
Value and Enterprise Stakeholders

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September 16, 2002

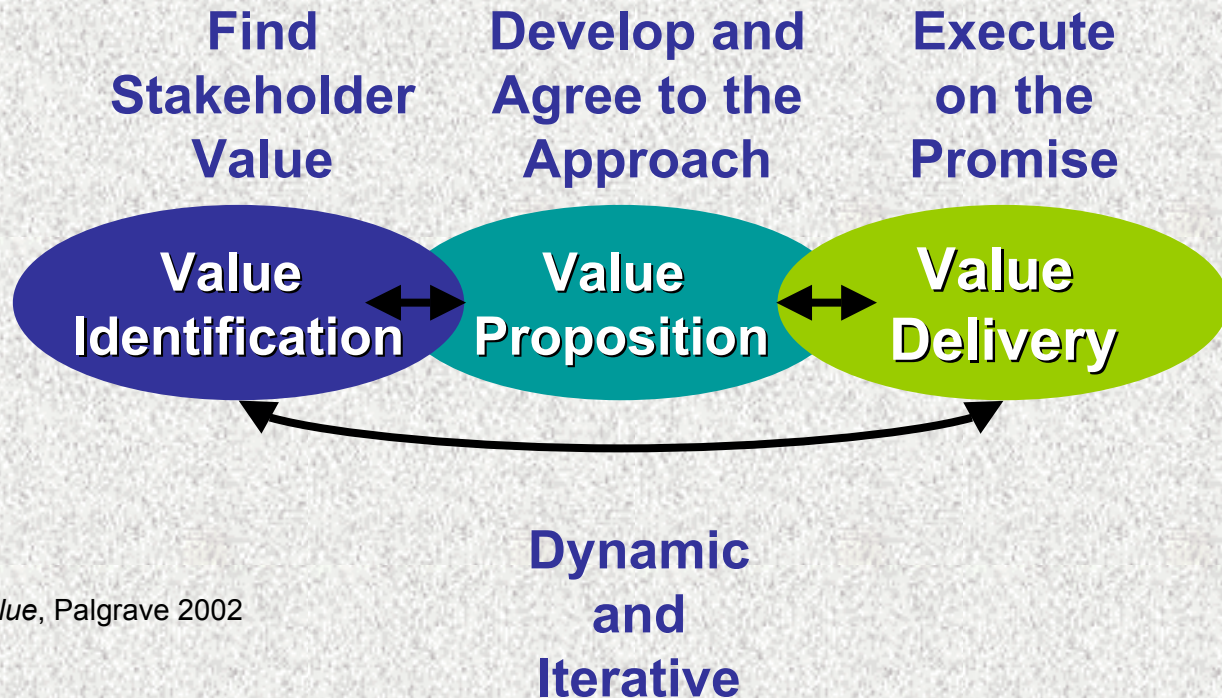
Learning Objectives

- Value creation framework
- Enterprise stakeholders
- Stakeholder value metrics

Creating Value

*“How various stakeholders find particular worth, utility, benefit, or reward in exchange for their respective contributions to the enterprise.”**

* Source: Murman et al., *Lean Enterprise Value*, Palgrave 2002



Identifying Value

- Identify stakeholders
- What part of the program or process adds value for each stakeholder?
 - Determine each stakeholder value
- What kinds of exchanges are required to provide this value?
 - Establish stakeholder expectations and contributions

Find stakeholder value

Creating a Value Proposition

- Align stakeholders around the program value stream
- Structure the enterprise value stream
 - Each stakeholder will contribute their efforts or resources to the value stream in those ways from which they can derive value
- Establish clear communication of balanced expectations with all stakeholders

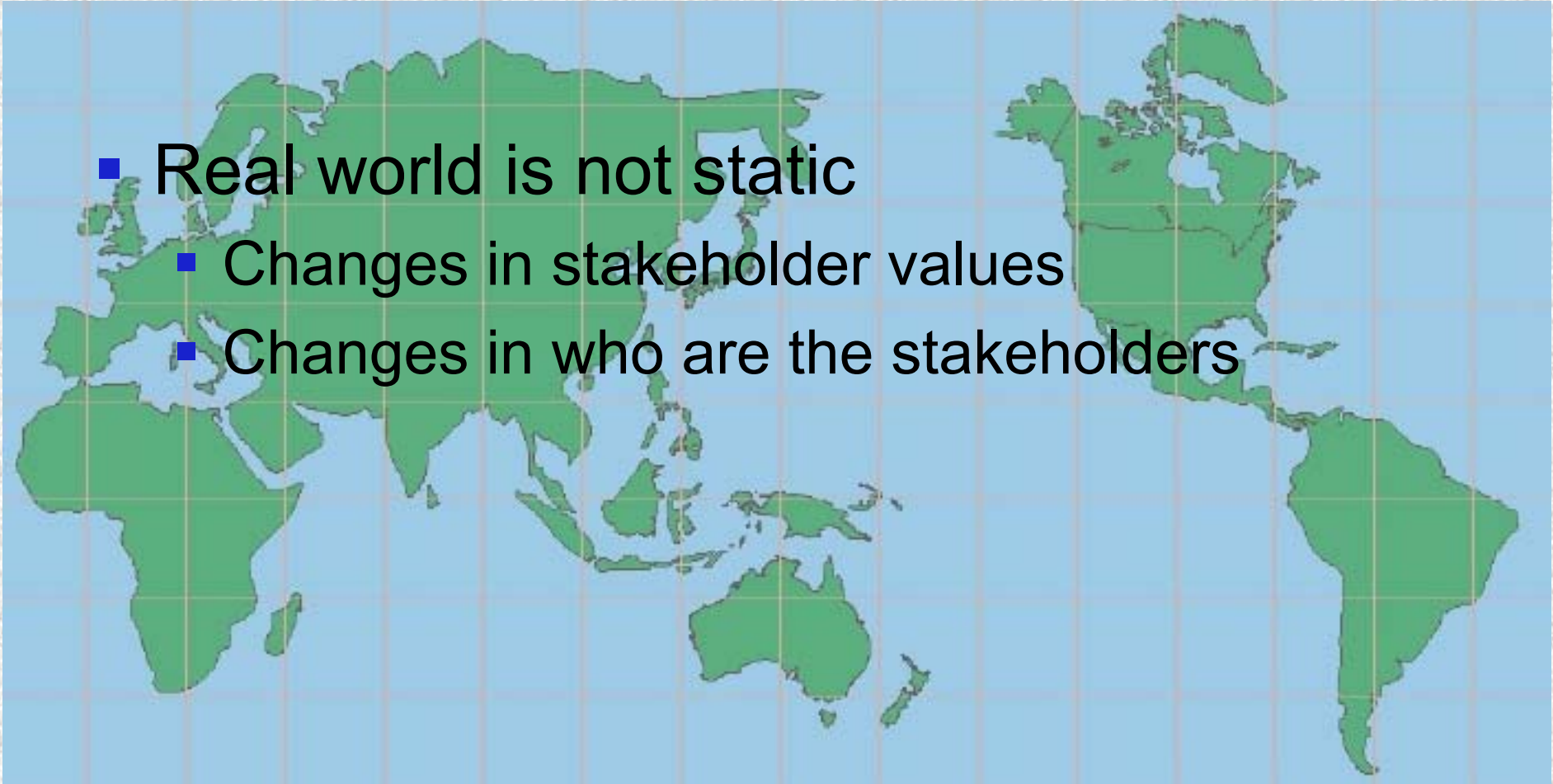
Develop and agree to the approach

Deliver Value to All Stakeholders

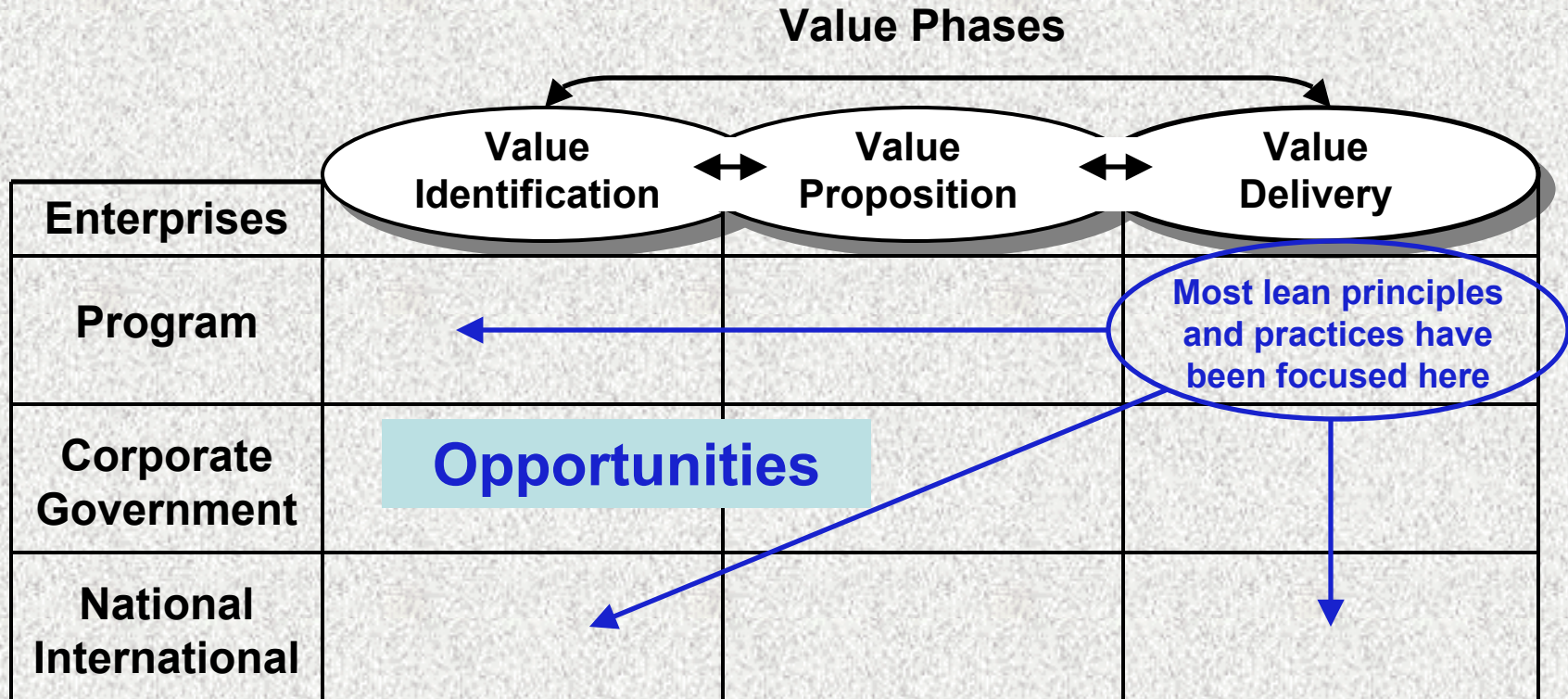
- Add value at each step along the value stream in accordance with the value proposition
- Execute the value stream using lean principles
- Gather information and data to continue to improve enterprise processes

