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GLOSSARY

Overview

This is a glossary of terms commonly used in Value Network Analysis (VNA). Many of these terms are also used in the ValueNetworks.com™ application at www.valuenetworks.com.

Glossary of Terms

Agility

One indicator of network agility is how quickly information can move around the network and spread out across the network to reach all members. A network's agility is important to be able to make sense of and adapt to internal and external changes. It is also an indicator of how easy it is for any individual to reach the person who might be able to solve a specific problem. A high average distance between Roles can be an indication that there are not enough hubs or connectors in the network. Agility is one of the indicators reported by the ValueNetworks.com™ application.

Asset Impact

Asset impact considers which assets are most affected by the network behavior as a whole and by the actions of specific roles. Impact can be determined to the sender role, to the receiver role, or to the network itself. Typically people assess impact to the receiver. However, it is quite useful as a way to assess the impact of a transaction to the network as a whole. Asset Impact is one of the indicators reported by the ValueNetworks.com™ application.

Attribute

An attribute is a descriptor that defines the characteristics of an object.

Business Model

This refers to a set of "rules," interactions, and relationships that define how a business generates value.

Centrality

Centrality is a classic network indicator that shows which roles have the most ties. Roles with more ties are said to be more "central" to the network and may have advantaged positions, alternative pathways to satisfy their needs, less dependency on other individuals, and access to more of the resources of the network as a whole. Just because a role has a strong position structurally does not mean it is providing the most value to the network. That determination can be made, however by examining incoming and outgoing ties separately, using Centrality indicators. Centrality is one of the indicators reported by the ValueNetworks.com™ application.

Channel Management

See *Mechanism or Channel Analysis*.

Community of Practice

Communities of practice are networks of individuals who work together, sharing information and knowledge on a regular basis, that are held together by shared goals and a need to learn what each other knows.

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Culture

Culture is the pattern of beliefs, knowledge, attitudes, norms of behaviors, and customs that exist in a society or a social set (e.g., employees of an organization).

Culture Assessment

Culture assessments are organizational profiles designed to discover patterns of human behaviors, beliefs, values, and assumptions that drive decision making and influence those behaviors.

Customer Capital

Customer capital refers to the intangible asset of an organization's relationships with its customers.

Deliverable in a Value Network

A deliverable is the specific "thing" or value that is conveyed from one role or participant to another role or participant. It can be a tangible product or service, such as a pair of jeans or a manicure. It can also be an intangible product (e.g., information or knowledge about something) or an intangible benefit (e.g., political support) that one person can bestow upon or give to another.

Density

See *Stability*.

Deployment Flowchart or Block Diagram

This is a standard process tool showing the people or departments responsible for an activity and the flow of the process steps or tasks they are assigned.

Exchange in a Value Network

Exchange refers to two or more transactions between two roles or participants, and it evokes a quality of reciprocity (e.g., an exchange of money for service).

Exchange Analysis in ***ValueNet Works*™ Analysis**

Exchange Analysis, a core analysis in the methodology, is an assessment of overall patterns and network dynamics of value exchange that determines if the value system is healthy, sustainable, and expanding.

Explicit Knowledge

Explicit knowledge is knowledge that is codified and conveyed to others through dialogue, demonstration, or media (e.g., books, drawings, and documents).

Flows (of value)

Two or more transactions that occur as a logical sequence are considered a flow. Examples of flows are business processes, communication flows, and chains of causality in which one event triggers another.

Flow Analysis (for sequences and causal chains)

This refers to techniques that can be used to explore different kinds of physical flows, and sometimes non physical flows, in which there is a time-ordered sequence or a chain of cause and effect. These approaches come from many different disciplines (e.g., systems engineering, total quality, and communications).

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Feedback

Feedback is the return of information about the impact of an activity. It can also mean the return of a portion of the output of a process as new input. In a Value Network Analysis, feedback helps assess whether a role or participant's outputs are gaining a reciprocal exchange.

