

# VALUE CHAIN MANAGEMENT CAPSTONE

---



JOE BRADLEY

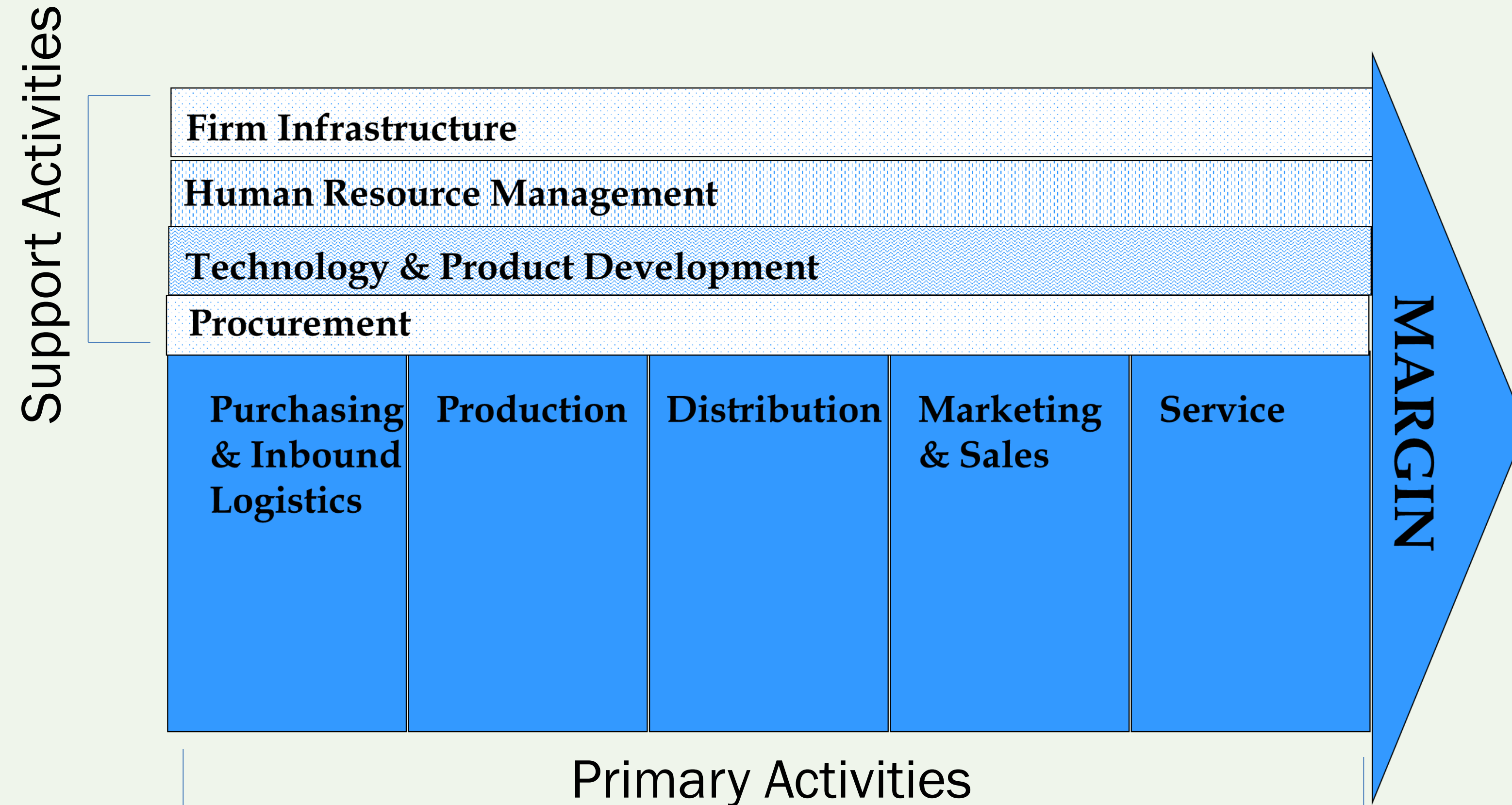


## Assessing Value Chain Activities

Understand the Drivers and Impact of Key Activities



# PORTER'S VALUE CHAIN MODEL



# VALUE CHAIN “PRIMARY” ACTIVITY AREAS

---



Purchasing and in-bound logistics: acquiring and inventorying raw materials, movement to manufacturing as they are needed

Production: Transformation of the raw materials (inputs) into finished goods and/or services

Distribution: The inventorying and distribution of finished goods/services

Marketing & sales: Identification of customer needs and the generation of products and service sales

Services: Customer support and services after initial sale



# VALUE CHAIN “SUPPORT” ACTIVITY AREAS

---



Firm infrastructure: Organizational structure, culture, norms, routines, controls, rules, etc.

