



# VALUE CHAIN

**Mateusz Panek** PhD DBA LL.D  
mateusz@doctor.eco

# VALUE CHAIN

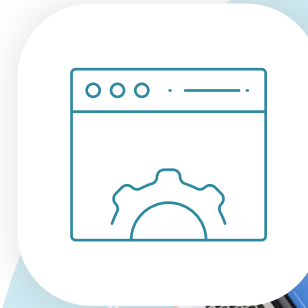
## Definition

**A value chain consists of all activities and processes performed by companies to produce products and create added value.**

The concept of the value chain was first introduced by the U.S. economist, Michael Porter.

Activities and processes along the value chain are divided into primary activities and support activities.

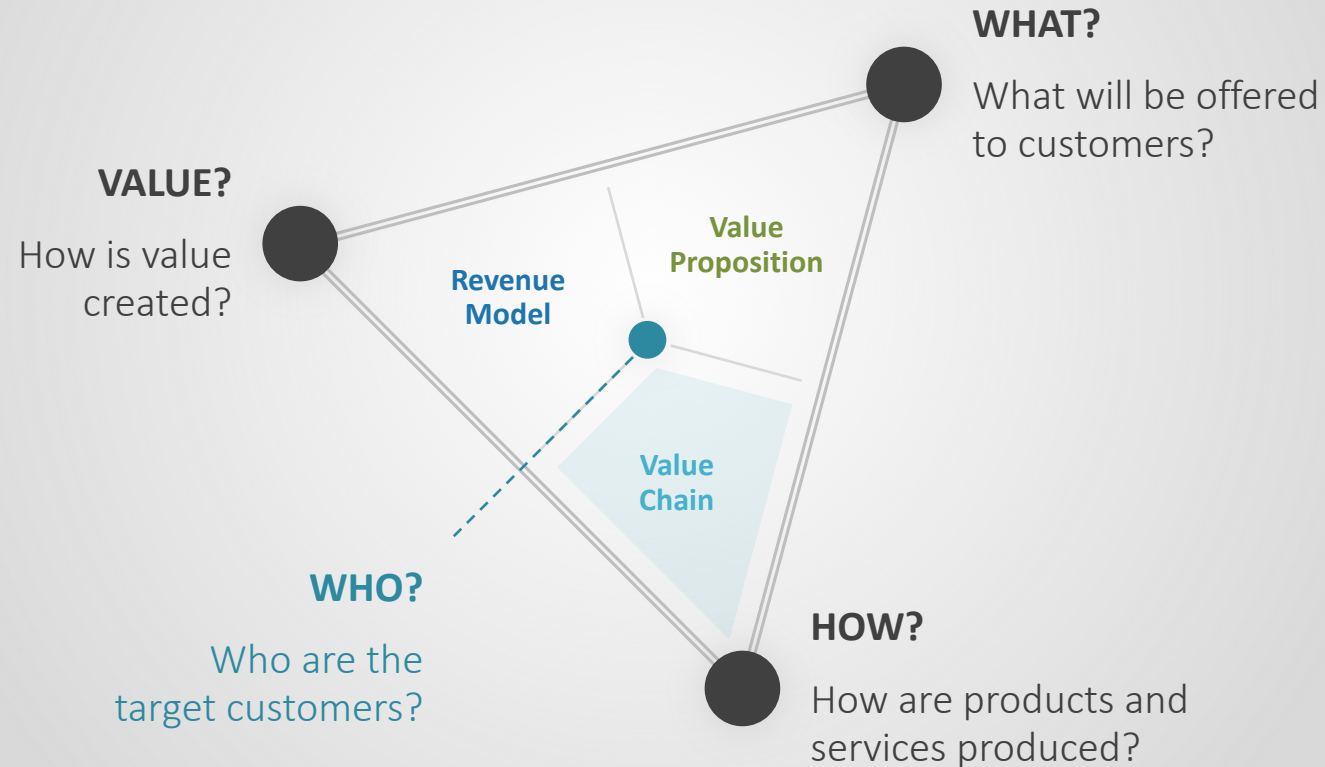
The value chain is designed to help determine what consumers are willing to pay.



