# Value Chain Index

DR. DAVID J. CLOSS, John H. McConnell Chaired Professor in Business Administration, Department of Supply Chain Management, Eli Broad College of Business, MSU

# Integrated Value Chain: Chronological History

**The evolution of value creation from supply chain to integrated value chain:**

- Single company integrated supply chain model

- End-to-end integrated supply chain model

- Single company integrated value chain model

- End-to-end integrated value chain model

**End-to-End Integrated Value Chain Management provides firms with the next transformational opportunity for value creation.**

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# End-to-End Integrated Value Chain Model
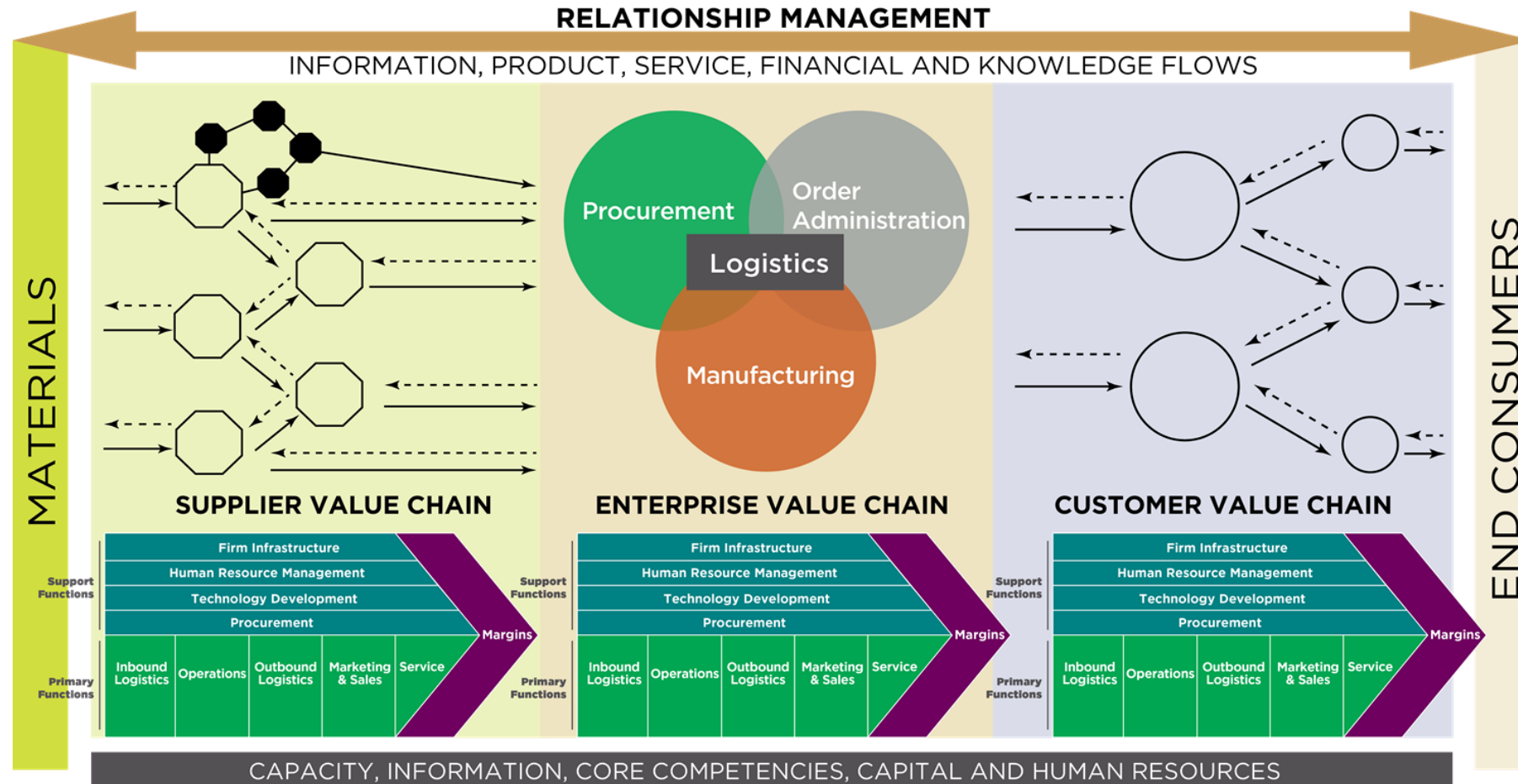


