

Guide: Value Chain Analysis



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Conducting a Value Chain Analysis

Introduction

Stage 3 is where you start to define the need in relation to your organisation. This involves understanding the alignment between the needs and how the organisation creates value. The exercise here asks you to consider how the organisation creates value and its position in the wider value chain as a way to assess the strategic alignment of the need.

How your organisation creates value and positioning in wider value chains.

Building confidence in the identified needs is critical to EBNLab. At Stage 3, [the Strategic Alignment Score](#) is a measure that allows you to assess that fit. One tool that will help assess that alignment is examining where the need sits in the Value Chain and where the organisation operates within that Value Chain.

The Value Chain is useful for examining an organisation and its operations. Porter, one of the leading proponents of value chain analysis (see image below), suggests that a value chain is divided into

- **Primary Activities**, the core things that the organisation does to create value, from the inbound logistics through operations, outbound logistics, marketing and additional services
- **Support Activities** like Human Resource Management, Technology Infrastructure, Procurement, etc.

Analysing how an organisation creates value will help it understand how and whether it can address a need. However, to fully understand the opportunity, alongside assessing the organisation and its Value Chain, you need to understand the whole value chain and your organisation's position within it.

Examining your value chain is about the feasibility of addressing the need.

Understanding your organisation's position in the value chain involves assessing and addressing needs, including viability and desirability. You may have looked at [root cause analysis](#) as part of examining the problem. Examining positioning in what might be Global Value Chains is a similar exercise. It is about examining whether it is a problem or whether there is an opportunity it is concerned with where you can create value.

This is a complex analysis, and you may need external support to get value from it. EBNLearn includes a series of templates to support the analysis. Considered with others will help you better understand Value Chains, and the EBNWorks team has extensive experience in the area.

Figure 1: **Porter's Value Chain**