# VALUE CHAIN AS PART OF THE BUSINESS MODEL

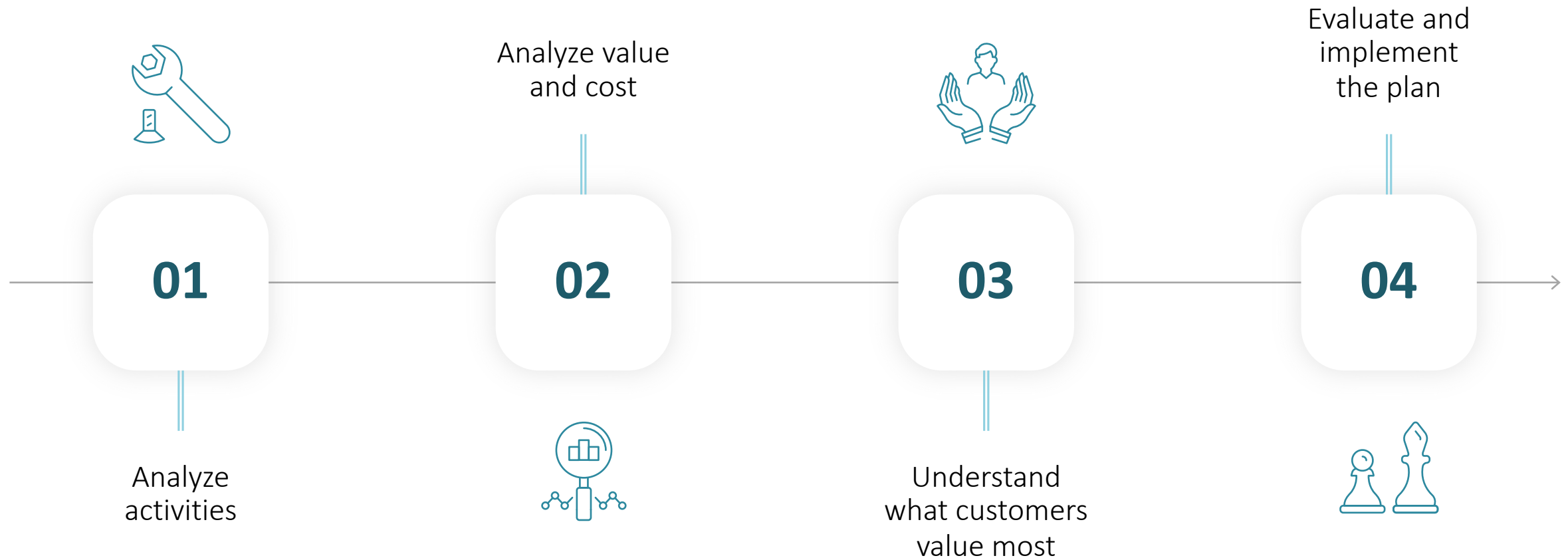
How are products and services produced?

## BUSINESS MODEL



# VALUE CHAIN ANALYSIS

## Implementation





# VALUE CHAIN ANALYSIS PERSPECTIVE

Cost and differentiation advantages

## Cost Advantages

Attract customers with low prices

- Identify primary and support activities
- Calculate costs for each activity and compare them with the total costs
- Analyze cost drivers for each activity
- Show dependencies between activities
- Find and leverage opportunities to reduce costs



01

02

03

04

05



01

02

03

Identify and align activities that add value

Develop strategies for Improving identified activities

Develop sustainable differentiation opportunities

## Differentiation Advantages

Attract customers with a unique offering

# PRIMARY ACTIVITIES

Main company tasks



## Inbound Logistics

Maintaining relationships with suppliers, performing quality control of incoming raw materials and resources, inventory controls and distribution



## Operations

Process steps required to create a ready-to-sell product



## Outbound Logistics

Activities after completing production, up to customers receive the product



## Marketing & Sales

Activities designed to raise awareness and sell the product to the customer



## Customer Service

Activities and processes after product has been sold, such as repairs

# SUPPORT ACTIVITIES

Supplement primary activities



## Infrastructure

Physical and IT infrastructures and everything required to maintain operations



## HR Management

All activities related to hiring, training, promotions, up to and including terminations



