

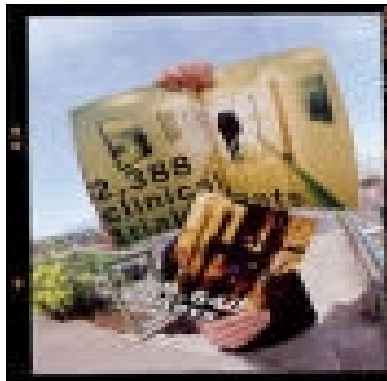
Managing Knowledge And Leading Change In The Printing And Publishing Industries:

Creator To Consumer In A Digital Age

Learning element 2.1

Searching For Competitive Advantage:

What is the value chain principle?



Bill Cope, Mary Kalantzis and Christopher Mackenzie

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Framework map

Managing Knowledge And Leading Change In The Printing And Publishing Industries

	<i>Empirical And Experiential</i>	<i>Conceptual And Critical</i>	<i>Applied And Transferred</i>
Theme 1: Knowledge Economy And Knowledge Management	1.1 Economic Activity And Knowledge <i>What are the defining features of the knowledge economy?</i>	1.2 Knowledge Management: Technology And People <i>How does knowledge management maximise economic competitiveness?</i>	1.3 Printing And Publishing In The Knowledge Economy <i>How is printing and publishing being effected by the knowledge economy?</i>
Theme 2: Value Chain Clustering	2.1 Searching For Competitive Advantage <i>What is the value chain principle?</i>	2.2 Value Chains And Epublishing <i>How amenable are printing and publishing industries to traditional value chain analysis?</i>	2.3 Cooperation And Competition <i>Is there potential for value chain clustering in printing and publishing industries?</i>
Theme 3: Developing Knowledge Workers	3.1 Work In The Twenty-First Century <i>Who are knowledge workers and what do they do?</i>	3.2 Characterising Knowledge Work <i>Why is the concept of knowledge work problematic?</i>	3.3 Knowledge Work In The Printing And Publishing Industries <i>How can printing and publishing be conceptualised as knowledge work?</i>

Aims

Knowledge scope

Searching For Competitive Advantage introduces you to the concept of value chains and the idea of clustering. It explores the origins of the value chain concept (the steps involved in adding value towards the final production of marketable goods and services) by looking specifically at the pioneering work of Michael Porter and others. The element is designed to develop your understanding of value chains (internal and external) and how they apply to managing a business. It looks specifically at how value chain analysis can optimise competitiveness, innovation and product/service differentiation, particularly when enterprises within a shared value chain collaborate and arrange themselves in ‘clusters’ to manage the flow of goods and services from the point of production to the point of consumption. This element considers value chains and clustering not in the context of printing and publishing, but in other industry environments.

Knowledge and capability aims

On completing this Learning Element you will have the capacity to:

- ⊗ define the term ‘value chain’;
- ⊗ describe how a business can gain a competitive advantage by analysing the value chain;
- ⊗ discern the differences between ‘internal’ and ‘external’ value chains;
- ⊗ begin to define what is meant by a value chain ‘cluster’ and how enterprises within the same supply chain can gain competitive advantage;
- ⊗ identify and explain the factors that make Australia industries amenable to clustering and collaboration; and
- ⊗ research and structure empirical data to provide a platform for further critical analysis.

Important terminology

The ‘Learning Framework’ is the overall educational endeavour of *‘Managing Knowledge And Leading Change In The Printing And Publishing Industries’*. This is comprised of three ‘themes’, presented in the left-hand column of the Framework map. Each theme is divided into three learning ‘processes’, presented in the top row of the Framework map. Altogether this constitutes nine ‘elements’. The Learning Framework is also referred to as the ‘course’.

Learning processes

The main learning process in this element is to discuss with fellow students the questions set out below. In your discussion you need to make reference to the readings listed below the questions. It is recommended that you also search for additional sources.

You will notice that the information included with each source indicates its perspective, whether it tends to be:

Business,
Cultural studies or
Technology oriented

In your discussions you should take account of the different perspectives represented by the readings and acknowledge those in your responses. You may wish to concentrate on one approach rather than another, such as technological change taking place in the industry.

Learning activity: Online/Tutorial Issues

Engage in Online/Tutorial discussion in response to the following questions:

- 1) **What are value chains? How does Michael Porter define the value chain? Can they be understood as industry, sector-wide or both? Why?**
- 2) **What are the differences and relationships between value chains and supply chains? Why?**
- 3) **How can value chain analysis provide an enterprise with a competitive advantage (as well as market share) and expand its scope for innovation?**
- 4) **Choose an enterprise and hypothetically analyse its value chain.**
- 5) **What is value chain clustering?**
- 6) **What are the factors that make value chain clustering suitable for Australian industries?**

Recommended reading:

To answer the questions above it is recommended that you focus firstly on Porter (1985), since it was he who devised the concept and coined the term “value chain”. This particular source should be supported by reference to Brown (2002), Cope (2002), Curran and Ladd (1998), Queensland Beef Industry Institute (1998a, 1998b), Winfield and Stewart (1998). These readings will provide you with a detailed introduction to the issues and guide further exploration.