Execute on the promise

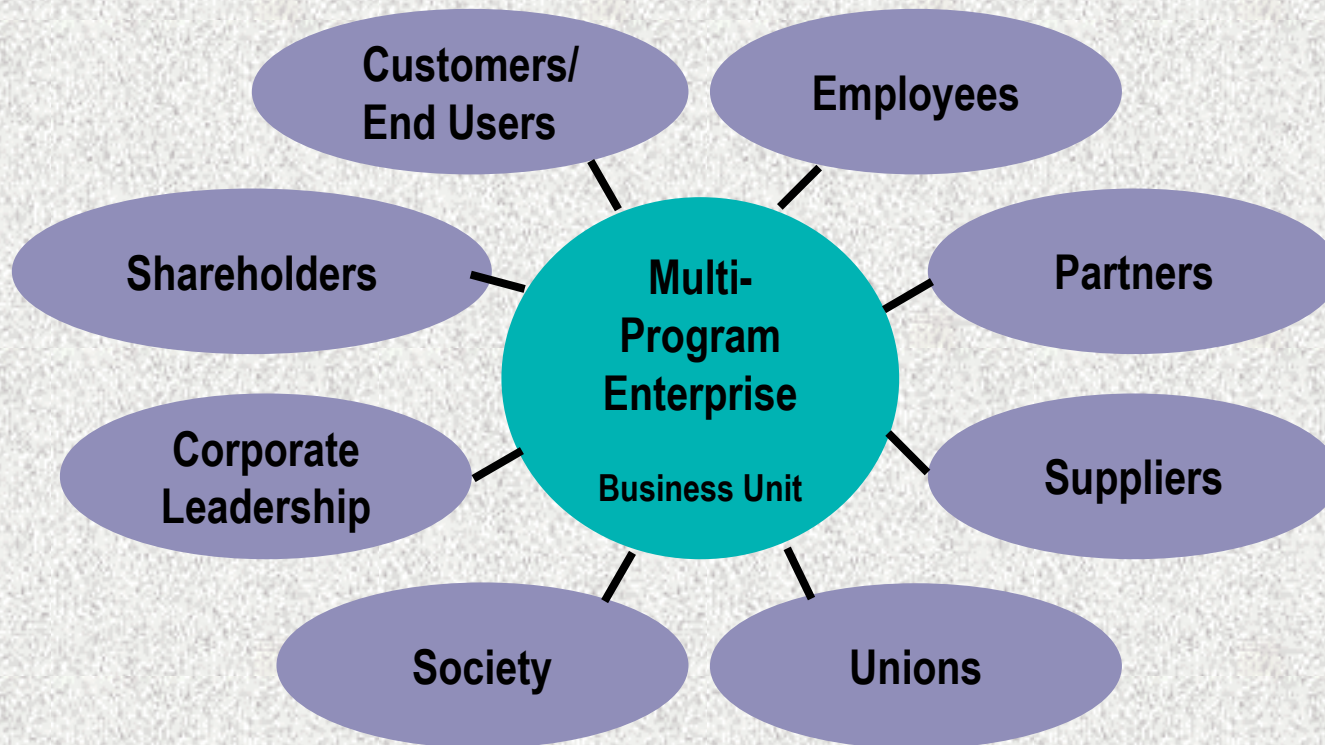
Value Creation is Dynamic and Iterative

- 
- Real world is not static
 - Changes in stakeholder values
 - Changes in who are the stakeholders

A Value Creation Framework



Enterprise Stakeholders



Customer View

- Value as we define it is delivered in a timely fashion, even in anticipation of our needs
- Our satisfaction appears to be the focus of all our supplier's activities
- We are invited to get involved early in the design process
- Our supplier understands our need for low life-cycle cost and superb quality

OUTCOMES:

- More customers
- Greater market share

Workforce View

- I am proud to be an employee and feel my skills are valued as a resource for the company
- I enjoy coming to work everyday and understand how my work adds value for customers
- Continuous and cross-functional training helps empower me to make decisions and create a leaner enterprise
- I can get the necessary information for decision making when I need it and how I need it
- I am rewarded both as an individual and as a team member for my contributions

OUTCOMES:

- Better worker retention
- Fewer sick/absent days
- More innovation
- Greater productivity

Senior Leadership View

- Balance needs of all stakeholders and encourage value creation throughout the enterprise
- Create a shared vision of the enterprise with value defined for all stakeholders
- Establish a process-based enterprise using integrated teams that are aligned with customer value streams
- Strategic goals and enterprise metrics are created and understood by all levels of the organization
- Organizational learning is encouraged and best-practice/lessons learned information disseminated
 - OUTCOMES:***
 - Long-term corporate leadership
 - Better executive compensation

Union View

- Feel like full strategic partners in the enterprise
- Understand market forces can cause “tough” decisions, but want to be in on the decisions in shaping the future
- Positive contributor to the enterprise by enabling work, NOT by withholding labor
- Feel a sense of pride in the work they help do and the products they help provide
- Work for long-run success of the enterprise, not simply short-term job quotas

OUTCOMES:

- Better salaries for employees
- Long-term job stability
- Fewer union conflicts
- HR duties shared with union

Corporate / Stockholder View

- Delighted with increased profitability from enhanced operating margins and sales
- Understand that the delivery of value to the customer is the core business objective
- Enterprise integration enables globalization and market growth
- Financial community values the increased operating efficiencies and the company shares these financial gains with the other stakeholders
- Resources freed up in the lean transformation are tasked with innovating and creating growth opportunities

OUTCOMES:

- Higher ROI
- Long term growth

Supplier / Partner View

- Fully integrated in design, development, and production of the product
- Production schedules are aligned and open to all in the value chain
- Supplier is assisted by his customer to achieve Lean and is appraised of potential business opportunities
- Delivers products just in time to point of use
- Openly share ideas on product and process improvement that will benefit the entire enterprise
- Equitable sharing of profits throughout the enterprise

OUTCOMES:

- Greater sales
- Less overhead and stock
- Reduced demand amplification

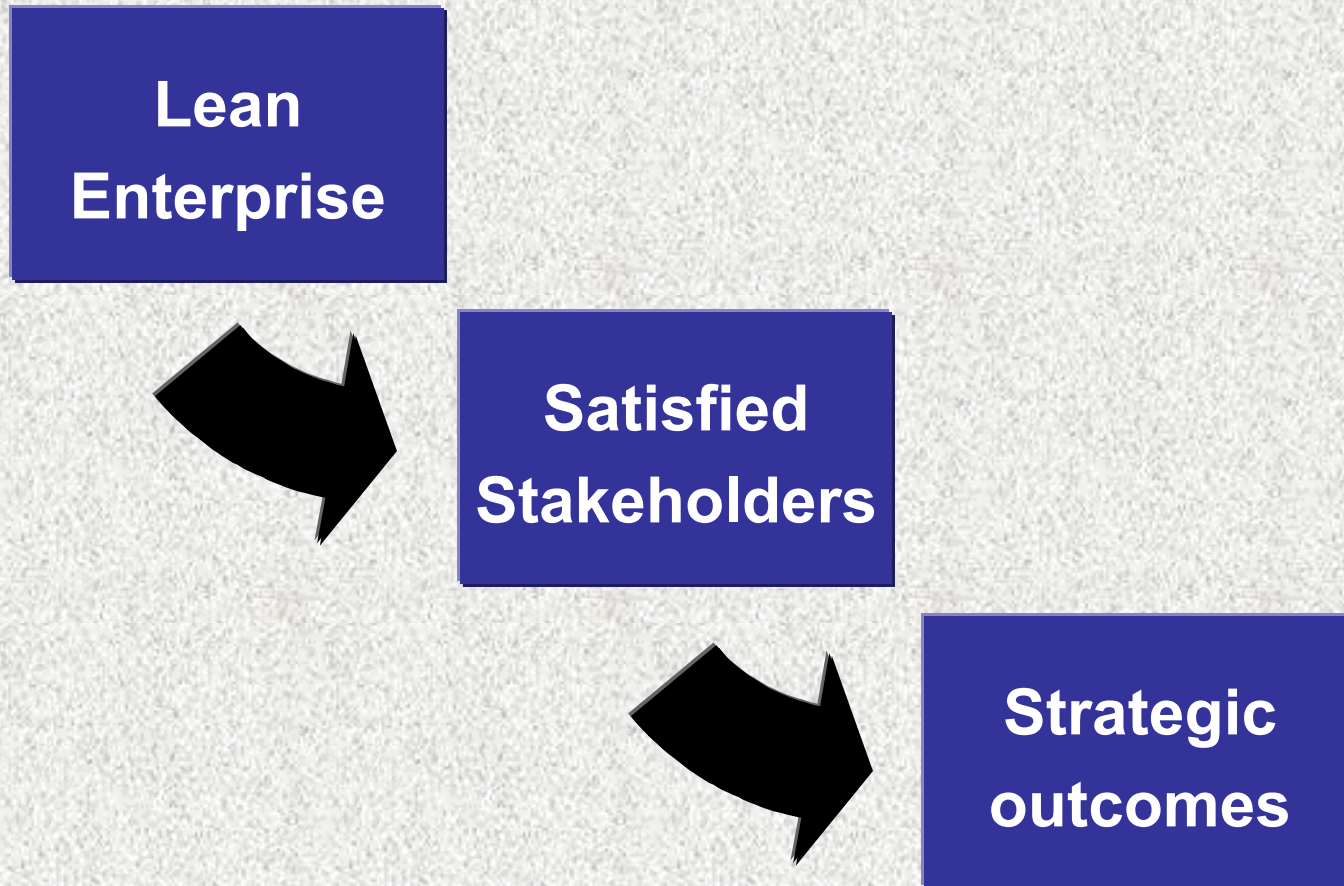
Societal View

- Pleased to have this organization in their community
- The organization provides jobs and participates in the improvement of the community
- The environment is considered important to the organization
- The local society is willing to provide infrastructure support to sustain the organization
- Partnership between organization and society makes the community a desirable place to live

OUTCOMES:

- Long term partnership
- Improves local economy
- Increased local societal well-being

Lean Enterprise Value For All Stakeholders Delivers Results



Stakeholder Values/Contributions

STAKE HOLDERS' INTERESTS IN AN ENTERPRISE

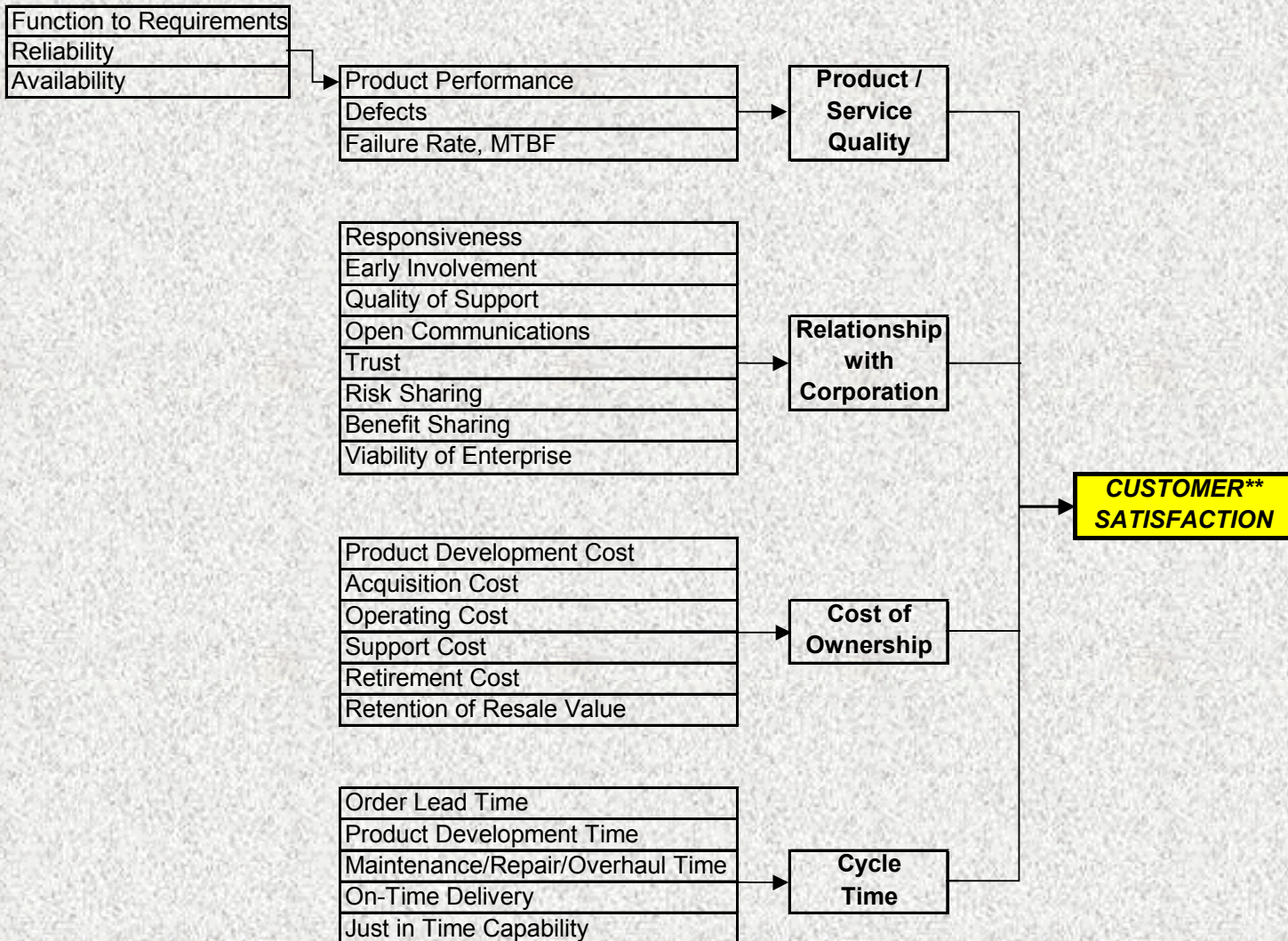
Corporation	Sustainability of the Enterprise	Growth in Market Share	Growth in Profits	Expansion into New Markets	Innovation in Products	
Shareholders	Share Price in the Market	Growth in Profits	Financial Ratios	Management of Corporation	Information on Corporate Affairs	Goodwill of Corporation
Employees	Sustainability of the Enterprise	Share in Profits	Job Security	Quality of Work Environment	Information Sharing	Good Management
Customers	Responsiveness to Concerns	Quality in Products	Value in Products	Innovation in Products	Quality in Overall Service/Support	On-Time Deliveries
Suppliers	Sustainability of the Enterprise	Growth in Market Share	Fair Pricing	On-Time Accts. Receivable	Early Design Involvement	Information Sharing
Society/Community/Government	Expansion in Employment Opport.	Job Security	Tax Payments	Quality of Work Environment	Externalities	Corporate Citizenship

Stakeholder Values/Contributions

STAKE HOLDERS' CONTRIBUTIONS TO AN ENTERPRISE

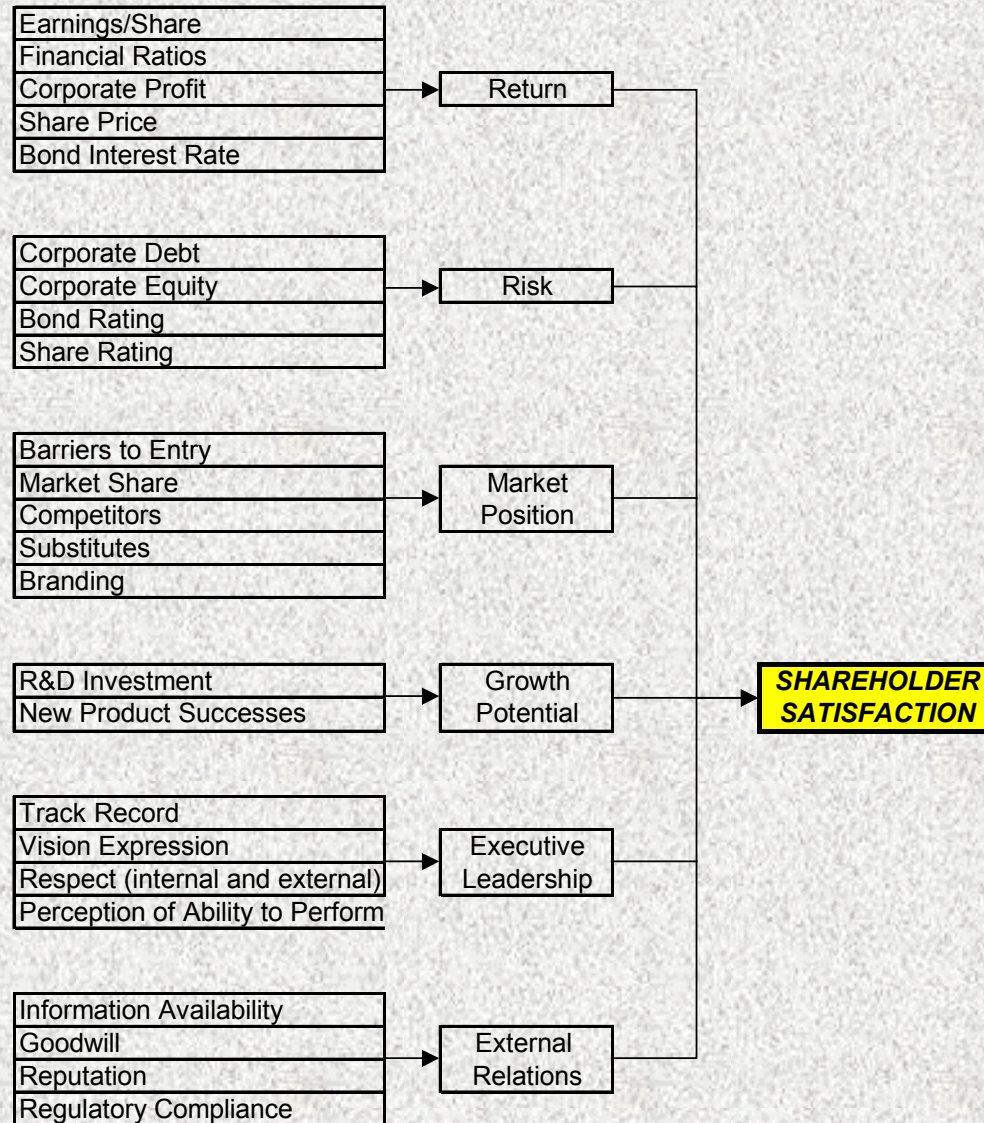
Corporation	Capital/ Facilities	Direction and Strategy	Legal Entity	Management Expertise	Inter-Functional Integration	
Shareholders	Financial Fore- casting/Analysis	Capital	Feedback on Value			
Employees	Labour/Service/ Expertise	Ideas/ Innovations	Corporate Culture			
Customers	Money	Drive and Competition	Feedback	Design Specifications		
Suppliers	Products (Parts/ Raw Materials)	Design Input	Ideas/ Innovat.	Brand Recogni- tion		
Society/Commu- nity/Government	Manpower	Quality of Life	Services	Policies		

