

EXCHANGE PROCESSES AND CONVERSION PROCESSES

How Business Processes
Contribute to Increasing
the Value of Resources



What is Transferred?



What do you get when

- you buy a book at a bookstore?

- a book

What is Transferred?



What do you get when

- you buy a book at a bookstore?
- a book
- you borrow a book at a library?
- a book

What is Transferred?



What do you get when

- you buy a book at a bookstore?

• **X** a book

- the right to read, sell or even destroy a book

- you borrow a book at a library?

• **X** a book

- the right to read a book for a period of time

An Exercise



What do you get when

- you borrow a DVD?
- you buy a DVD?
- you buy a bus ticket?
- you buy an air ticket?

An Exercise



uWhat do you get when

- you borrow a DVD?
- the right to view a DVD privately for a period of time
- you buy a DVD?
- the right to view a DVD privately, and to sell it
- you buy a bus ticket?
- you buy an air ticket?

An Exercise



What do you get when

- you borrow a DVD?
- the right to view a DVD privately for a period of time
- you buy a DVD?
- the right to view a DVD privately, and to sell it
- you buy a bus ticket?
- the right to make a trip by bus, and to sell it
- you buy an air ticket?
- the right to make a trip by airplane

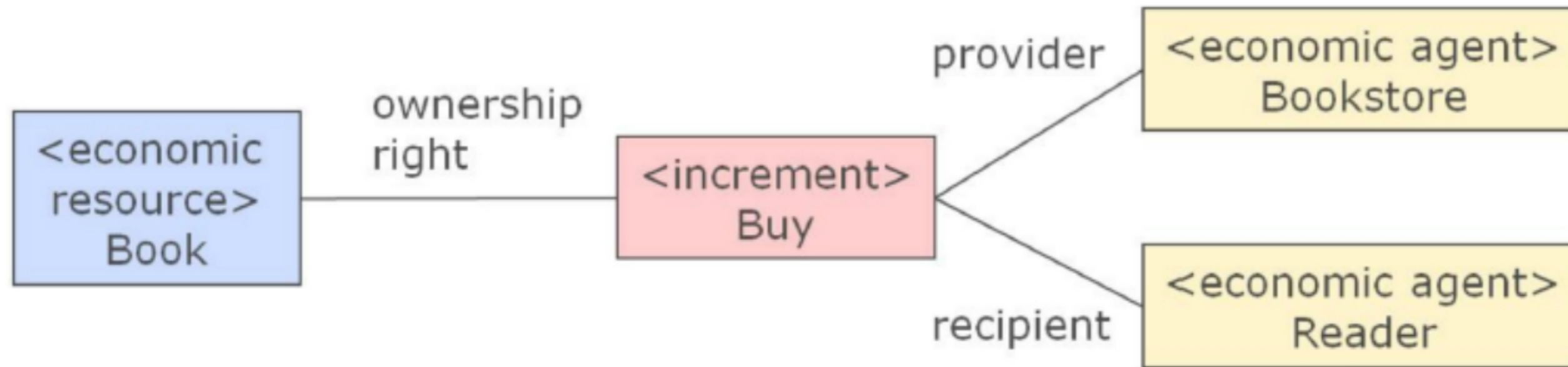
CATEGORIES OF RIGHTS



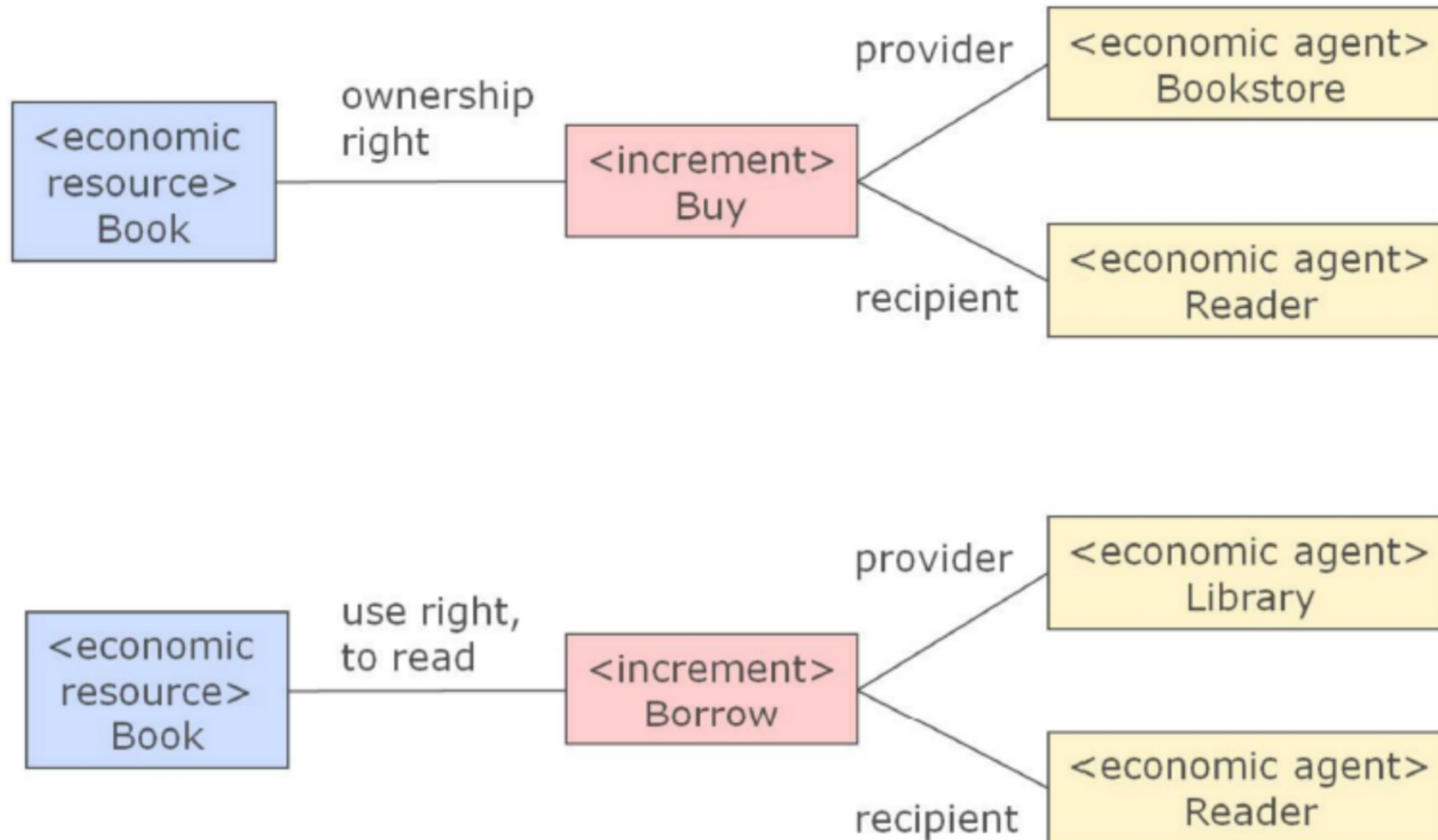
- **Use rights.** Rights to use resources in different ways. To read a book, to copy a file, to eat a meal, to drive a car.
- **Income rights.** Rights to earn income from resources. To rent a house, to lend DVDs.
- **Transfer rights.** Rights to transfer resources to other agents. To sell a book.

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Exchanges Transfer Rights



Exchanges Transfer Rights



These models are viewed from the perspective of the Reader.

The economic events are increment events from her point of view.

Increasing Value



Increasing Value



Renting the car
Getting rights to
use it for a
period of time



Increasing Value



Renting the car
Getting rights to
use it for a
period of time



Buying the car
Getting
ownership rights
to the car



Increasing Value



Renting the car

Getting rights to use it for a period of time



Buying the car

Getting ownership rights to the car



Painting the car

Changing a feature, the colour, of the car



We can increase the value of an Economic Resource either by getting more rights to it, or by changing some feature of it

FEATURES OF ECONOMIC RESOURCES

A **feature** of an Economic Resource is a property of that resource



- Size
- Weight
- Taste
- Mineral content
- Freshly baked

STOCKFLOW RELATIONSHIPS

A **Stockflow** relationship between an Economic Resource and an Economic Event

describes how the rights and features of that Economic Resource are being changed,