Sources

When viewing this online you can click on a learning source title to go to the reading. Each reading in the list is provided with a label titled '**Perspective**'. Use this as a guide in determining its relevance to the three categories: Business, Technology and Culture.

Title:	The Value Chain and Competitive Advantage
Author(s):	Porter, Michael
Year:	1985
Book Title:	Competitive advantage : creating and sustaining superior performance
City:	New York
Publisher:	The Free Press
Pages:	36-59
Perspective:	Business
Keywords:	Value Chain, Value Activities, Vertical Linkages, Competitive Scope
Abstract:	In this section Michael Porter details his now famous concept of competitive advantage and discusses his ground-breaking concept of a value chain.

Title:	Value Chain Thinking
Author(s):	Curran, Thomas., Keller, Gerhard. with Andrew
Year:	1998
Book Title:	SAP R/3: Business Blueprint
City:	New Jersey
Publisher:	Prentice Hall PER
Pages:	61-68
Perspective:	Technology, Business
Keywords:	Value Chain, Information Management System, Business Engineering
Abstract:	This chapter considers the value chain in the context of the R/3 information management system, a SAP client/server business application suite for business engineering. Although this chapter focuses on the R/3 system, it nonetheless provides a clear and detailed overview of the principles that underpin the value chain concept in a real-world situation.

Title: [CHEEP, SASS Find Multiple Wins in Value Chain Analysis](#)
Author(s): SASS Institute Inc
URL: <http://www.sas.com/news/success/chep.html>
Access Date: 24/02/2003
Perspective: Business, Technology
Keywords: Value Chain, Competition, Integrated, Supply Chain
Abstract: This article describes the outcomes of a project that used the Oros Value Chain Analyzer (an independent tool that measures financial costs and benefits across the supply chain) to gauge the costs and benefits of implementing radio identification tagging technology across six continents. The project in involving CHEP and a number of other businesses. The goal of the project 'was to collaboratively agree on financial measurements that would determine the success of the technology for all members of the supply chain' (SAS Institute Inc 2003).

Title: [Queensland value chain analysis series: Beef](#)
Author(s): Beef Industry Institute, Queensland
Year: 1998b
Producer: Department of Primary Industries, Queensland
URL: <http://www.dpi.qld.gov.au/beef/5498.html>
Access Date: 24/02/2003
Perspective: Business
Keywords: Beef Industry, Value Chain Analysis, Market
Abstract: This article provides an overview of the Queensland beef industry value chain from 1997-98.

Title: [Queensland value chain analysis series: Sugar](#)
Author(s): Beef Industry Institute, Queensland
Year: 1998a
Producer: Department of Primary Industries, Queensland
URL: <http://www.dpi.qld.gov.au/business/3207.html>
Access Date: 24/02/2003
Perspective: Business
Keywords: Sugar Industry, Value Chain Analysis, Market
Abstract: This article provides an overview of the Queensland sugar industry value chain from 1997-98.

Title: [The Need For A New Mindset](#)
Author(s): Loi, Daria., Burrows, Peter., Coburn, Michael and Linda Wilkins
Year: 2001
Book Title: Print And Electronic Text Convergence
Editor: Cope, Bill and Kalantzis, Diana
City: Melbourne
Publisher: Common Ground Publishing
Pages: 17-57
Perspective: Business, Technology
Keywords: Digital Text, Product, Service, System, Product System, Reader
Abstract: Emergent forms of digital text require a shift in the way the printing and publishing industry is understood. This shift, according to the authors, is necessary to ensure publishers continue to be elemental to the publishing, distribution and sale of text. Whether books are to be rendered electronically or to printed formats, they need to be considered less as products, and more as information services within a product-service system. The essence of the book is not its manifestation as a product, printed and bound and sold only in its physical form. Rather, the book needs to be conceived as information or content. This entails a shift in conceptualisation, from the manufacture and distribution of a printed carrier of content to the service of content provision, and from printed text to the need to read. This product-service system may well involve manufacturing product in the form of printed text. However, at its heart is a conception of the production process and supply chain in which the focus is ‘dematerialised content’, capable of many different material or electronic manifestations. Source: Cope (2001).

Title: [The Value Chain](#)
Author(s): Quick MBA
Producer: Quick MBA
URL: <http://www.quickmba.com/strategy/value-chain/>
Access Date: 24/02/2003
Perspective: Business
Keywords: Value Chain, Value Chain Analysis, MBA, The Value System
Abstract: This article provides an overview of the Value Chain element of an MBA course.

Title: [The Commerce Value Chain](#)
Author(s): Winfield. G and Stewart, L
Year: 1998
Book Title: Designing Systems For Internet Commerce
City: Reading, Mass.
Publisher: Addison-Wesley Longman Inc
Pages: 15-30
Perspective: Business, Technology
Keywords: Internet, Value Chain, Legal Framework, Internet Markets
Abstract: This chapter introduces the concept of a "value chain". It canvasses the elements of the business value chain and their relevance to internet marketing, the conduct of international business and the legal environment in which marketers operate.