Customer Value

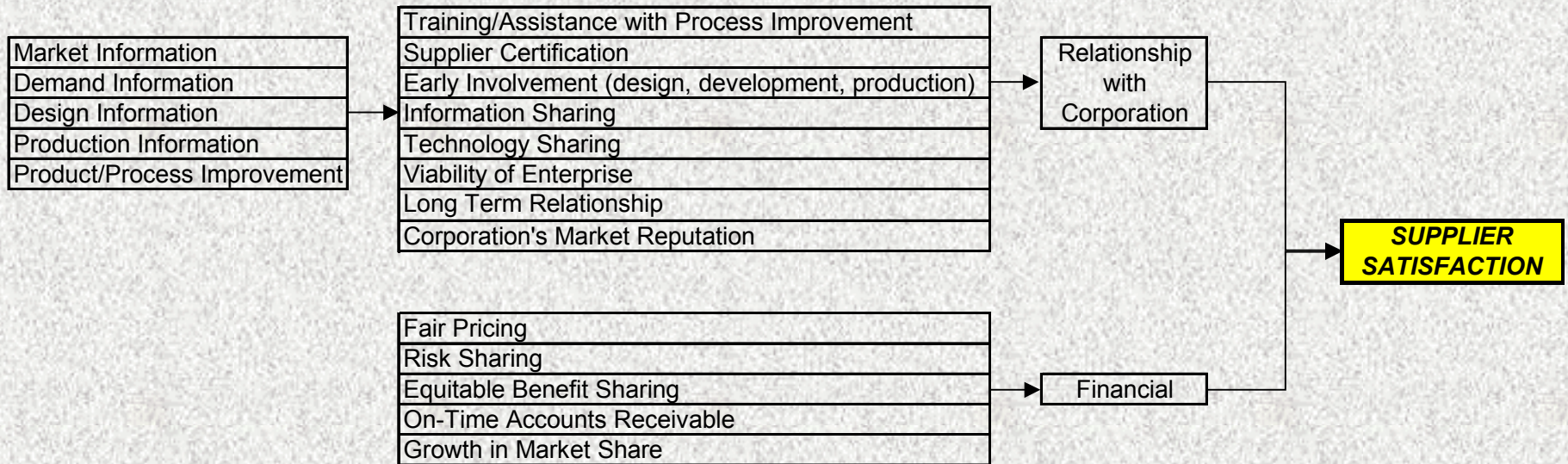


** Includes Acquisition Community, End User, and System Beneficiary

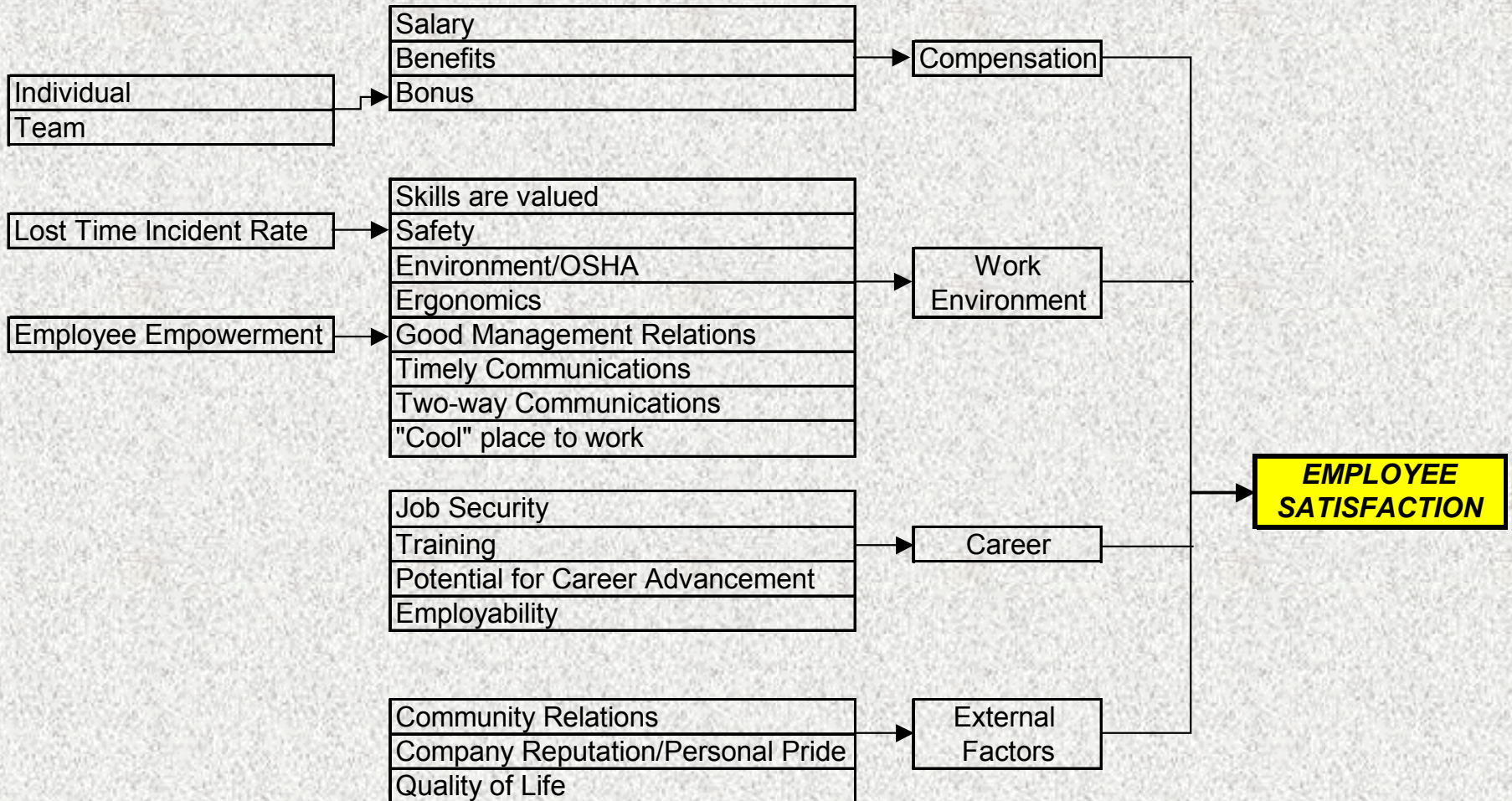
Shareholder Value



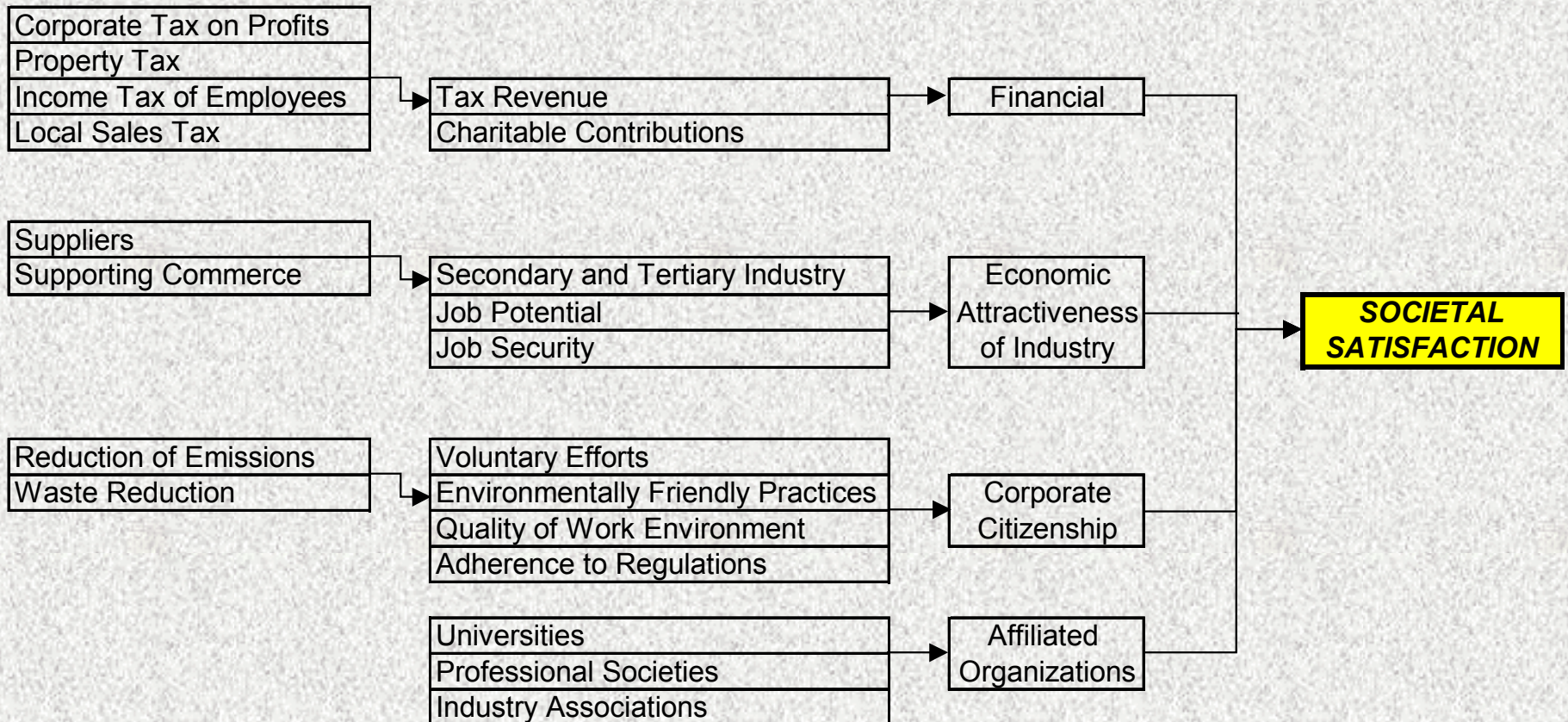