## Technology

All activities that help to implement new technologies and optimize processes

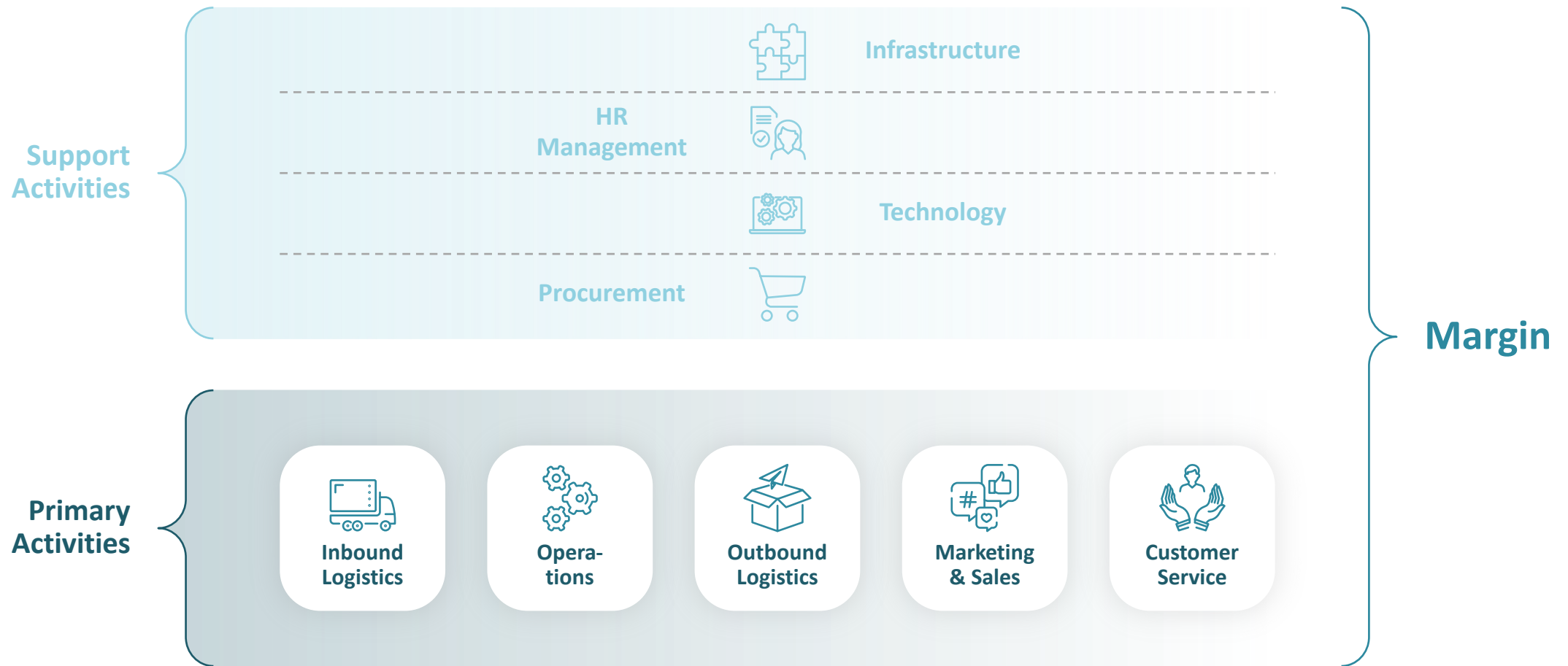


## Procurement

All activities and processes involved in the purchase of raw materials, goods and services