Title: [A Development Framework: Printing Clusters](#)
Author(s): Brown, Rod
Year: 2002d
Book Title: Value Chain Clustering In Regional Publishing Service Markets
Editor: Cope, Bill and Brown, Rod
City: Melbourne
Publisher: Common Ground Publishing
Pages: 7-20
Perspective: Business
Keywords: Value Chains, Policy, Clusters, Competitiveness
Abstract: This paper provides a rationale for the concept of clustering in the context of Australian industry policy, based on an extension and application of the theories developed since the 1980s by Michael Porter. It discusses some of the key factors retarding industrial development in Australia. Brown goes on to explain how clustering concepts can assist in addressing the identified problem areas. He discusses six underlying success factors (or, for that matter, failure factors): critical mass; industry policy settings; regional policy; specialisation and distinctiveness; ownership and influence; and collaborative instincts.

Title: [Reconfiguring The Value Chain](#)
Author(s): Cope, Bill
Year: 2002
Book Title: Value Chain Clustering In Regional Publishing Service Markets
Editor: Cope, Bill and Brown, Rod
City: Melbourne
Publisher: Common Ground Publishing
Pages: 19-24
Perspective: Business
Keywords: Value Chains, Clusters
Abstract: The author develops the notion of the regional 'cluster' as a tool for value chain management relevant to the printing and publishing industries. He defines a value chain as consisting of the steps involved in adding value towards the final production of marketable goods and services and demonstrates how enterprise-level competitiveness is dependent on the efficiency and effectiveness of this value-add.

Assessment Task A option

You may wish to draw on the issues raised in this element, [Searching For Competitive Advantage](#), for your Assessment Task A (worth 25% of your overall grade).

To complete Assessment Task A you must write a proposal (of approximately, but not exceeding, 1,500 words) for the larger work that will constitute Assessment Task B. In choosing the format of this proposal refer to the range of assessment formats provided in the framework level description of this course. If applicable, you can draw on experience from your own workplace to provide examples of how these issues impact on the education, communication and/or business sectors.

The aim of Task A is to:

- (i) help you begin to format the structure of Task B; and
- (ii) help you begin to build the content for Task B

You also need to consider how you will later integrate the final work you produce for Task A into Task B.

Note: You are required to do only one Assessment Task A throughout the course.

Choosing issues from [Searching For Competitive Advantage](#) as the springboard for your Assessment Task A does not necessarily confine you to pursuing them for Task B. For example, on completion of this task, you may decide to pursue a different theme for Task B.

Even if you choose not to base your Assessment Task on the issues raised in this element, the knowledge and capabilities you have gained here can be fed into the topic you eventually use as the basis for your Assessment Task A.

Note: Assessment Task A must be submitted by the end of week four.

Learning pathways

Transition from Learning Element 2.1

On completion of this learning element (with or without completing the Assessment Task A option) you must decide which element to undertake next.

Some possible pathways are indicated below. You may wish to adopt these or choose an alternative path based on your own design or in consultation with your teacher.



Pathway options

By the completion of this element you should have attained an understanding of the central aspects of value chain principle. You may now wish to further your understanding of these issues by undertaking the *Conceptual And Critical* learning element *Value Chains And Epublishing*.

Alternatively, you could explore an entirely different theme by choosing an *Empirical And Experiential* learning element such as *Work In The Twenty-First Century*. This will enable you to identify relationships between this theme and the element you have just completed. If you wish to undertake an *Applied And Transferred* element you need to bear in mind that you will be covering information you may not have yet encountered.

Although there is no prescribed pathway, and you are required to complete all nine elements, your pathway planning should reflect your expertise, experience and interests.

Example pathways

	<i>Empirical And Experiential</i>	<i>Conceptual And Critical</i>	<i>Applied And Transferred</i>
<i>Theme 1: Knowledge Economy And Knowledge Management</i>	1.1 Economic Activity And Knowledge	1.2 Knowledge Management: Technology And People	1.3 Printing And Publishing In The Knowledge Economy
<i>Theme 2: Value Chain Clustering</i>	2.1   Searching For Competitive Advantage	2.2 Value Chains And Epublishing	2.3 Cooperation And Competition
<i>Theme 3: Developing Knowledge Workers</i>	3.1 Work In The Twenty-First Century	3.2 Characterising Knowledge Work	3.3 Knowledge Work In The Printing And Publishing Industries

About this Learning Element

Searching For Competitive Advantage seeks primarily to develop your understanding of value chains. It looks at how value chain analysis has become a fundamental aspect of business practice, particularly in terms of gaining competitive advantage in the market place. This element also considers the idea of value chain ‘clustering’ as a means by which businesses that comprise an industry can collaborate along the value chain to deliver economic and productivity benefits to firms and industries as a whole.

Keywords

Competitive Advantage

Information And Communication Technology

Internet

Supply Chain

Value Chain

Cluster