Supplier Value



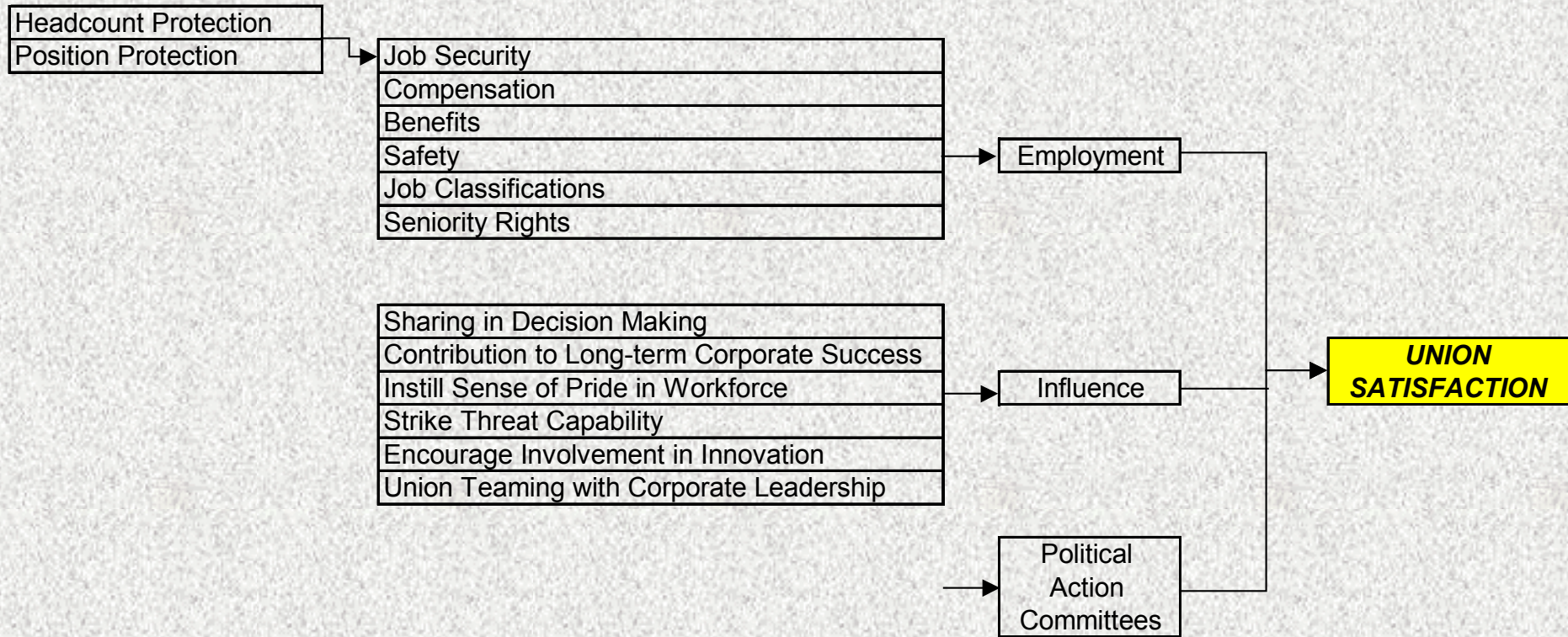
Employee Value



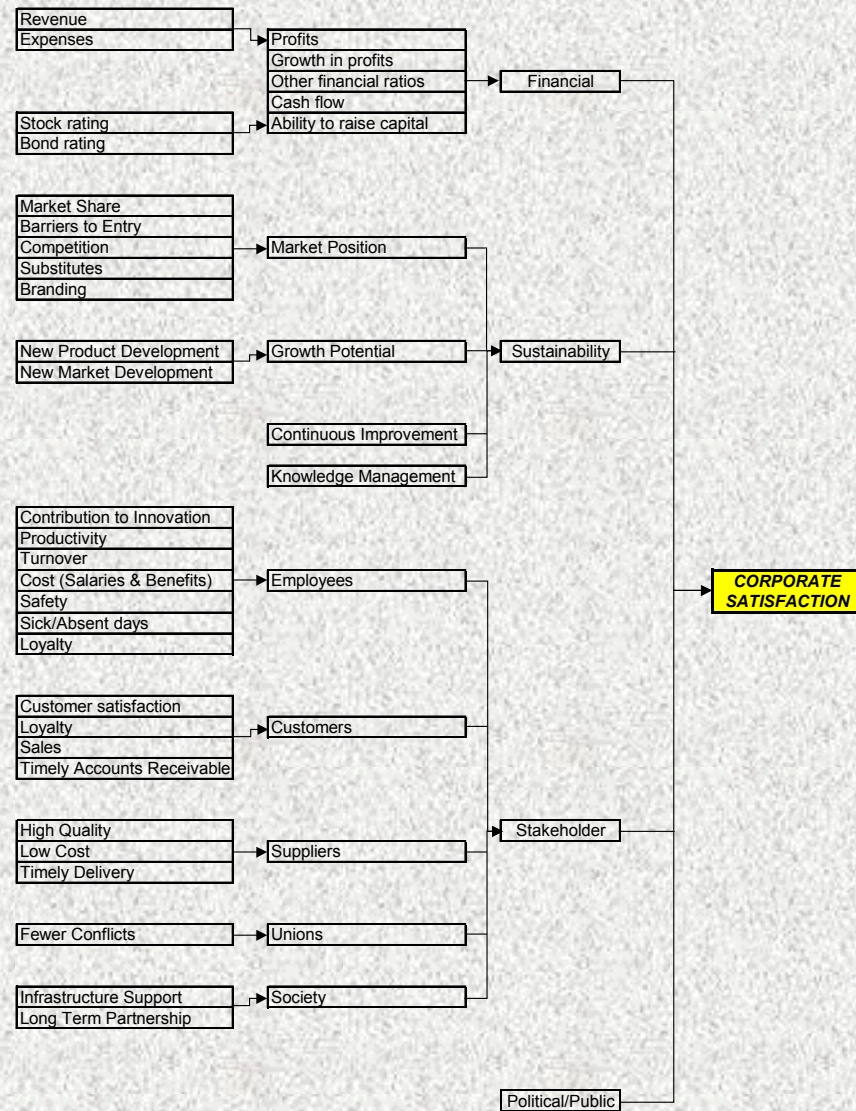
Societal Value



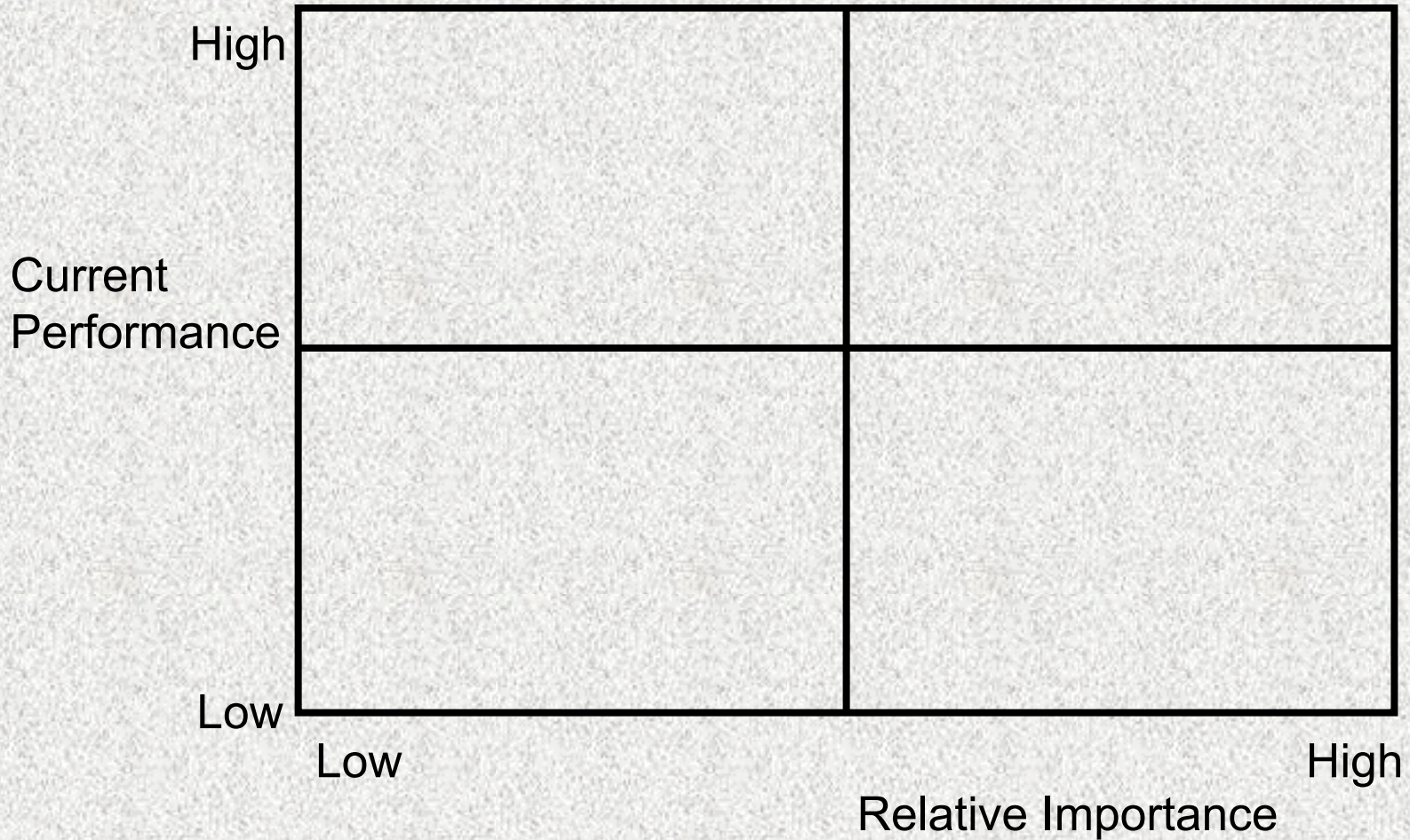
Union Value



Corporate Value



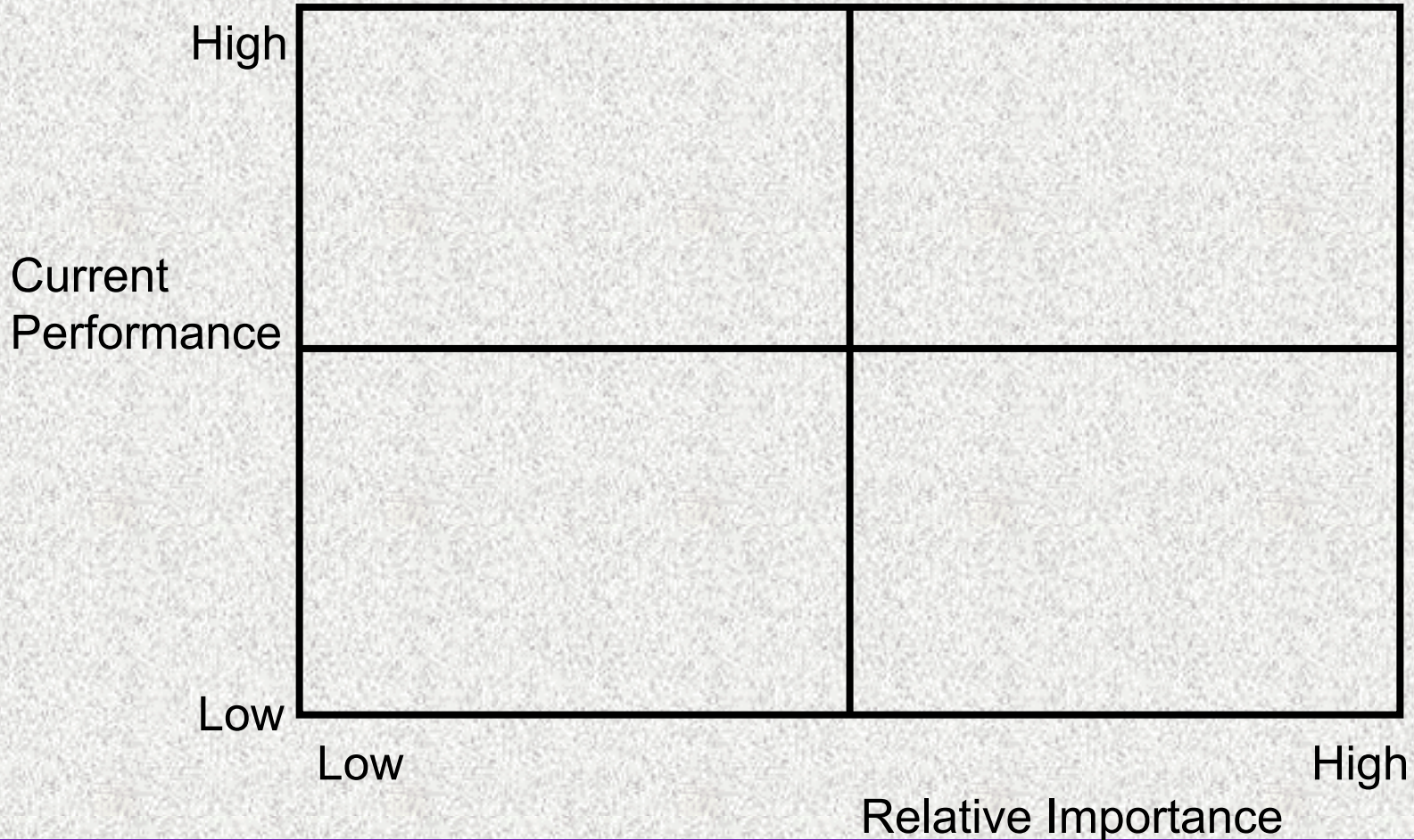