Goodwill

Historically, goodwill has been considered as the positive disposition of a customer toward a particular enterprise. Goodwill, however, also includes any consideration of the company or its management that causes people to hold the company in high regard.

***HoloMapping*®**

This is a non-linear systems mapping technique that shows the key transactions and deliverables between roles and participants in a network or organizational system. It was developed by Verna Allee in 1993, and is used in ***ValueNet Works*™ Analysis**.

Human Capital

This refers to the knowledge, skills, and competencies that reside in individuals who work in an organization, or that are embedded in the organization's social networks.

Impact Analysis in ***ValueNet Works*™ Analysis**

Impact Analysis, a core analysis in the methodology, is an assessment of the tangible/intangible costs (or risks) and tangible/intangible gains or value realization derived from an input that:

- Generates a response or activity
- Increases or decreases tangible assets (cost/benefit)
- Increases or decreases intangible assets (cost/benefit)
- Provides other positive or negative benefits

Influence

Influence refers to a person or power that directly or indirectly affects a person or the course of events.

Influence Analysis

Influence analysis is a diagram or matrix that can show the strength or impact of relationships.

Interdependencies

Interdependencies refer to the reliance of one role, participant, or event upon another for a triggering activity, support, influence, control, or conditions for success.

Intangible Assets

Intangible assets are resources under the control of an enterprise that are typically non-physical and not of a monetary nature, and that are critical for the success of the business. These resources include things such as brand image, customer and employee loyalty, quality of business relationships, social standing, competence of the workforce, improvements in internal structures and processes, and social citizenship. When these resources accumulate and are "held" by an entity, they are considered assets. Intangible assets may be converted to other types of value (e.g., products or services).

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Intangible Assets Indices

Examples of intangible assets indices include the Intangibles Asset Monitor (IAM) of Karl-Erik Sveiby, Skandia's Intellectual Capital Navigator, Verna Allee's Intangible Value Domains, and adaptations of the Balanced Scorecard.

Intangible Value Domains

There are many different models of intangible value assets or domains. Verna Allee's Intangible Value Domain model, and the default set of categories of her approach to Value Network Analysis, includes Business Relationships, Internal Structures, Human Competence, Corporate Identity, Social Citizenship, and Environmental Health.

Intangible Value in a Value Network

Intangible value is generated by informal, non-contractual activities that help build business relationships and contribute to operational effectiveness.

- *Intangible knowledge exchanges* include such things as strategic information, planning knowledge, process knowledge, technical know-how, collaborative design, and policy development. These exchanges flow around and support the core product and service value chain.
- *Intangible benefits* are advantages or favors that can be offered by one person to another. Examples include offering to provide political support or a research organization asking someone to volunteer time and expertise to a project in exchange for prestige by affiliation. These intangible products or deliverables can be exchanged when people "trade favors" to build relationships.

Intellectual Capital

Intellectual capital is another term for intangible assets that include any knowledge of value to an organization, as well as its human capital, customer or relationship capital, and structural capital.

Intellectual Property

Intellectual property refers to intellectual capital over which a company enjoys a legally protected owner's interest (e.g., patents, trademarks, copyrights, registered design, and trade secrets).

Key Performance Indicators (KPI)

See *Performance Indicators or Measures.*

Knowledge

In organizations, knowledge is experience, ways of working, concepts, beliefs, or principles – all of which can be learned, communicated, and shared.

Knowledge Management (KM)

Knowledge management refers to the facilitation and support of processes for creating, sustaining, sharing, and renewing of organizational knowledge in order to generate social or economic wealth or to improve performance.

Learning

Learning is the process of gaining knowledge or skills, or of developing a behavior through study, instruction, or experience.

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Learning Organization

Learning organization refers to an organization that is able to adapt to change and move forward by acquiring new knowledge, skills, or behaviors, and thereby transform itself.

Mechanism or Channel Analysis

This is an analysis that determines the most appropriate technology and infrastructure support for each transaction or group of transactions in a value network. Channel Management is one of the indicators reported by the ValueNetworks.com™ application.