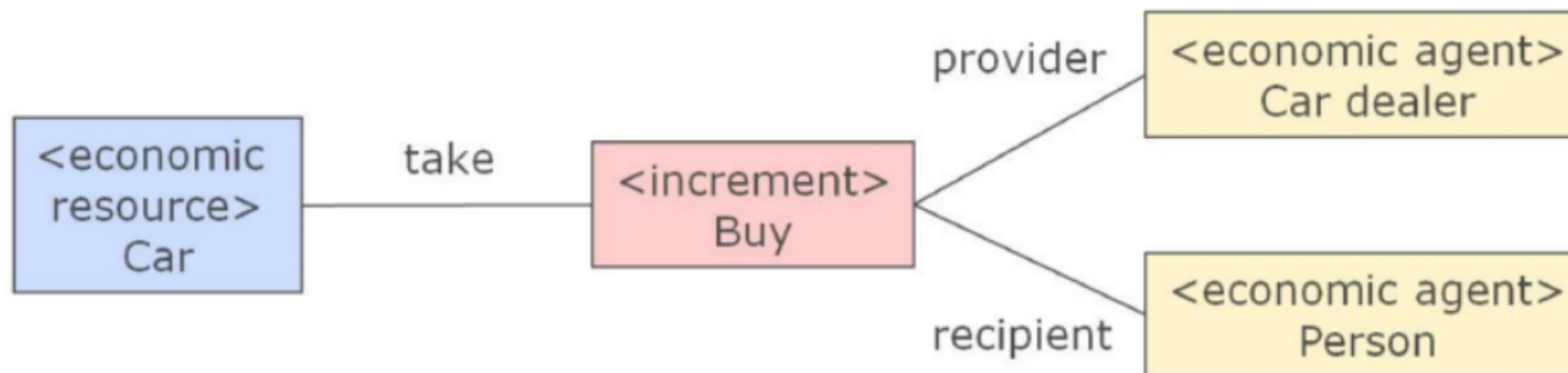
from the perspective of a certain Economic Agent

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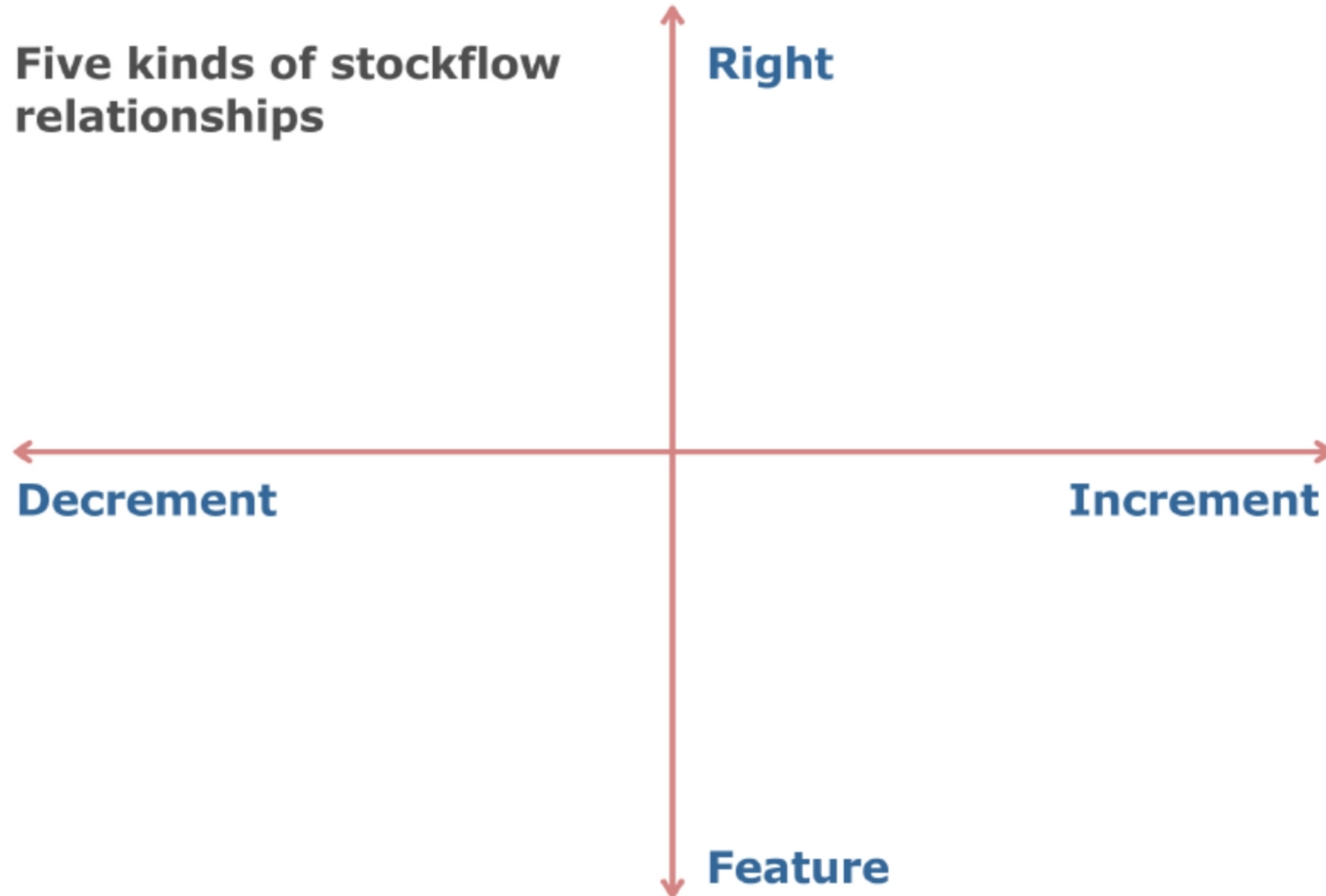


