

VALUE CREATION IN 2013

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Conclusion

So what is Value Creation?

- Actions businesses undertake to increase the worth of goods and services, ultimately creating better value for consumers and increasing value for shareholders
- Originally seen from a financial perspective, but is now measured through a business's innovation, people, ideas and brand image.
- Value Creation affects employers, management customers, and shareholders
- Pros- Create high quality durable products
- Cons - Expensive for the company to introduce and it can be a difficult process with out properly trained employees.
- Burberry - brilliant example of a fashion brand who re built their reputation through value creation.

Fashion brands effected by Value Creation



Julie Pease, Vice President of Burberry's 2010 Autumn range, seen by Photo: Graham

Value Creation at Burberry
 How Burberry's brand has been created
 Burberry's brand has been created through a combination of factors:
 - The brand's history and heritage
 - The brand's quality and craftsmanship
 - The brand's marketing and advertising
 - The brand's customer service
 - The brand's innovation and research and development
 - The brand's sustainability and ethical sourcing
 - The brand's social responsibility
 - The brand's community engagement
 - The brand's digital marketing
 - The brand's partnerships and collaborations
 - The brand's global expansion
 - The brand's financial performance
 - The brand's reputation and brand equity
 - The brand's employee satisfaction and retention
 - The brand's environmental impact
 - The brand's social and community impact
 - The brand's overall value proposition
 - The brand's competitive advantage
 - The brand's long-term sustainability
 - The brand's ability to adapt to market changes
 - The brand's resilience and ability to overcome challenges
 - The brand's overall success and growth
 - The brand's contribution to society and the economy
 - The brand's legacy and lasting impact
 - The brand's overall value to its stakeholders
 - The brand's overall value to the world

- Define 'value creation'
- Who it affects within business
- The pros and cons
- Examples of fashion brands which practice value creation

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The Pros and Cons of Value Creation

- Pros of Value Creation**
- Higher quality and more durable products.
 - A wider range of price-points can be available by adding value to a product or service.
 - Customers can pay a higher price for the product or service.
- Cons of Value Creation**
- Value creation can be expensive.
 - Adding value can be a difficult task without properly trained employees.
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What is Value Creation?

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Value creation is the process of creating something of value that was not there before. It is the difference between the value of the inputs and the value of the outputs.

Example: Burberry
 Burberry's brand has been created through a combination of factors: the brand's history and heritage, the brand's quality and craftsmanship, the brand's marketing and advertising, the brand's customer service, the brand's innovation and research and development, the brand's sustainability and ethical sourcing, the brand's social responsibility, the brand's community engagement, the brand's digital marketing, the brand's partnerships and collaborations, the brand's global expansion, the brand's financial performance, the brand's reputation and brand equity, the brand's employee satisfaction and retention, the brand's environmental impact, the brand's social and community impact, the brand's overall value proposition, the brand's competitive advantage, the brand's long-term sustainability, the brand's ability to adapt to market changes, the brand's resilience and ability to overcome challenges, the brand's overall success and growth, the brand's contribution to society and the economy, the brand's legacy and lasting impact, the brand's overall value to its stakeholders, the brand's overall value to the world.

Actions which businesses undertake to increase the worth of goods and services.
 - Creating better value for customers/employees/producers and service.
 - Shareholder in the business who want to see their value increase in value.
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Value	Cost	Profit
100	80	20
120	90	30
140	100	40
160	110	50
180	120	60
200	130	70
220	140	80
240	150	90
260	160	100
280	170	110
300	180	120
320	190	130
340	200	140
360	210	150
380	220	160
400	230	170
420	240	180
440	250	190
460	260	200
480	270	210
500	280	220
520	290	230
540	300	240
560	310	250
580	320	260
600	330	270
620	340	280
640	350	290
660	360	300
680	370	310
700	380	320
720	390	330
740	400	340
760	410	350
780	420	360
800	430	370
820	440	380
840	450	390
860	460	400
880	470	410
900	480	420
920	490	430
940	500	440
960	510	450
980	520	460
1000	530	470

Value Creation is the process of creating something of value that was not there before. It is the difference between the value of the inputs and the value of the outputs.

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- *Exam*

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see their stake a
in value
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What is Value Creation?

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- **Actions which businesses undertake to increase the worth of goods and services.**
- **Two contexts:**
 - **1. Creating better value for customers purchasing products and services**
 - 2. Shareholder in the business who wants to see their stake appreciate in value**

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- **Simple, financial perspective explains that value is created when a business earns revenue**
- **In today's economy value creation can be defined through a business's innovation, people, ideas and brand image.**

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"Value creation is increasingly being recognized as a better management goal than strict financial measures of performance."

(Reference for Business, n.d., [Online])

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Who is affected by Value Creation?

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Value Creation can affect:

- Employees

Extrinsic: promotion, recognition

Intrinsic: learning

- Management- increased revenue, new management style
- Consumers- Satisfaction

(Argandona, A. 2011)

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