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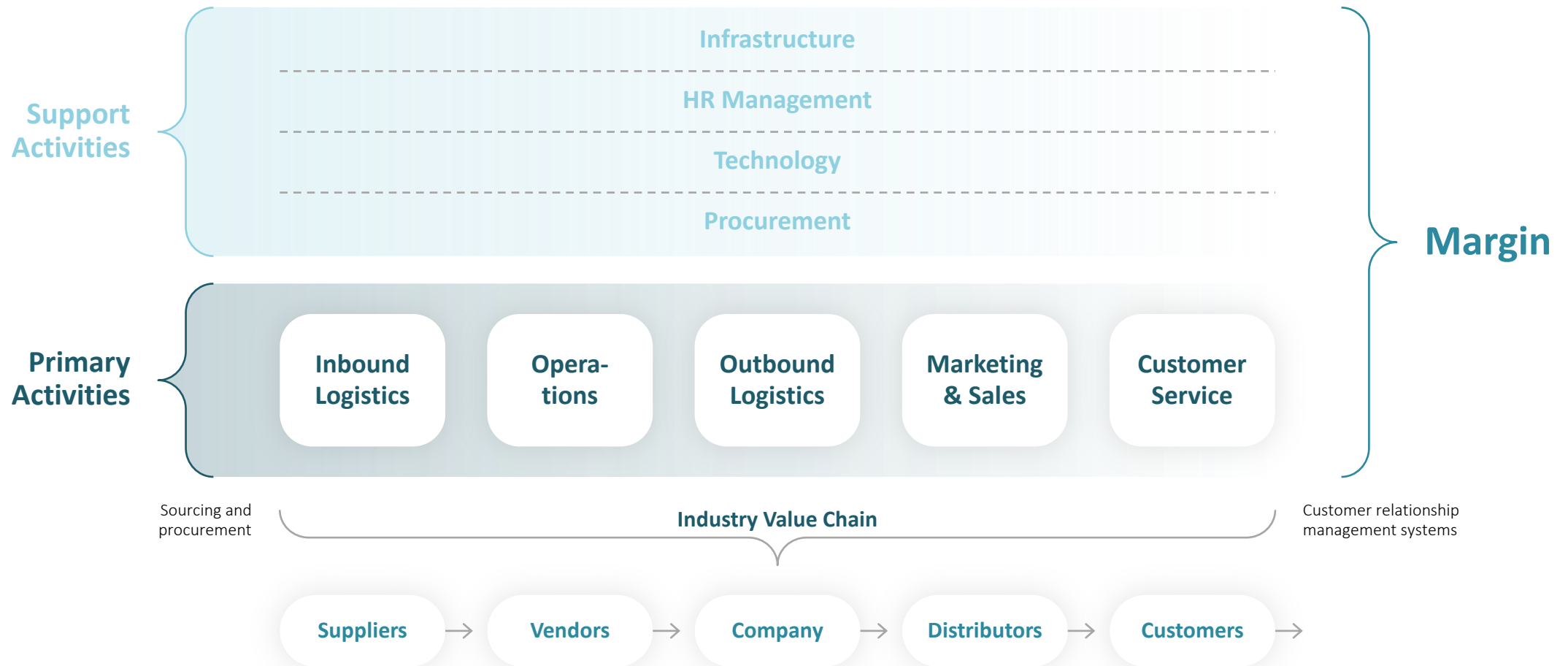
## Overview





# VALUE CHAIN AND STAKEHOLDERS

Suppliers, vendors, distributors and customers



# PRIMARY ACTIVITIES

Examples of primary activities that drive production and customer service



# SUPPORT ACTIVITIES

Examples of support activities that facilitate production processes

## Infrastructure



May include accounting/bookkeeping, legal, planning, public relations, quality assurance, and executive management

## HR Management



Recruitment, hiring, firing, training, continuing education, compensation

## Technology



Research and development, process management, automation equipment, workflow support equipment

## Procurement



Acquisition of raw materials and other goods required for operations

# VALUE CHAIN

Example



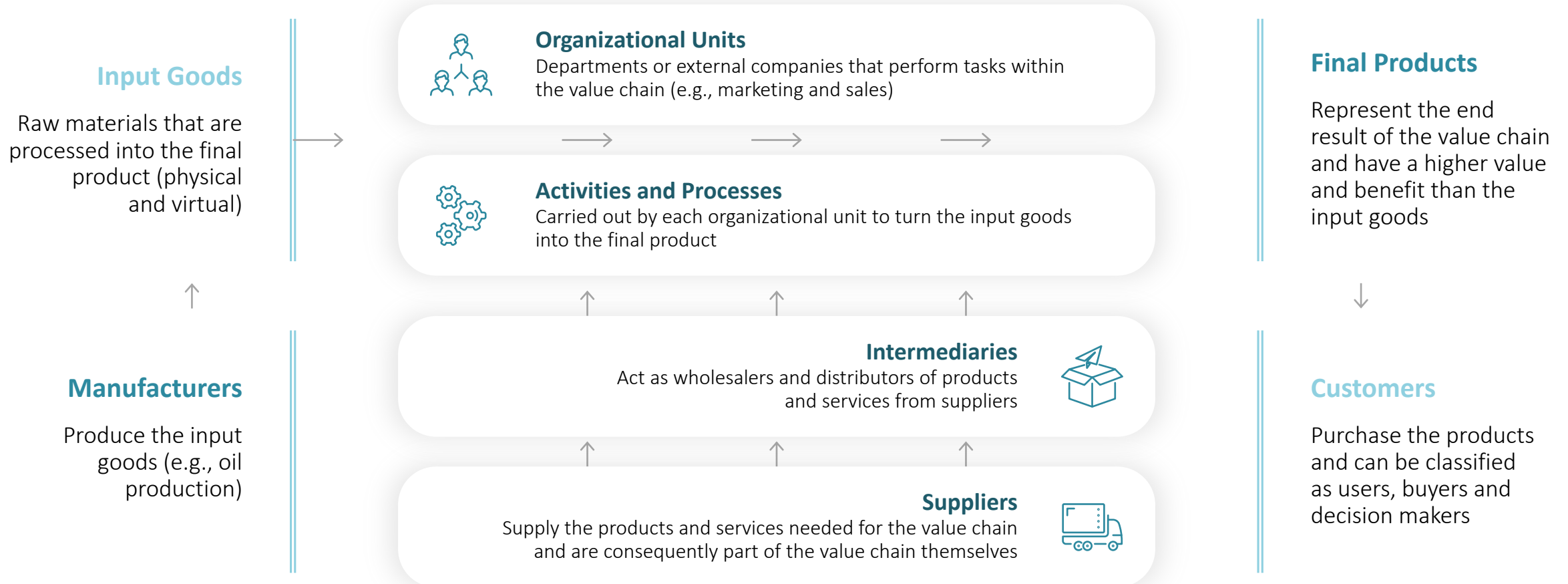
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[mateusz@doctor.eco](mailto:mateusz@doctor.eco)