Organizational Learning

Organizational learning refers to activities or processes whereby an organization exercises its collective ability to make sense of its environment and respond with more adaptive behaviors.

Organizational Network Analysis (ONA)

ONA involves the application of Social Network Analysis (SNA) as a diagnostic for business and organizational challenges.

Participants in a Value Network

Participants are individual people, institutions, or groups that execute the Roles in a value network. They can be individuals, groups or subgroups, organizations, collectives or aggregates, communities, or nation-states.

Perceived Value

A key focus in VNA, perceived value is how valuable you as well as other roles and participants perceive your deliverable to be.

Perceived Value Analysis

Perceived Value Analysis is a way to assess the level of value roles or participants feel they receive from individual deliverables that come from other roles and participants, and from the network as a whole. Perceived Value usually is assessed as part of the Impact Analysis. The analysis is also done to assess what other roles or participants feel about the level of value of their deliverables. Perceived Value is one of the indicators reported by the ValueNetworks.com™ application.

Performance Indicators or Measures

Performance indicators are either qualitative or quantitative metrics for assessing the quality or efficiency of execution of an activity, or for demonstrating progress toward a goal or desired outcome. The terms *performance indicators* and *performance measures* are often used interchangeably. *Indicators* is a somewhat broader term that can include second-order indicators that point to possible progress, even if that progress cannot be measured directly. More recently, the term *key performance indicator* (KPI), which refers to any aspect of human and business performance, has become part of the business language. See also: *Agility, Asset Impact, Centrality, Channel Management, Density, Reciprocity, Risk,* and *Stability*.

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Reciprocity

Reciprocity is the extent to which value contributions (ties) are reciprocated between roles and in the network as a whole. Assessing reciprocity surfaces imbalances of tangible/intangible inputs and outputs, overburdened roles, work-arounds that might indicate something is not working in the formal processes or a role is not functioning as effectively as it could, disconnects of missing or dead links, and structural interdependencies. Reciprocity is one of the indicators reported by the ValueNetworks.com™ application.

Resilience

Resilience is critical for a network to respond to changing conditions and requires the right balance of formal structure to informal knowledge sharing. The ratio of tangible/intangible transactions is helpful as an indicator of resilience. If the percentage of intangible transactions is higher than tangible transactions it usually indicates a high level of flexibility, collaboration, and trust. If the ratio is too heavy on the intangibles side, however, it might show that there are work-arounds or it could show that the network is largely social in nature. A high percentage of tangible exchanges shows that there is a lot of formal structure to the interactions. This might demonstrate a high level of transparency if processes are visible on shared systems, or on the other hand few informal interactions could indicate a low level of trust, information sharing, and/or flexibility. Resilience is one of the indicators reported by the ValueNetworks.com™ application.

Return on Investment (ROI)

ROI is a cost/benefit comparison of the cost of an investment or activity compared with the financial and/or non-financial benefits that result.

Risk

One kind of risk to the value network shows up in Role Dependency. Speed of Transactions provides a cross check for where a role might be a bottleneck in value flows. Another useful indicator is the distribution of inputs and outputs across roles in the network. If there is too much structural dependency on a role then it can affect the entire network if something goes wrong. Structural Dependency is based on Centrality, one of the most common structural indicators in network analysis. The wider the variance between numbers of connections between roles, the higher is the risk to the network. These indicators are reported by the ValueNetworks.com™ application.

Roles in a Value Network

Roles are the contributing roles in a value network. They are populated by Participants (specific people or entities) who generate transactions, send messages and other deliverables, engage in interactions, conduct processes, create value, and make decisions. They can be filled by individuals, groups or subgroups, organizations, collectives or aggregates, communities, or nation-states.

Scenarios

Scenarios are stories, similar to case studies, that describe a series of events. They are usually developed to test out the robustness of a model such as determining how a specific scenario might play out in a value network.

