

# CONTENTS

Figures	xi
Preface	xiii
Acknowledgments	xvii
1. Foul Play or Fair Game?	1
Home Field Advantage	1
Penalizing the Consumer	2
Transformations, Discoveries, and Constant Change	4
Management of the “Scientific” and “Human” Varieties	4
Management on the Outside	5
A Strategy of Value	6
What Lies Ahead	8
Learning—Mainly from Ourselves	10
2. The Many Faces of Value	15
Value—Through Analysis and Chains	15
Value Conceptualization	18
Value Construction	21
Cost Reduction—Not the Only Way to Construct Value	21
Communicating Value	22
Service Firms and Value Communication	23
Bringing the Cs Together	25
The Many Faces of Value: Components and Capabilities	27

Applying the Component-Capability Chart	30
3. A Strategy and Vision of Value	37
Delivering Value to Customers—and to Everyone Else	37
Strategy: Military and Sports Metaphors	39
Strategies to Share Value	41
A Biological Analogy	42
Value Sharing—Acquisition and Internal Development	43
Sharing Value Through Joint Ventures	45
Expanding the Horizons of Value	47
A Unifying Vision of Value	48
Value-intensive vs. Value-extensive Strategies	50
Strategic Thinkers and Doers: Lessons to Be Unlearned	51
4. Interdependence: Eliminating Insulation	57
Individualism and the Free Enterprise System	57
Individualism Within the Firm	58
The Response to Dependencies: Insulation	59
Internal Dependencies	61
Internal Insulators	63
Inventory—Sowing the Seed of Waste and Complacency	64
Spreading the Blame Around—Batch Sizes and Setups	66
Of Layouts and Signals	67
Insulation Is Easy, Interdependence Is a Pain	69
Moderating the Pain	70
Service Dependencies	71
Interdependence in Value Conceptualization	72
Self-Fulfilled Value Creation	74
5. Integration: Creating a Shared Vision of Value	79
The Brain and the Command-Control Model	79
The Two-Sided Brain	80
Limitations of the Compartmental Analogies	82
Lessons from Small Businesses	82
Firms of All Sizes and Holography	84
The Multiple Perspectives of Job Rotation	86
Structure Busting	88
Cutting Across the 3Cs	91
The Value of Information	93
Supplier Linkages	94
Supplier-Customer Teams	95

6. Involvement: Power Out, Value In	103
Communism and the Corporation	103
Power: Coordinative and Addictive	105
Power to the People	108
The Paradox of Hierarchy	110
Realizing the High-Value, Low-Voltage Organization	113
Beyond Citizenship—the Product-Customer-Organization Nexus	118
7. Ingraining: <i>Practical</i> Ideals	125
Consciousness and Culture	125
Culture as a System of Values and Beliefs	127
The Essence of Culture: SHARE	131
Symbols	132
Hero(in)es	133
Actions	137
Reinforcement	139
Repetition	141
Recognition	142
Rewards: Internalizing Norms	146
Rewards Linked to Values and Beliefs	147
Rewarding Process and Results	148
Rewarding the INs	150
Rewarding Integration	153
Enabling	156
The Journey Ends . . . and Begins	157
8. Indicators: The Measures of Value	163
<i>The Bottom Line</i>	163
Many Measures for Value Desired	165
Measuring Value Delivered	167
Tracking Value Along the Chain: QFD	168
Value and Sales/Profit: Match or Mismatch?	171
9. Indicators: Evaluating the INs	179
Measuring the Process of Value	179
Time: The Dominant Dimension	181
Time: Market, Response, and Setup	183
Time for Quality	188
Integration Indicators	190
Involvement Indicators	196

<b>Ingraining Is Self-Indicated</b>	199
<b>Precision in Cost Measurement</b>	199
<b>10. Conclusion: Value for All Seasons</b>	209
<b>Resource Linkage: A Gaia Analogy</b>	209
<b>Taking Aim at Value</b>	210
<b>No Strings Attached</b>	212
<b>Selected Bibliography</b>	217
<b>Index</b>	223
<b>About the Authors</b>	231

# FIGURES

Figure 1.1	Value as a Binding Force	7
Figure 1.2	Integration	9
Figure 2.1	The 3Cs of Value Creation	18
Figure 2.2	Interfaces Among, Within, and Outside the 3Cs	26
Figure 2.3	Value Components and Capabilities	28
Figure 2.4	Implementing the Component-Capability Technique	31
Figure 3.1	Value Sharing Between Existing and New Products	44
Figure 4.1	Pooled Interdependence	61
Figure 4.2	Sequential Interdependence	61
Figure 4.3	Reciprocal Interdependence	62
Figure 4.4	Inventory as Buffer	64
Figure 4.5	Cellular and Process Layouts	68
Figure 4.6	Intensifying Interdependence Through Kanban	69
Figure 4.7	Tight Linkage in Value Conceptualization	72
Figure 4.8	The Customer-Research Connection	73
Figure 4.9	The Cycle of Value	74
Figure 4.10	Interdependence—A Look Back	75
Figure 5.1	Holography	85
Figure 5.2	Functional Framework for Organization	88
Figure 5.3	Porous Value Chains	96
Figure 5.4	Integration—A Look Back	98
Figure 6.1	Typical Organizational Hierarchy	106

Figure 6.2	“Horizontal” and “Vertical” Chains	111
Figure 6.3	Involvement and the Organization-Product- Customer Nexus of Value	120
Figure 6.4	Involvement—A Look Back	121
Figure 7.1	Keeping Values and Beliefs in Step with Each Other	129
Figure 7.2	A Typology of Recognition	143
Figure 7.3	Ingraining—A Look Back	158
Figure 8.1	Value (Process) and Sales/Profitability (Results)	172
Figure 8.2	Indicators—A Look Back	176
Figure 9.1	A Confluence of Time	187
Figure 9.2	Global Integration	195
Figure 9.3	Indicators: Evaluating the INs—A Look Back	204