Buy is an increment Economic Event from the perspective of the person, as he gets increased value of an Economic Resource.

The stockflow is take, as he gets rights to the Economic Resource.

Stockflow Relationships

Five kinds of stockflow relationships



Stockflow Relationships

Five kinds of stockflow relationships

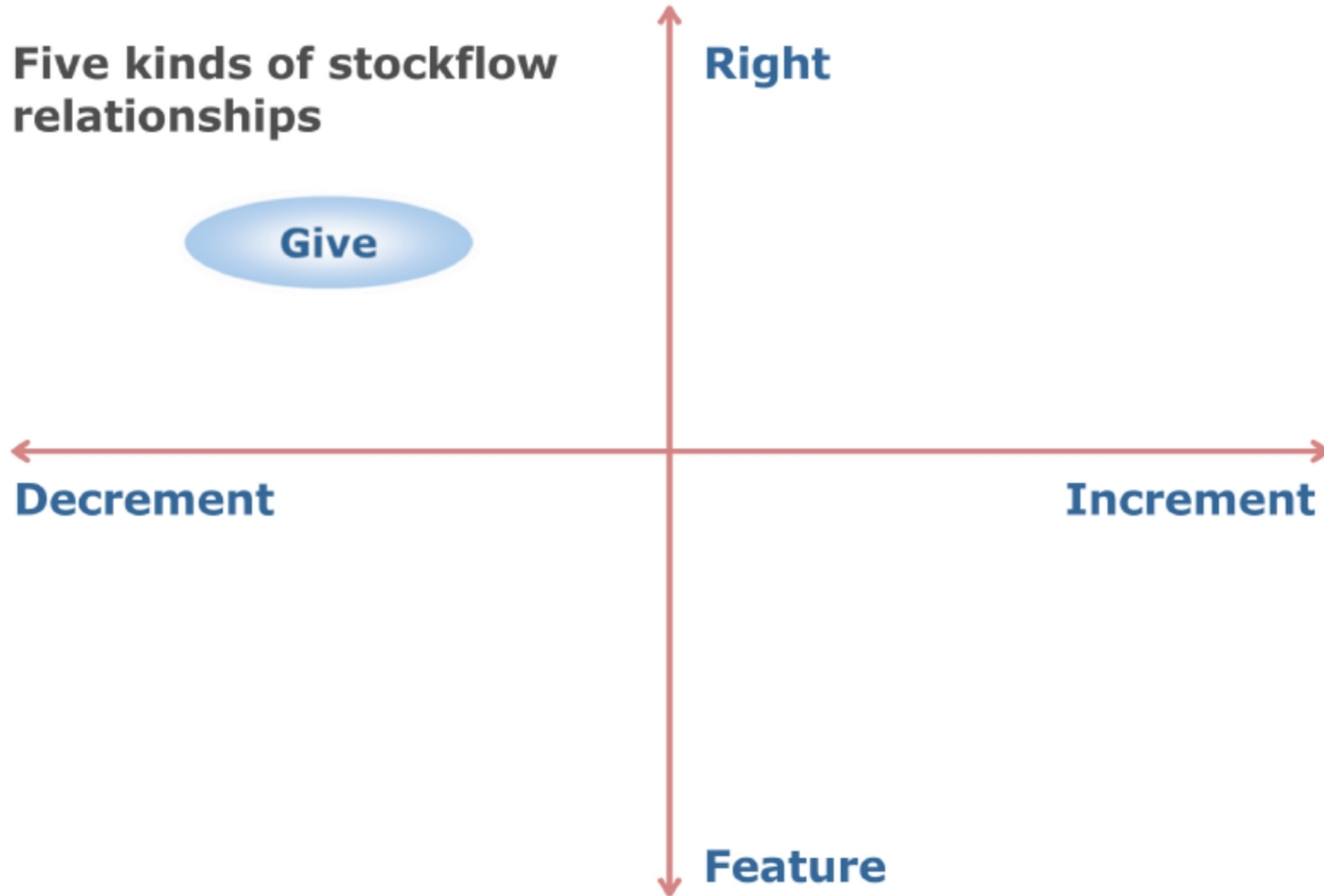