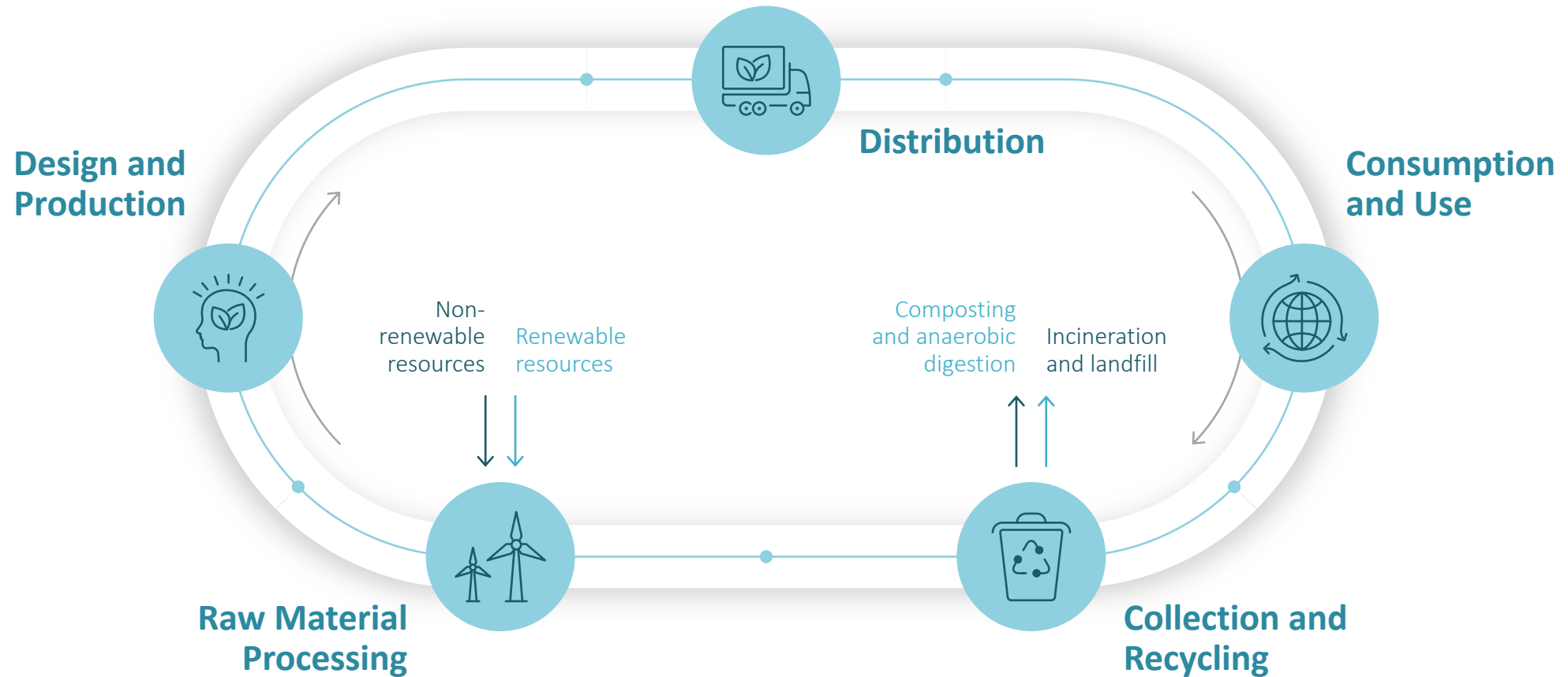
# THE VALUE CHAIN AS A PROCESS

Process visualization



# SUSTAINABLE VALUE CHAIN