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# Value Chain Index: Project Team Members

**DR. ROGER CALANTONE**, Professor, Department of Marketing, Eli Broad College of Business

**DR. DAVID CLOSS,** Professor, Department of Supply Chain Management, Eli Broad College of Business

**DR. CHERI SPEIER-PERO,** Chairperson, Department of Supply Chain Management, Eli Broad College of Business

**DR. FRED RODAMMER,** Director and Professor of Practice, Eli Broad College of Business

**ROBERT MCELMURRY,** Market Analytics Manager, FANUC America Corporation

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# Value Chain Index: Project Value and Benefits

**The Value Chain Index and Integrated Value Chain Assessment will provide four benefits to firms:**

**1** Insights regarding dimensions other firms are using to characterize value chains

**2** Influence regarding the design of the value chain assessment approach

**3** Define appropriate metrics for monitoring value chain

**4** Benchmark their perceptions and practices regarding integrated value chain management with the objective of developing actions toward major opportunities to create value for the firm

# Corporate Partners Currently Engaged with Project

Corporate partners engaged in the value chain workshops:

ASAHI KASEI PLASTICS
Advanced Material Solutions

BOSCH

CooperStandard

DOW

FANUC

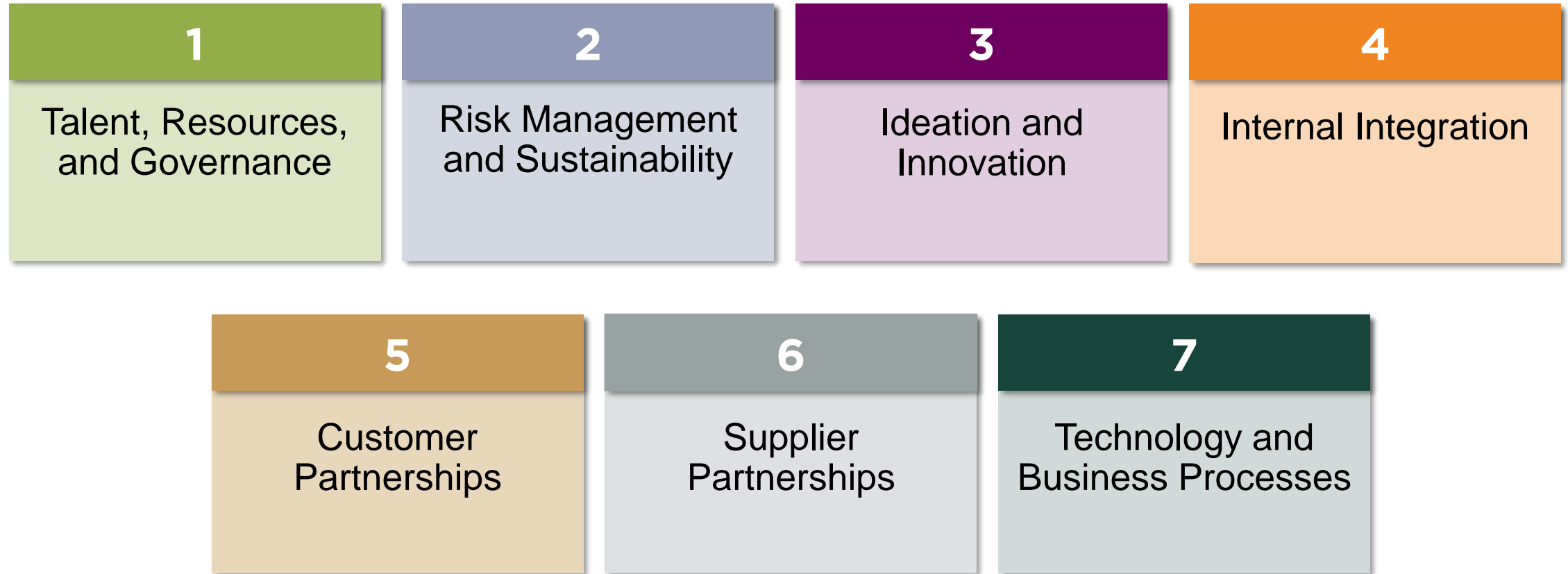GE imagination at work

meijer

nexteer AUTOMOTIVE

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# Value Chain Competencies

- MSU has been engaged in research for supply chain competencies for several decades

