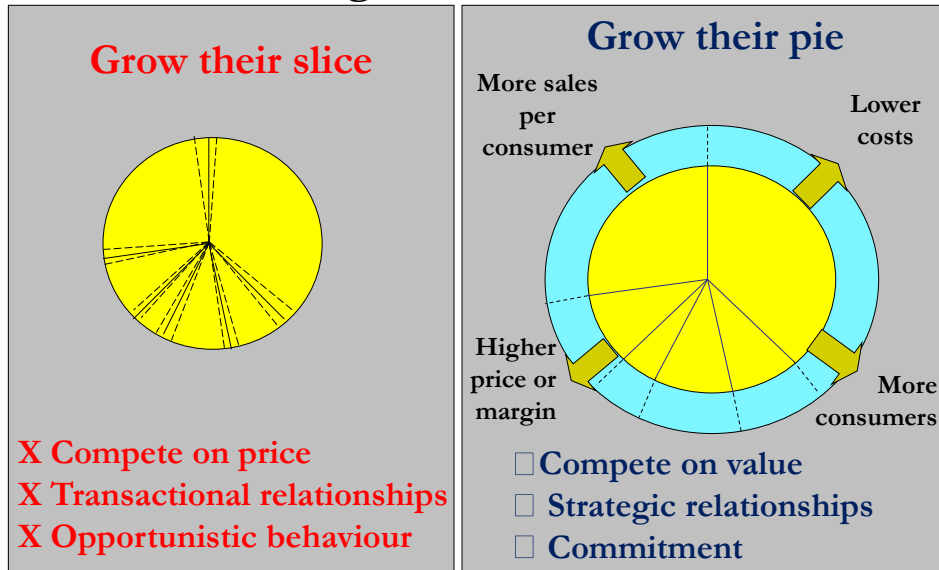
Jack Welch, General Electric



Effect of Combined Forces

- Consumers' power is greater than ever before
 - » They determine value, differs by meal occasion
 - » Only final customer puts money into the chain
- Events around the world impact your businesses
 - » Faster and to a great extent than ever before
 - » Reaching back along the entire value chain
- Greater requirements to create more unique packages for more focused markets
 - » Silver bullets are few and far between
- Success depends on customers and suppliers changing the way they relate to each other
 - » Trading mentality lessens ability to adapt

Managers Have Choices



Collins, 2012

Value chain management: growing the pie

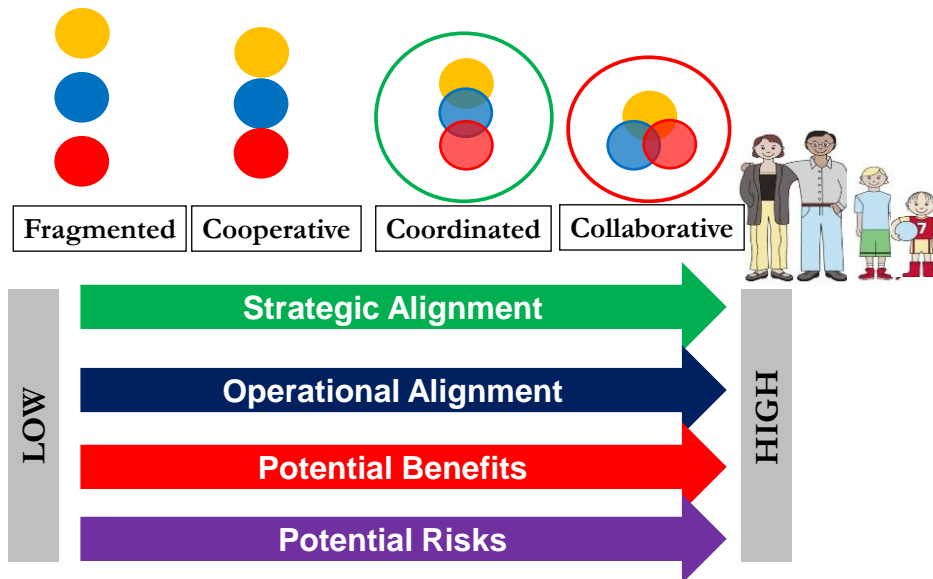
Value Chain Management

- Businesses that together form a chain make a deliberate decision to create more value:
 - » Usually from a targeted market segment
 - » Reducing costs
 - » **and/or** Increasing revenue
- Achieved by:
 - » Focusing on what consumers and customers value
 - » Getting the product right every time
 - » Ensuring effective logistics and distribution
 - » Having effective information and communication
 - » Building and sustaining effective relationships



Collaboration is very difficult to copy

Value Chain Characteristics



Sustainable Innovative Chains

- Have a strong recognized leader & lieutenants
 - » Primarily respected for their capabilities & ethics, not for their rank in the organization(s)
- Focus on managing determinants of quality
 - » Purposely do not focus on managing outcomes that are symptoms of an often dysfunctional system
- View trust as outcome of connecting the chain
 - » Incentives, culture, roles, accountabilities
- View premiums as a bonus that must be earned
 - » Primary efforts focused on reducing costs, accessing markets, creating ability to learn then adapt
- View technology as a tool /resource
 - » Its primary value relies on how it is applied

Using i-Clicker vote



A blue “Power” light will appear at the top of the remote.

Turn on i-Clicker by pressing the bottom “On/Off” button.

What I Most Want From Today

- A. Skills that I can apply to my business/role
- B. Knowledge that enables me to encourage the development of an innovative value chain(s)
- C. Learn how others have succeeded through innovating from a value chain perspective
- D. Check my progress on my journey in developing an innovative collaborative value chain
- E. Develop stronger value-creating partnerships between industry, government and academia

Knowing your vote was received



- Check your “Vote Status” Light:
 - » **Green light** = your vote was sent **AND** received.
 - » **Red flashing light** = you need to vote again.
- Not sure you saw the light?
 - » Just vote again.
- Want to change your vote?
 - » You can vote again as long as the timer is still going.



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