Stakeholder: _____



Stakeholder: Customer

Major Factors Contributing to Customer Value:

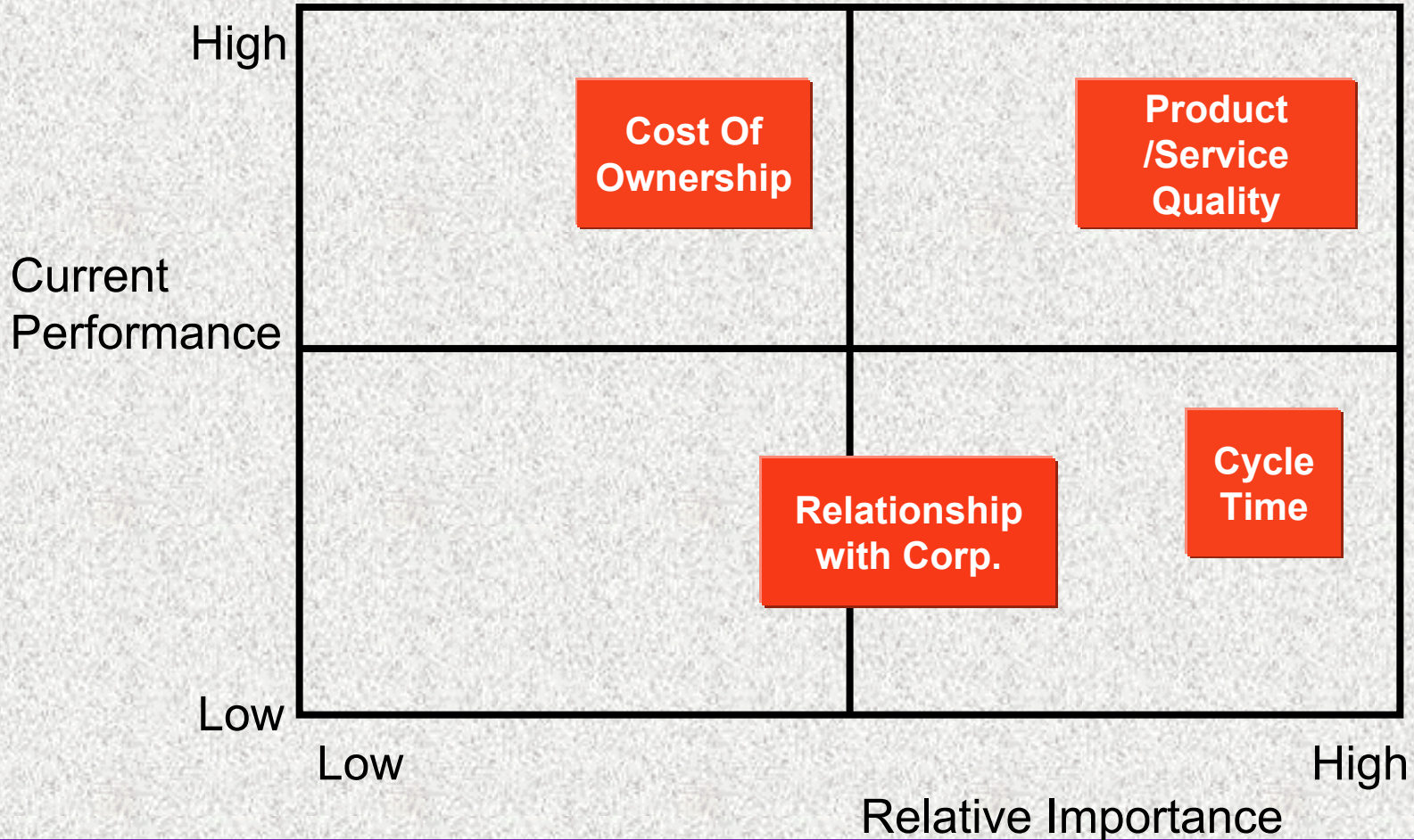
- Product/Service Quality
- Relationship with Corporation
- Cost of Ownership
- Cycle Time