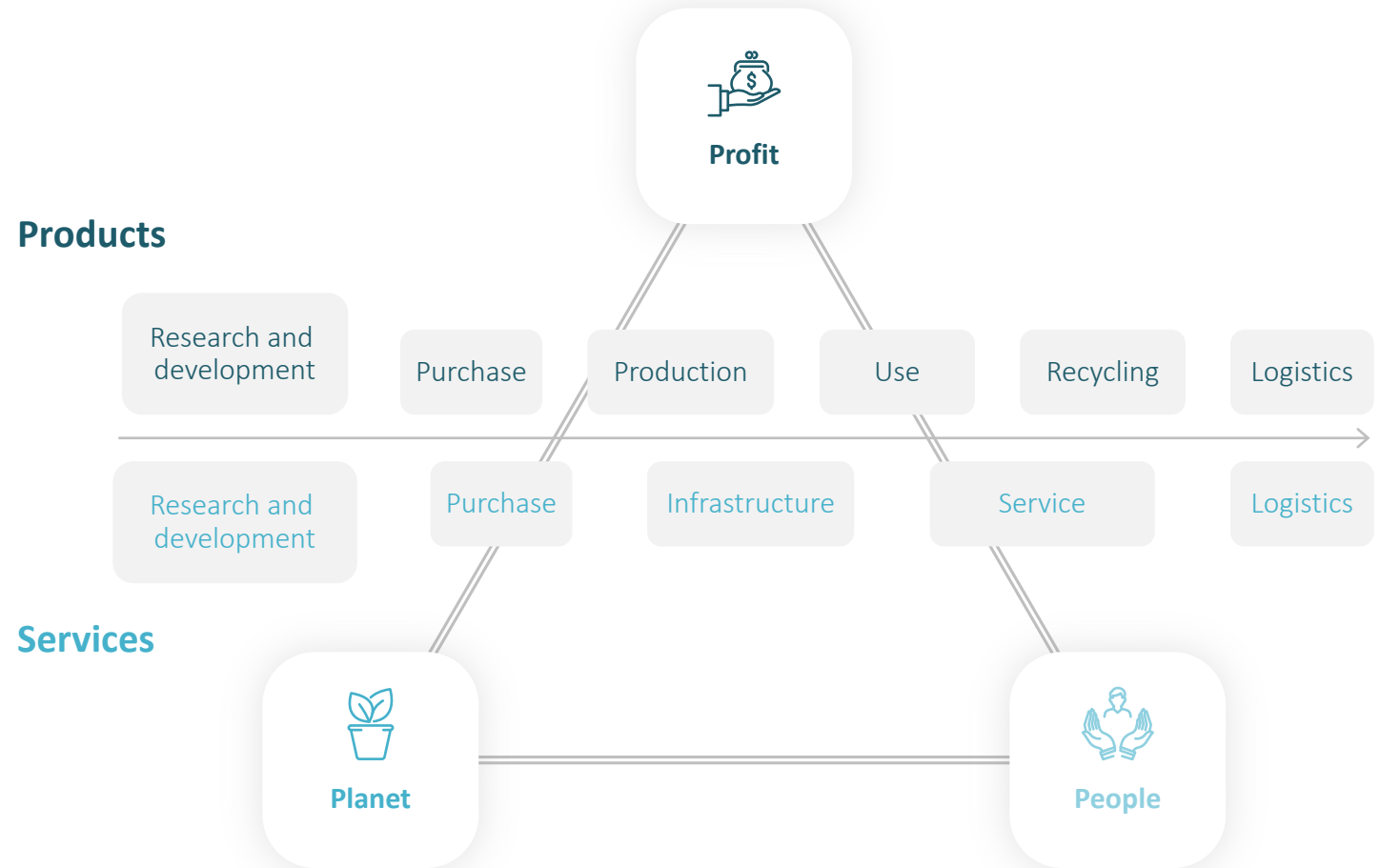
Circular economy: environmental protection and social compliance aligned with corporate objectives