Human resource management: Employee recruiting, retention, training, development, hiring, compensation, benefits, growth

Technology development: Technology implemented to support organizational activities

Procurement: Purchasing raw material inputs such as equipment, supplies, materials, etc.



# STEPS FOR ANALYZING KEY ACTIVITIES

---



**Each activity may be a cost driver and/or a value driver**

Identify key activities (Module 2)

Identify cost and/or value drivers for each activity

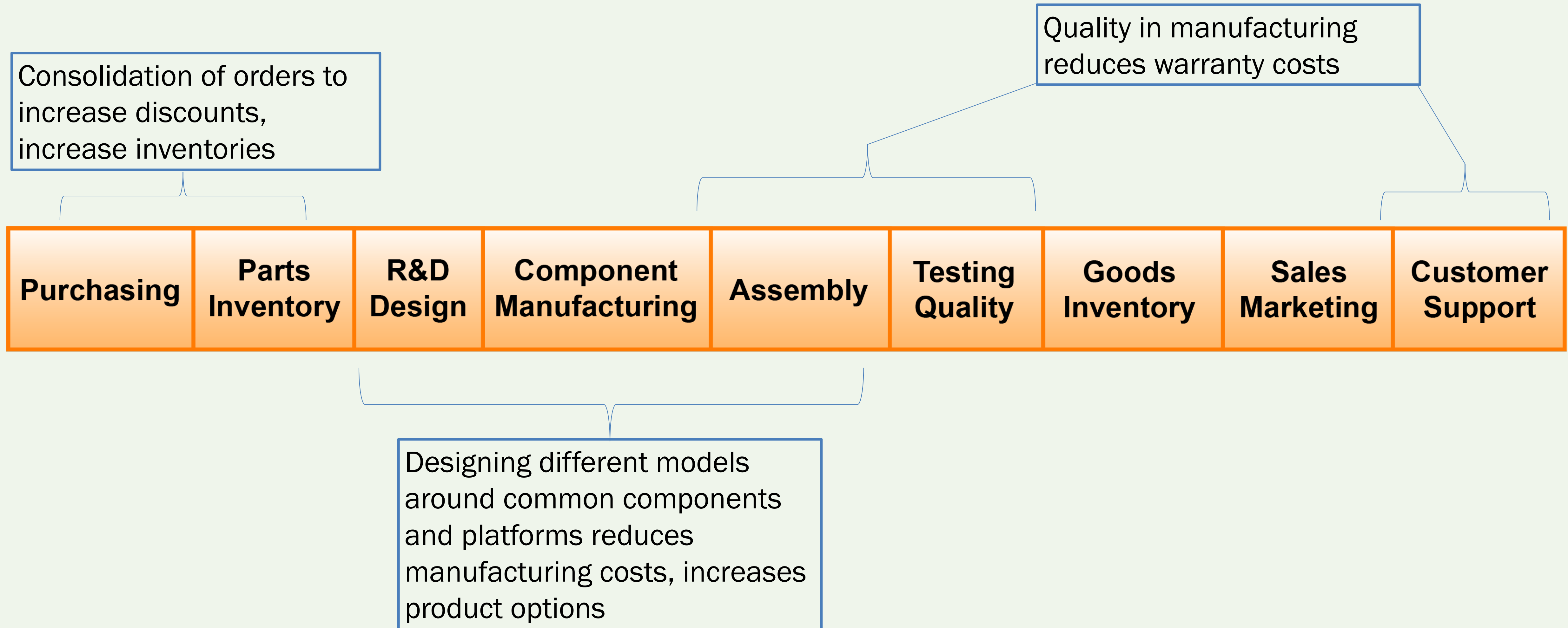
Identify how linkages between activities impact cost and/or value

Identify recommendations for cost reductions and/or new value-adding opportunities

Purchasing	Parts Inventory	R&D Design	Component Manufacturing	Assembly	Testing Quality	Goods Inventory	Sales Marketing	Customer Support
------------	--------------------	---------------	----------------------------	----------	--------------------	--------------------	--------------------	---------------------



# STEPS FOR ANALYZING KEY ACTIVITIES





# BENEFITS OF ACTIVITY ANALYSIS

---



Supports operational decision making

Identify misalignments between key activities and strategy

Systematic approach to understand activities performed by the organization



# NEXT STEPS

---



Complete assignment

Using Porter's value chain model,  
analyze the key activities identified in  
Module 2

Discuss linkages between activities and  
the potential impacts

For more details, read the course site