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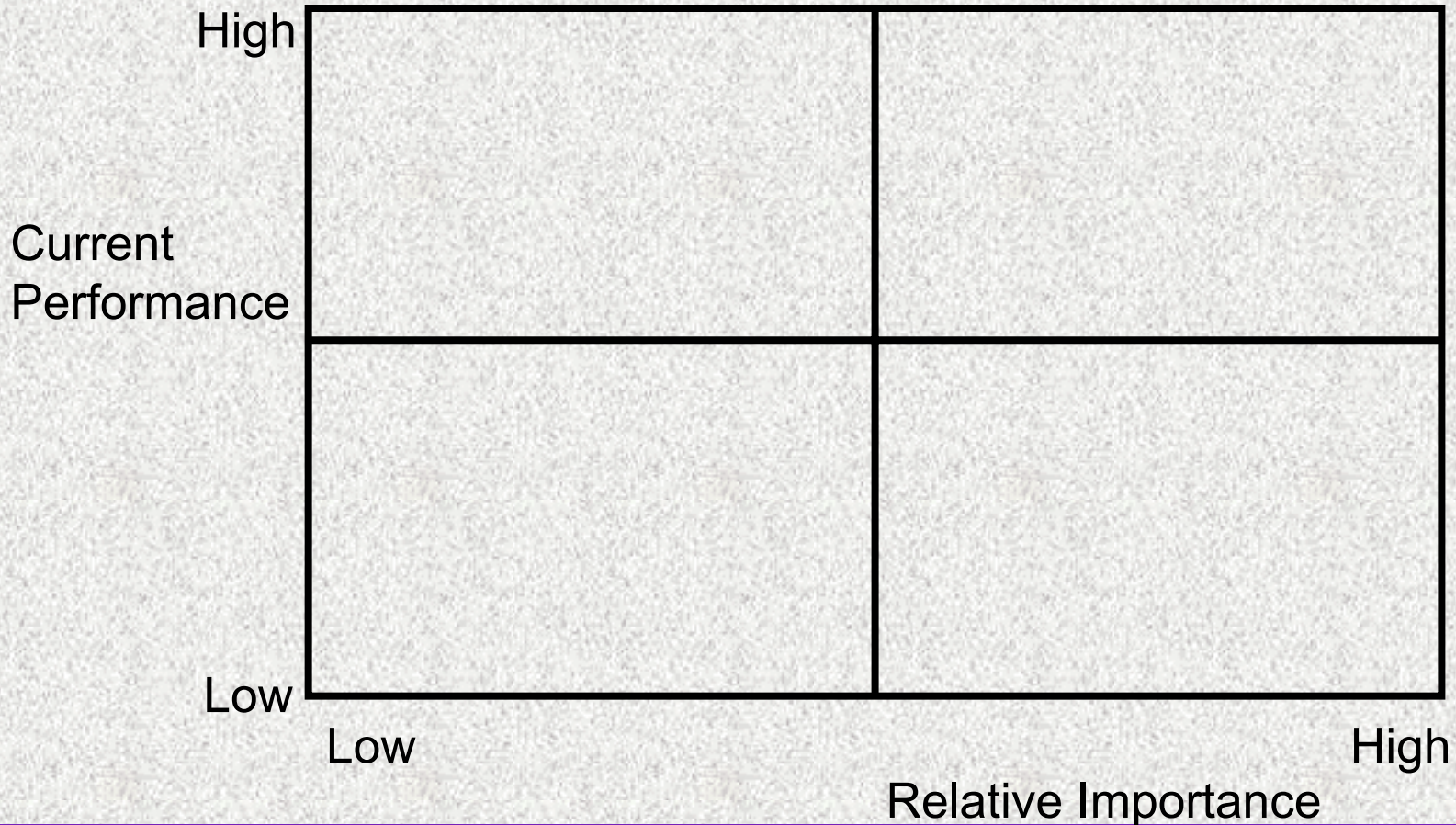


Stakeholder: Shareholder

Major Factors Contributing to Shareholder Value:

- Return
- Risk
- Market Position

- Growth Potential
- Executive Leadership
- External Relations

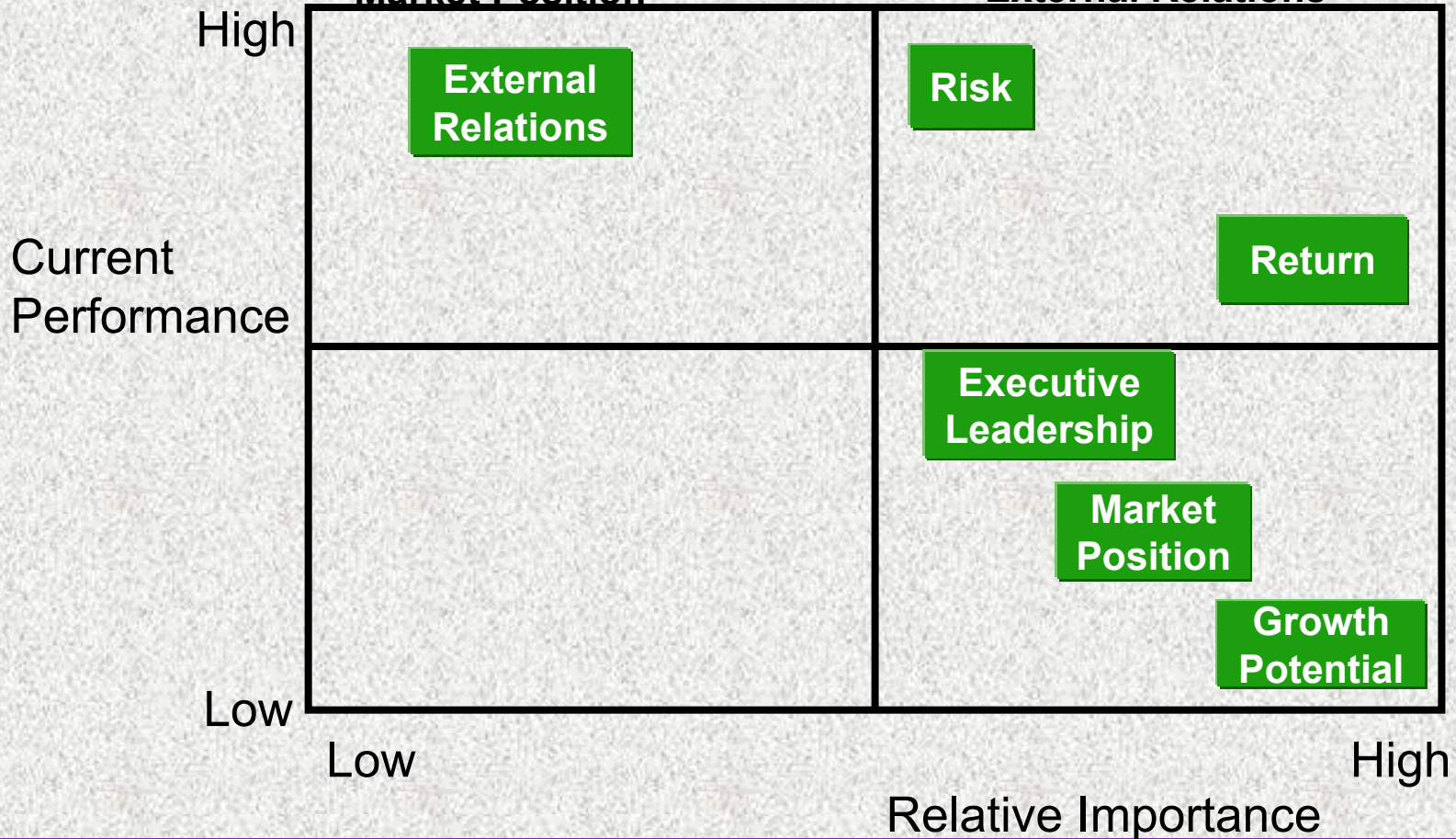


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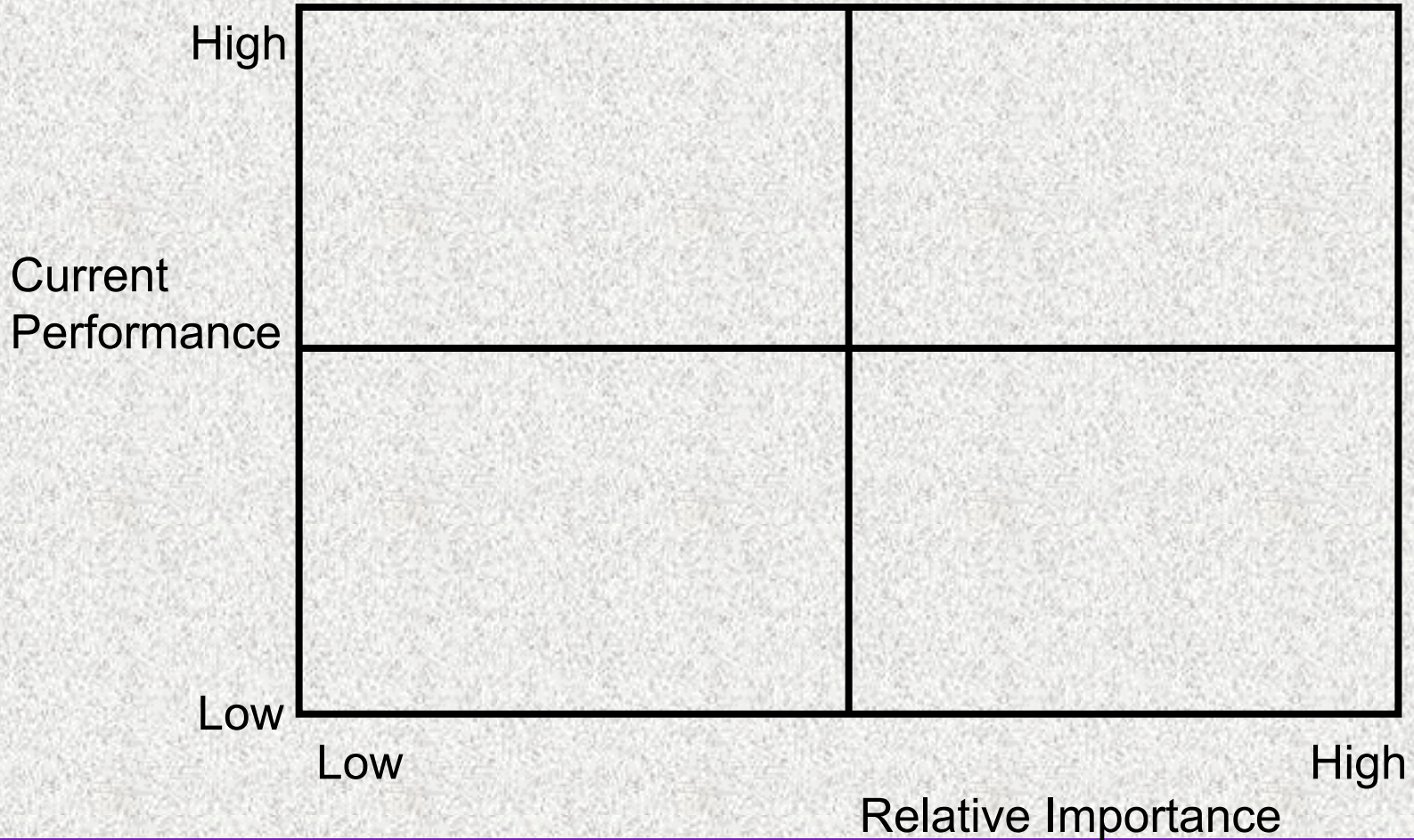
- Growth Potential
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Stakeholder: Supplier