# SUSTAINABLE VALUE CHAIN

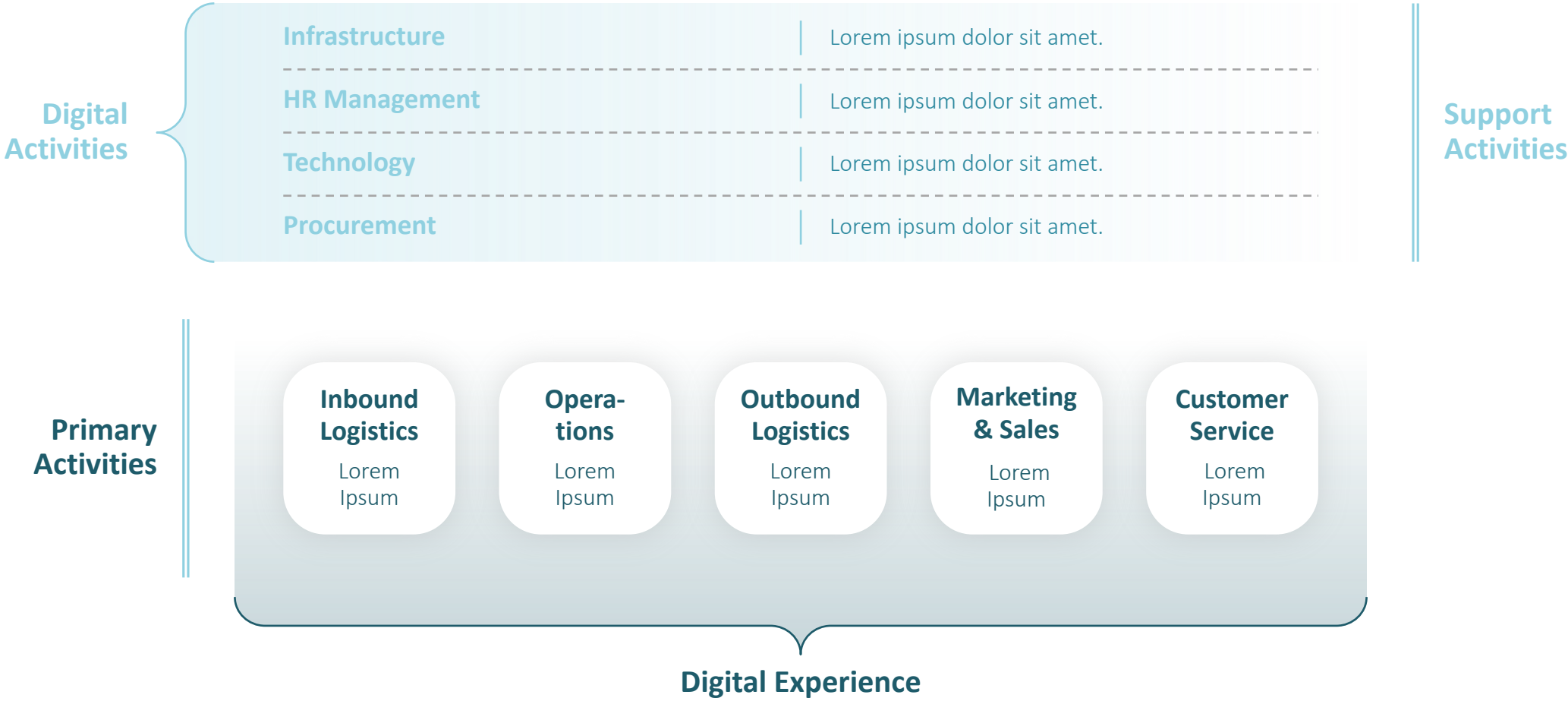
Triple bottom line: people, planet, profit

**More and more companies are aligning their value chains** with the triple bottom line by including economic factors and ecological and social factors in their processes and activities.



# DIGITAL VALUE CHAIN

Digital experience and activities





# DATA VALUE CHAIN

Data architecture and processes