- MSU has recently created integrated supply chain competencies for the state-of-the-art research for APICS Beyond the Horizons study

- This experience and expertise was essential to the creation of the new innovative value chain competencies

- The assessment of value chain competencies is a critical component of the value proposition for firms that participate in the value chain assessment

- End-to-end integrated value chain performance will be dependent upon the building of expertise associated with key value chain competencies

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# Value Chain Competencies

| 1 | 2 | 3 | 4 |
|---|---|---|---|
| Talent, Resources, and Governance | Risk Management and Sustainability | Ideation and Innovation | Internal Integration |

| 5 | 6 | 7 |
|---|---|---|
| Customer Partnerships | Supplier Partnerships | Technology and Business Processes |

# Creation of the Value Chain Index

**Initial MSU research focused on the creation of the Value Chain Index:**

- Supply chain-related indices of Consumer Confidence Index (CCI), Purchasing Managers Index (PMI), and Customer Satisfaction (ACSI) were researched

- New Logistics Index design, which assesses directional perceptions of transportation, warehousing, and inventory costs will not be focused on value chain

- None of the supply chain indices corresponded to the multiple-company scope of integrated value chain management

- The index is an aggregation of a perceptual survey and may be classified as **Level One** value chain assessment

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# Creation of the Value Chain Index

## Current Positioning

- Lack of MSU access to firm performance data results in reliance on firm perceptions survey data

- Survey would capture general perceptions of value chain dimensions

- Survey will apply a maturity scale model for a limited number of value chain dimensions

- Survey will incorporate some Kepner-Tregoe techniques to characterize required value chain decisions, value chain plans, and value chain operations
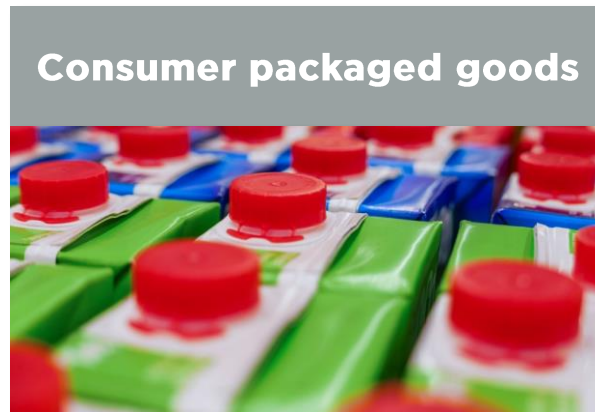
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# Value Chain Index Characteristics

| Characteristic | Value Chain Index Approach |
|---|---|
| Frequency | Twice per year |
| Audience | Multiple firms; multiple industries |
| Methodology | Firm perceptions survey |
| Survey execution | MSU in collaboration with professional association |
| Survey analysis | MSU will analyze survey results |
| Feedback to participants | MSU with marketing partner |
| Communication of findings | MSU will report composite index results; eventually index will be reported by value chain category |

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# Value Chain Index: Example Categories for Value Chains


Automotive and transportation equipment


Food and beverage


Consumer electronics


Industrial equipment


Consumer packaged goods


Pharmaceuticals and healthcare

# Example Value Chain Executive Education Topics

| | | |
|---|---|---|
| **Integrated Value Chain Management Concepts** | **Value Chain Competencies and Gap Analysis** | **Value Chain Talent Development** |
| **Supplier Partnerships/ Alliances** | **Customer Partnerships/ Alliances** | **Value Chain Ideation and Innovation** |

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# Project Work Plan: Accomplishments

- Formed a team of research experts

- Researched and assessed existing indices

- Developed end-to-end integrated value chain model

- Conducted two value chain workshops with eight corporate partners

- Identified value chain competencies

- Developed value chain performance assessment survey to measure competencies

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# Project Work Plan: Future Activities

- The next value chain workshop in January 2018 will validate the Value Chain Index approach