Major Factors Contributing to Supplier Value:

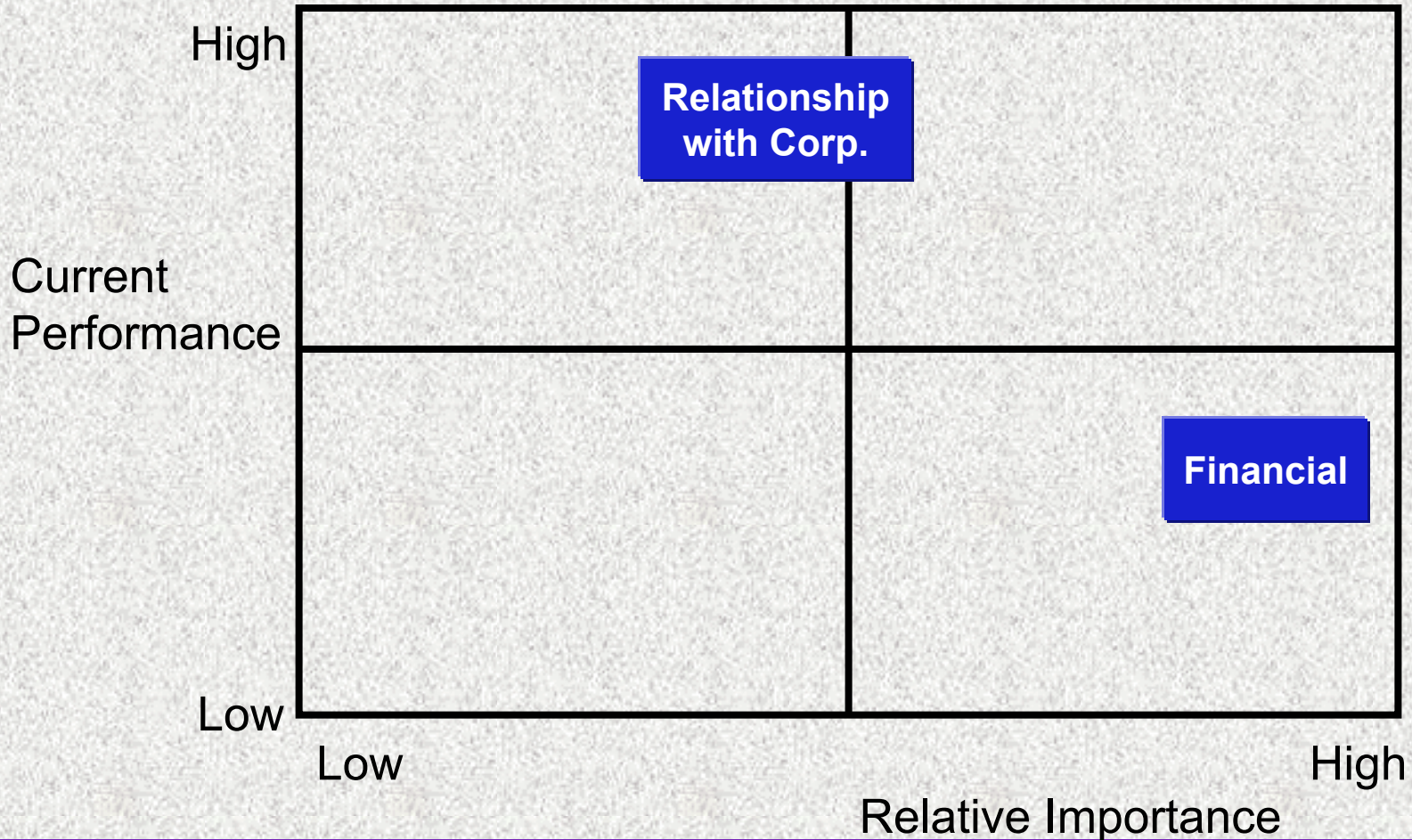
- **Relationship with Corporation**
- **Financial**



Stakeholder: Supplier

Major Factors Contributing to Supplier Value:

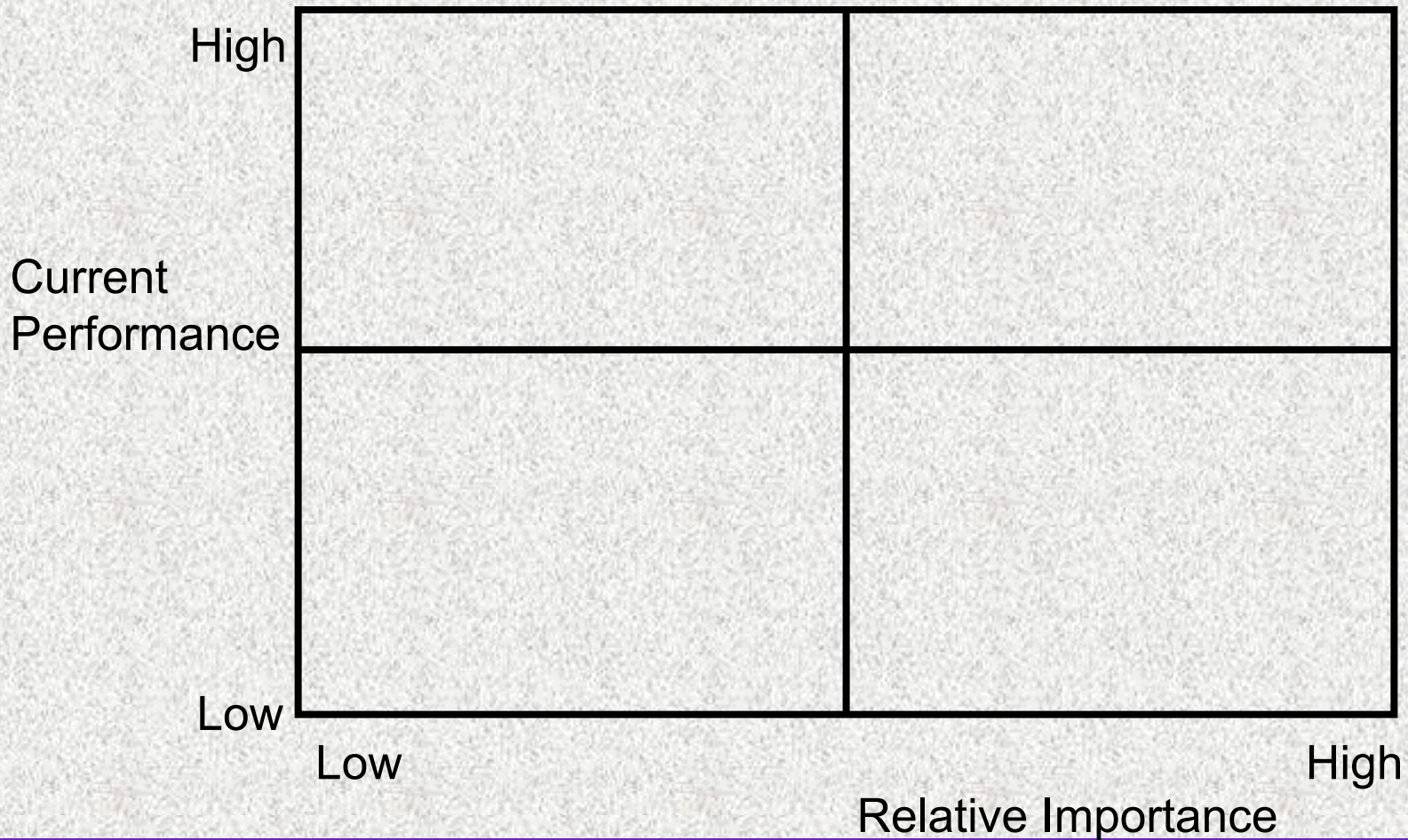
- **Relationship with Corporation**
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Stakeholder: Union

Major Factors Contributing to Union Value:

- **Employment**
- **Power**



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