

Value Network Mapping Basics

Overview

The basic technique used for mapping a value network is the *HoloMapping®* method developed by Verna Allee in the early 1990s. This mapping method is a business modeling tool that describes the value dynamics for any type of organization, business unit, or business web, and serves as an analysis tool for assessing patterns of interaction. It can be used to map core business activities and processes, and also the supporting activities. The purpose of the value network map is to identify key Participants, Deliverables, and Transactions for an activity. The network diagram is used as the foundation for the *ValueNet Works™* Analysis.

When to do it

Before you begin the value network map, the basic project management elements need to be in place:

- ✓ **Client Situation Assessment** is complete.
- ✓ **Project Stakeholder Analysis** has been completed.
- ✓ **Purpose Statement** is complete.
- ✓ Team members have been assembled.
- ✓ Representatives of all key **Participants and Roles** are involved.

How to do it

Step 1. Review the purpose statement and other project factors.

Step 2: Define the boundaries of the question you want to explore.

To keep this process manageable it is important to define the boundaries of the mapping activity in order to manage the level of detail. The value network mapping works for a ground-level view, a rooftop view, or a helicopter view. Think carefully about what level of detail you would like to capture. You may need to create maps at several different levels and convene a somewhat different group of people each time. The level of detail depends on what your focus question is. Some questions are at the work-group level, others address managerial-level relationships and other might look strategically at the whole business.

Step 3. Determine who needs to participate in the mapping activity.

Once you have determined the core issue or question, then you can identify those individuals who have the greatest understanding of the roles and activities. It is impossible for any one person to fully understand a complex system. So the greatest success in this approach is achieved when “the whole system is in the room.” This means that the mapping exercise needs to involve people who can represent every key participant or role in the network.

Step 4. Materials and room setup.

It works best to facilitate the mapping process with a small group of people working together in real time to complete the diagram. Working as a whole group leads to far greater accuracy and

more powerful insights than if one person generates a diagram and circulates it. Much of the value in the mapping comes from the conversations it requires. Working with the whole group together allows people to reach a level of shared understanding that is simply not possible working as individuals.

You will need a large wall that is either whiteboard or of sufficient size to tape up large sheets of 4' wide paper. You want lots of space so the diagram can go where it needs to. You will need mid-size sticky notes and a variety of colored markers.

Step 5. Create the value network map.

The basic diagram is created from just three simple elements: Participants, Transactions, and Deliverables. Ovals represent the Participants or Roles. The Participants send Deliverables and have the capacity to generate Transactions and make decisions. Arrows represent the direction the Deliverables are moving and define the origin and endpoint of each Transaction.

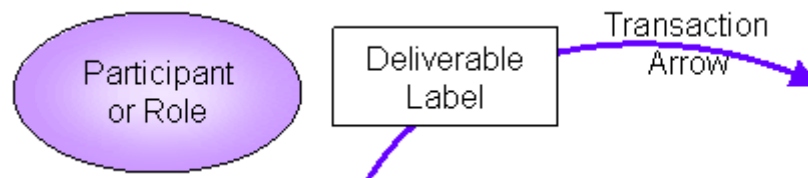


Figure 1. Three elements.

Participants or roles are represented as a Node in the network, by an oval or large circle. Participants are real people or groups of people that generate transactions, send messages, engage in interactions, add value, and make decisions. As a general rule a participant should not be a database, a software program, or other technology. Technologies are merely enablers to support a particular role that is needed in the network. Nodes can represent:

- Individuals
- Teams or subgroups
- Business units
- Organizations
- Collectives or aggregates
- Communities
- Cities or regions
- Nation-states
- Other networks

Transactions or activities are represented by a one-directional arrow that originates with one participant and ends at another. The arrow represents movement and denotes the direction of a specific transaction or activity that happens between two nodes. Transactions are transitory in nature. They have a start, middle, and completion.

Deliverables are the actual “things” that move from one actor to another. A deliverable can be physical such as a document or a chair. A deliverable can also be non-physical, such as a message or request that may only be delivered verbally. It is the “what” that is most important, not the form that it takes. As communication and Internet technologies reduce our dependency on paper and “hard copy,” the physical forms become less important. Here again it is important to think of technologies as enablers of different activities and focus first on the Deliverables that are moving between Participants.

Note:

You may use the arrow and label to describe both tangible and intangible deliverables. Tangible deliverables are all those contractual activities that go into providing a product or service. Intangibles are the “little extras” such as knowledge exchanges or benefits and favors that keep things running smoothly, help build relationships, and motivate people to participate.