- Value Chain Index effort will be rolled out to selected industries in early 2018

- Value chain assessment executive education program will be developed in 2018

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# End-to-End Integrated Value Chain Model
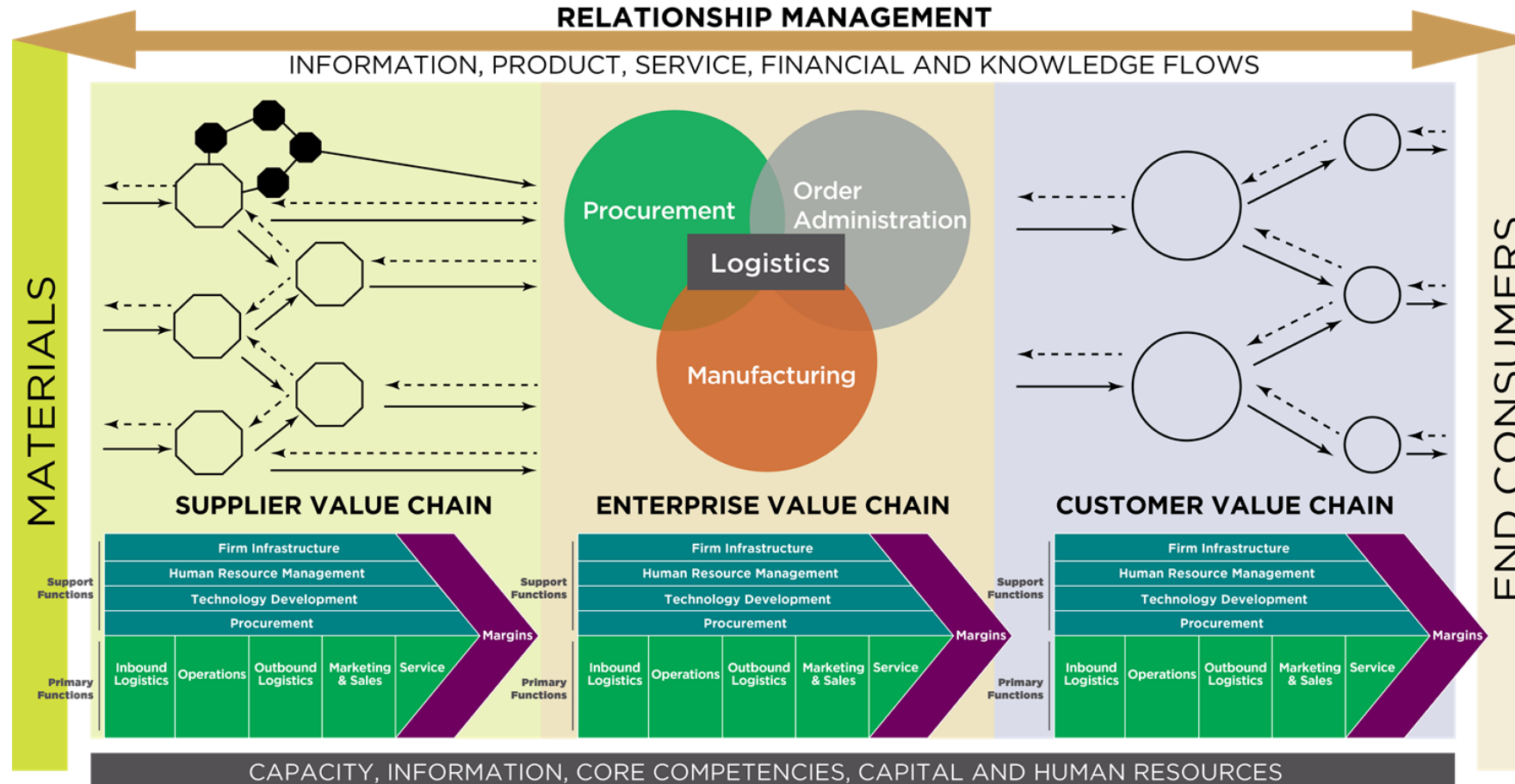
# Questions Regarding Value Chain Assessment

What types of opportunities can value chain assessment bring to the firm?

Compare the roles of the Level 1 assessment versus the Level 2 and 3 assessments

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# Thank you

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