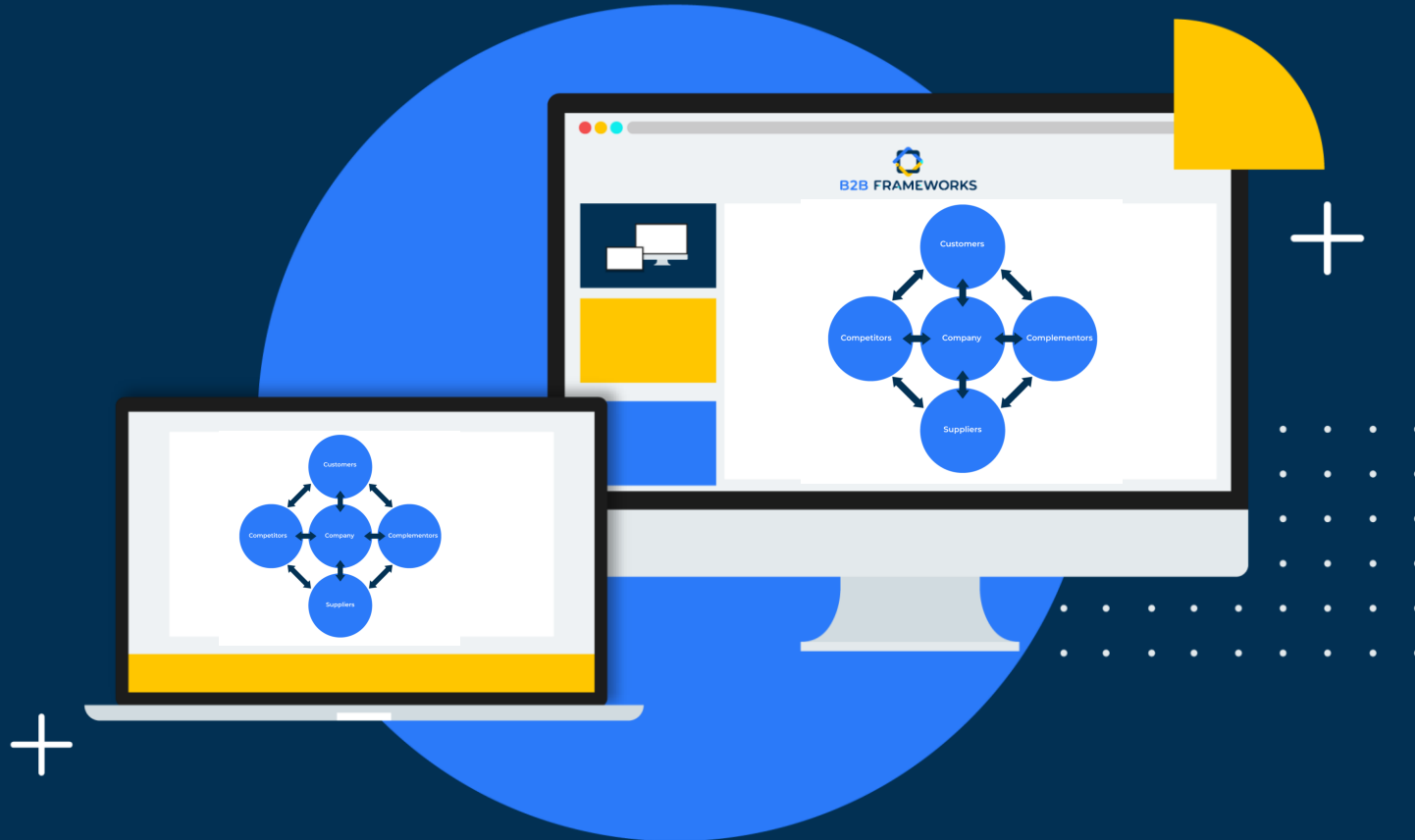


B2B FRAMEWORKS

# Value net

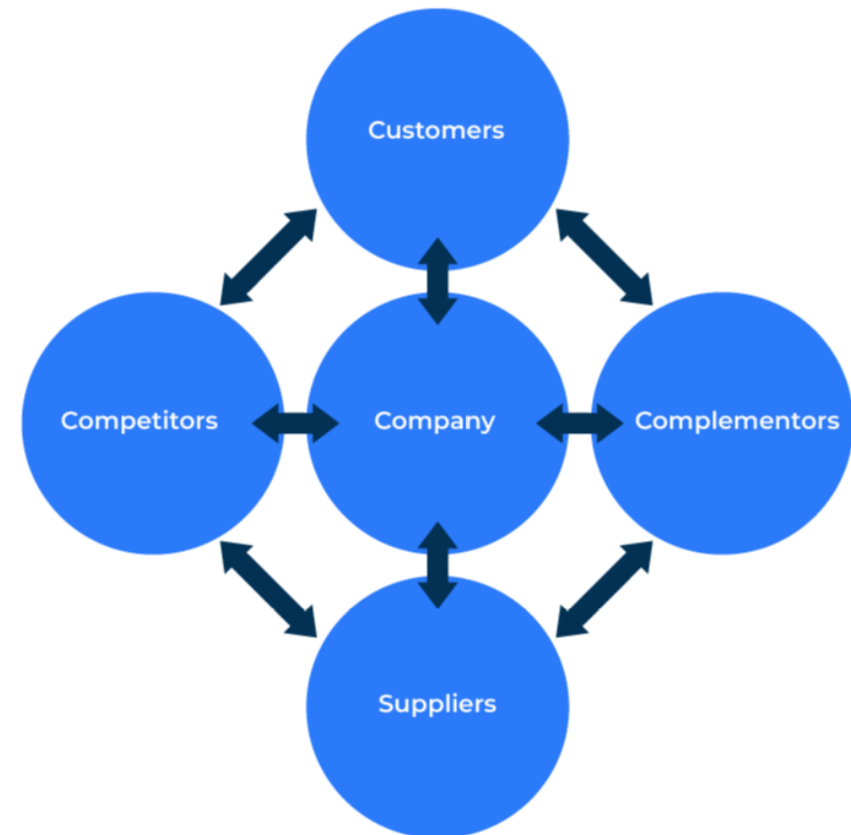


B2B FRAMEWORKS

# A model that benefits from collaboration

Use this model to find out how you can add value for customers by working with other companies in the market

This model shows how it is possible to work with other companies in a market to add value for customers. The model is based on the premise that a company can network and cooperate with different “players” to everyone’s advantage. It does not presume collusion with competitors which would be illegal in most markets.



# Step 1: Customers

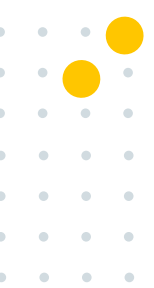


Customers are obviously important to all companies. It is often the case that customers also have relationships with other organisations in the same market. These can include competitors, distributors, and people who provide services to all organisations.

Ask the following questions about your customers:

- How deep is your relationship with customers? To what extent do you work in partnership?
- To what extent do you and your customers share future plans?
- Do you know how your customers use your products?
- Do you know how your customers would like you to change the products they buy?
- To what extent do you share research and development projects with customers? Who takes the lead in these projects – your company or your customer?
- What do customers get from you that they don't get from competitors?

# Step 2: Competitors



Ask the following questions about your competitors:

- What benefits do you and your competitors get from operating in the same street or town? (E.g. access to a larger pool of skilled labour, a strong association amongst customers of the place to go to buy the products you sell, access to a larger pool of useful suppliers of services and raw materials).
- In what ways can you work with competitors to influence government legislation and other industry wide regulations?
- In what ways can you work with competitors to educate the market you serve?
- What additional security of supply does the customer get from dealing with both you and competitors?
- What services could you better provide if you work together with your competitors?
- How would your customers value this collaboration to provide an improved service?



# Step 3: Complementors



Complementors are organisations that offer something that makes a business stronger. Ask the following questions about your complementors:

- A company selling textiles for fashion and dressmaking could be helped by companies that sell buttons, zips, cotton and other complementary products. A company providing oil well services could be helped by specialist companies that recruit oil industry staff. Who are the complementors in your market?
- How do these complementors benefit your company and how do you benefit them?
- How is your position in the market strengthened by your relationships with these organisations?

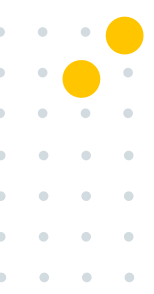
# Step 4: Suppliers



Every market needs a range of different suppliers of one kind or another. The suppliers providing raw materials are of key importance:

- Which of the suppliers you use are also used by competitors?
- What benefits could be obtained by working with your suppliers to arrive at an industry-standard?
- What additional commitment to your industry would suppliers have if they are reassured by having your custom as well as that of your competitors?
- What knowledge about your market do suppliers have that could be useful to you and your customers?

# Other considerations



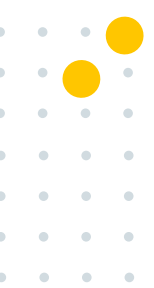
Other considerations are:

- **Added value:** how much additional value can you provide to customers through more collaboration with different players in the market? How could this value be captured – in price premiums, market share, good will?
- **Rules:** what are the rules that ensure that there are no breaches of laws or government regulations? What would be a useful agreement across the whole market on rules such as on health and safety practices or product warranties?
- **Tactics:** what can legitimately be recognised as tactics that the whole industry will benefit from – such as promotions than run at certain time of year, price rises that occur at the same time etc?
- **Scope:** what is the geographical scope of the value net? Is it restricted to certain towns, states, countries or geographical regions?



# Things to think about

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- Managing your business in a highly competitive environment doesn't mean that you have to hit competitors head-on. There may be opportunities for collaboration with different players in the market that will add value to your offer. This requires a deep understanding of what your customers want and need. What would enhance your offer to your customers and how could you achieve this through collaboration with other suppliers in the market?
- Sharing knowledge is a good start to collaboration. Attending conferences and industry seminars and writing papers on the subject would position your company as collaborative.



# Thank you.

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