5a. Depict the key participants or roles for the system you will map.

Ask the group to identify the key participants in the system by identifying key roles or working groups. See if you can identify three to five of these to start with. (You can add more at any time.) Mark a sticky with the name of the participant and post it on the working board. Five to eight participants is an ideal total number of participants to work with. Using fewer, you might miss some of the key players. More than eight increases the level of complexity and makes the mapping more difficult. If you get into trouble back up to step one and rethink the boundaries of the system or try to more narrowly focus the activity.

Try to think ahead to how many interactions you might anticipate between different participants, and arrange them so there will be clear “pathways” where at you can draw the arrows. As you place a participant on the page ask whether they will have a lot or a few interactions. Place those participants with a lot of interactions closer to the center of the page. If there are only a few interactions place those participants closer to the edge. It will take a little practice but after you have done a few you will see how a little thinking ahead here will help you create much neater diagrams.

Tip

Make the nodes quite small so you leave lots of room for the arrows and labels. Remember the focus is on what happens between the nodes and there is where you need the most room to draw.

5b. Begin identifying deliverables and transactions.

Choose one of the participants and ask what deliverables they might generate and deliver to one of the other participant groups or individuals. Identify the participant that deliverable goes to. If you have not already put it up on the board, mark a sticky with the recipient’s name and stick it on the working page.

Tip

Using a sticky not only helps you remember to keep the nodes small, it allows a little bit of shifting around as you organize the participants.

5c. Draw the first transaction.

Connect the two participants you identified with a one-directional arrow. Have the arrow originate with the participant who generates the deliverable. The head of the arrow ends at the participant who receives it. (See Figure 2.)

If you are distinguishing between tangible and intangible deliverables you will use two different colors or different types of lines. An alternative is to make one of the lines (usually the intangibles) a dashed line instead of solid.

Caution

Try to avoid the red and green combination as that is the most common challenge for those who are color blind. You are usually safe with green and blue but ask the group if anyone is having difficulty and adjust if you need to.

5d. Label the transaction arrow with its deliverable.

Now write name of the deliverable on the connecting arrow. (See Figure 2.) Be as specific as possible. For example instead of “money” use the more specific terms of “payment,” “commissions,” or “revenue.” The same holds true for terms like “knowledge” or “information.” These are too general also. Knowledge about what? What kind of information? Is it “strategic plans” or is it an “audit report?” If you had accountability for the deliverable would the label help you know exactly what you need to provide?

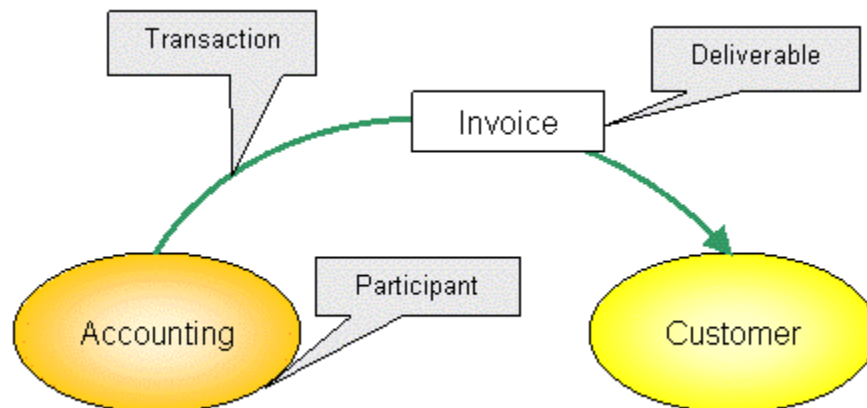


Figure 2. Depicting participants, the transaction, and the deliverable name.

5e. Continue until all the participants, deliverables, and transactions are on the page.

Continue to work through the diagram until all the participants, deliverables, and transactions have been shown.

Note:

Each participant appears only one place on the diagram. Combine like participants where possible to save needless repetition.
Deliverables are the finished, correct "thing." Leave out any verification or correction transactions.

6. Validate the diagram by sequencing the activities in the order in which they happen.

You may number the transaction by placing a small number right next to the arrowhead for each transaction. When all the transactions are complete you should be able to use the sequence to read the activity as a "story."

When you are finished you very likely have something that looks like the picture below. The rough diagram then can be recreated in Visio, Mind Manager and other applications. Visio integrates with the GenSis application that is provided in the ValueNet Works Fieldbook at <http://www.alleevaluenetworks.com>.

