

Value Chain Mapping (Part 1) and Identifying Opportunities (Part 2): Small Group Instructions and Reporting Worksheet – 40 minutes Total

Value Chain Mapping: PART 1 (20 minutes)

1. **Identify a specific product/service, even if just for this exercise, within your sector.**
2. **Develop a “map” of the value chain for this product/service** by answering the following questions. Write one partner per card. This will allow you more flexibility in moving the cards around as you learn more and modify your Value Chain. Arrange them on a flat surface in a flow that makes sense for your product, moving from inputs to producers to consumers—and to everything in between. This may be a circle, a straight line, a bowl of noodles, or anything else that works for your group.
 - ☑ On **PINK** cards, **write down who you think might have self-interest in buying this product or service.** Write one per card. They may demand the product itself and/or particular attributes of the product (e.g. environmentally beneficial, traceable products in the value chain, contributes to upward mobility). This is **DEMAND**. Use the cards to identify general categories of demand.
 - ☑ On **YELLOW** cards, **write down the different functions that will need to be performed effectively to make the Value Chain work and connect the product to demand.** Write one per card. Use the cards to identify general categories of transaction functions.
 - Remember to think at scale. We realize that efforts often need to start at a pilot scale to test relationships and ensure all functions in the Value Chain are fully developed. However, we firmly believe that if you don’t plan for scale, you won’t get to scale. We encourage you to construct your Value Chain for what it will look like at the appropriate scale.
 - ☑ On **BLUE** cards, **write down the support the Value Chain needs to work well, including ways to procure resources and remove barriers.** Write one per card. These might include new skill development, research, supportive policies, assistance overcoming bureaucratic hurdles, investment, etc. These are the support functions. Arrange these cards around the outside of your Value Chain, distinguishing these support functions from the transactional functions.
3. Tape the cards “in order” on flip chart paper. Use lines to show relationships between functions. Stick smaller post its of any specific partner to the corresponding card.

4. On **GREEN** cards, write down the types of individuals or institutions that would benefit from your Value Chain if it were fully functional. These are all potential investors. Would it help fulfill an organization's social, environmental, or economic mission? Would it save anyone money or aggravation? Would it provide goods or services that would make it easier for someone outside the chain to do business (e.g. provide affordable housing that would help other businesses recruit workers to the area)? Would it provide an opportunity for local people with financial wealth to invest in something they can see and touch?

Identifying Opportunities: PART 2 (10 minutes)

1. Reflect on the value chain map you have created. Identify 1-3 gaps, barriers, or bottlenecks (see definitions at the end of the handout): something that needs to be addressed for the WealthWorks value chain to be fully functional. These are **opportunities for change**.

On the demand side, you may want to identify:

- Areas where demand exists but requires cultivation
- Areas where demand cannot be expressed due to some barrier or could be created

On the supply side, you may want to identify:

- Areas where there is no one in your region you have been able to identify that is providing the function required by the value chain. Underutilized resources may exist that could be used to fill the gap.
- Areas where the function is being provided, but not in ways that are helpful to the value chain or that undermine wealth.
- Areas where the function is available, but connections need to be established with the value chain.

2. Circle the opportunities with a colored marker, making a few notes as to why you think this is an opportunity.
3. If you have time, think of strategies that you could use to respond to this opportunity. How could you add/modify these strategies so that they build wealth that sticks?
- How could you build the most capitals?
 - Which has the greatest potential for local ownership?
 - Which is least likely to do harm to other forms of wealth?
 - Which is most inclusive?

Reporting Worksheet: PART 3 (10 minutes)

Complete the Small Group Worksheet on the next page (one per table) and give this to the facilitator.

Value Chain Small Group Worksheet: Discussion Questions

What did you learn when you used the value chain map to look at the whole system? What surprised you?

What gaps, barriers, and/or bottlenecks did you identify? Why are these important?

If you had time, what initial strategies did you identify? How could they build wealth that sticks?

Definitions

Functions are those things that have to happen for a successful Value Chain. There are transactional functions needed to deliver the product or service. These might include: producing, value-adding, aggregating, etc. Support functions might include: research, development, financing, training, certification, etc. Demand functions might include: aggregating, transportation, branding, etc. Investment functions might include: financing in standard and/or innovative ways, in-kind support, equipment, software, volunteer expertise, etc.

Transactional partners are people, businesses, or organizations that play a direct role in sourcing, producing, distributing and consuming the product or service. Transactional partners may include but are not limited to:

- Suppliers—Provide specific inputs to other Value Chain partners
- Producers—Create goods or services
- Aggregators—Bundle products or demand
- Distributors—Transport goods or services to retailers and consumers
- Customers/Consumers—Purchase goods or services for resale or direct use

Support partners are people, businesses, or organizations that provide the infrastructure that helps the transactional partners produce their product and/or remove barriers to an effectively functioning Value Chain. Examples include: business and technical assistance programs, financing (philanthropic, debt, and equity), policy and regulation, research, and capacity building.

Investors are people who want to see your value chain succeed because its success gives them something that matters to them. In addition to profits, they may value environmental benefits, new relationships, economic equity, reduced crime, impact on a place they care about, opportunity to make a positive difference. Investors may contribute money or time, expertise, equipment, etc.

Gap is a function in the chain that is needed to produce a good or service that meets market demand, but does not appear to be currently available in your region. For example, you need to be able to transport goats, but no one in the region offers transportation that meets food safety requirements. Gaps may provide entrepreneurial opportunities for single businesses and/or shared ownership businesses. Gaps may also exist on the demand side where you have identified a demand that is not currently being met.

Underutilized Resource is a resource (including waste) that can be brought into productive use in meeting market demand with appropriate and creative investment. There may be underutilized resources on both the supply side and the demand side; for example, if low-income households want energy efficient homes, but lack the upfront capital to invest.

Barriers/Bottlenecks prevent the value chain from operating effectively and/or getting to scale. For example, the lack of shared standards or regulatory inconsistencies can be bottlenecks in a value chain.