Give

Right

Decrement

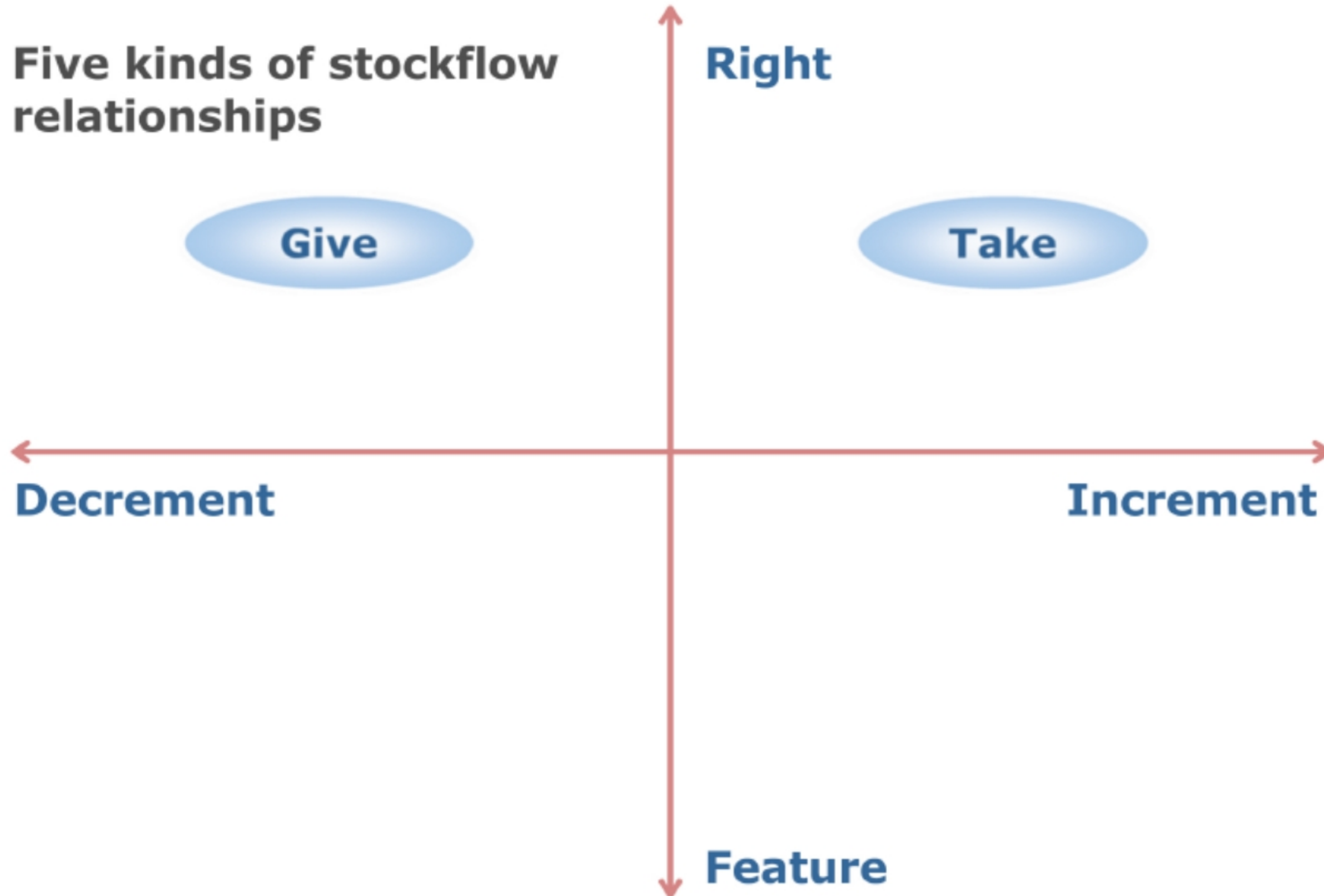
Increment

Feature



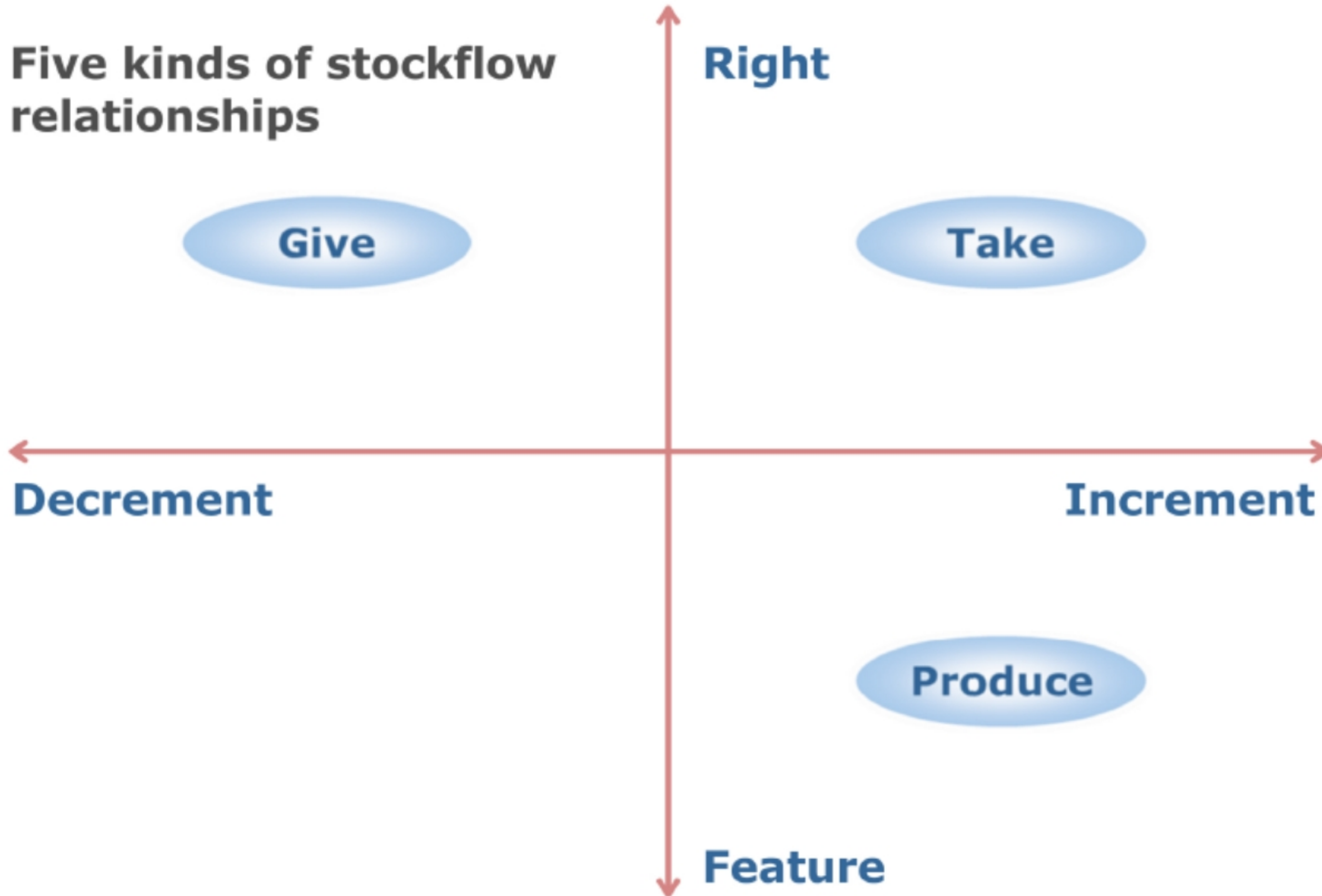
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