Simulations

These are dynamic models of how things change over time in response to events or critical variables. They can reveal important variables and system behavior patterns.

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Social Network Analysis (SNA)

SNA is a social science discipline that focuses on relationships between social entities (e.g., members of a group), corporations, or among nations. It explores both directional and bi-directional exchanges, including sharing of information or types of business relationships.

Stability

Stability is revealed by measures of network Density. Density is calculated as the number of actual connections between roles divided by the number of potential connections between roles. The higher this percentage, the higher the density. The most significant Density indicator is Weak Tie Stability, which shows the extent to which the loss of connections in the network will impact performance of the network as a whole. Weak Tie Stability is the ratio between intangible and tangible transaction Density. Stability is one of the indicators reported by the ValueNetworks.com™ application.

Stakeholder

Stakeholders have an interest in, provide resources for, or are affected by an activity, change, or decision.

Stakeholder Analysis

This analysis is an evaluation of which stakeholders are most important, either for a system as a whole or for a particular activity. It helps determine who needs to be included in a system-level model or who would be affected by an activity, changes, or decisions.

Structural Capital

Structural capital refers to the infrastructure, routines, concepts, models, information systems, work systems, and business processes that support productivity and that stay behind in an organization when its employees go home.

System

A system is a whole that cannot be divided into interdependent parts without losing the integrity of the whole.

Systems Thinking

This is a way of thinking about and describing the forces and interrelationships that shape the behavior of systems.

Tacit Knowledge

Tacit knowledge refers to deeply personal experiences, insights, and know-how that are difficult to communicate in an explicit way.

Tangible Assets

Tangible assets show up on the financial balance sheet, for example as cash reserves, physical property, machinery, and accounts receivable.

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Tangible Value in a Value Network

Tangible value is generated through contractual or mandated activities that contribute directly to economic gain. Tangible value transactions involve all paid or funded exchanges of goods, services, or revenue, including all transactions involving contracts and invoices, return receipt of orders, request for proposals, confirmations, and payment. Knowledge products and services that generate revenue (including products that are expected as part of service, such as reports or package inserts) are part of the tangible value flow of goods, services, and revenue.

Transaction in ***ValueNet Works*™ Analysis**

A transaction is an activity generated by a person that involves imparting a tangible or intangible product, service, or benefit, or other deliverable to another role or participant.

Value Chain

Value chain is another term for a core business process consisting of tangible transactions involving goods, services, and revenue.

Value Chain or Value Stream Analysis

This analysis is a process view of how a business works. It focuses on inputs, processes that are applied to the inputs, and finally the output to the customer. Such views usually employ flow charts or workflow icons and tools.

Value Conversion

A key focus in VNA, value conversion is the act of altering or transforming one type of value into another. An example is transforming an intangible input or asset (e.g., industry insights and experience) into a tangible output (e.g., subscription newsletter).

Value Creation Analysis in ***ValueNet Works*™ Analysis**

Value Creation Analysis, a core analysis in the methodology, is an assessment of the tangible and intangible costs and gains for each value output a role or participant contributes to the systems through:

- Adding new tangible or intangible value
- Extending value to other roles or participants in the value network
- Converting one type of value to another

Value Network

A value network is any web of roles and relationships that generates tangible and intangible value through complex dynamic exchanges between two or more individuals, groups, or organizations. Any organization, group of organizations, or purposeful network in which people are engaged creating social or economic good, can be visualized and analyzed as a value network, whether it is in private industry, government, or the public sector.

Value Network Analysis (VNA)

VNA is a whole-system mapping and network analysis approach to understanding tangible and intangible value creation among roles and participants in any purposeful activity, whether small work groups, organizations, business webs, or civil society networks.

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ValueNet Works™ Analysis

Verna Allee's trademarked but open resource (www.value-networks.com) methodology for Value Network Analysis.

Value Realization

Value realization is the act of turning a value input, either tangible or intangible, into real gains, benefits, or assets – all of which contribute to the success of an individual, group, or organization.

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