

This Glossary has definitions of terms used in the language of
Value Networks and Value Network Analysis.

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.

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 to the sender role, to the receiver role, or to the network itself can be determined. 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.

Attribute

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

Business Model

A business model is a set of "rules," interactions, and relationships that define how a business generates value. It describes the rationale of how an organization creates, delivers, and captures value - whether economic, social, or other forms of value.

Business Relationships

See: *Relationship Capital*.

Centrality

Centrality is a classic network indicator that shows which roles have the most ties. Roles (nodes) with more ties are said to be more "central" to the network and may have advantaged positions. They may have alternative pathways to satisfy their needs, less dependency on other individuals, and access to more of the resources of the network as a whole.

Channel Management

See: *Mechanism or Channel Analysis*.

Customer Capital

Customer capital refers to the quality of an organization's relationships with its customers. It is a component of relationship capital.

Deliverable in a Value Network

A deliverable is the specific value or object 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 or informal offering (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*.

Exchange in a Value Network

An exchange refers to two or more transactions between two or more roles or participants, and it evokes a quality of reciprocity (e.g., an exchange of money for service). More formally it is a process in which one role as an economic agent receives resources from another role or other roles as economic agents, and it provides resources in return.

Exchange Analysis

The Exchange Analysis, a core analysis in the Value Network Analysis methodology, is an assessment of overall patterns and network dynamics of value exchanges. It 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 or Value Flows

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

Flow analyses are 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 such as systems engineering, material flow analysis, and data flow analysis.

Feedback

In Value Network Analysis feedback is the return of information about the impact of an activity. In other uses it can also mean the return of a portion of the output of a process as new input.

Goodwill

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

Human Capital or Human Competence

Human capital and human competence refer to the knowledge, skills, and competencies that reside in individuals who work in an organization, or that are embedded in the organization's internal and external facing social networks.

Impact Analysis

The Impact Analysis, a core analysis in the Value Network Analysis methodology, is an assessment of how an input for a role is handled. The analysis assesses tangible/intangible costs (or risks) and tangible/intangible gains or value realization, derived from the input, that:

- generates a response or evokes an activity
- increases or decreases tangible assets (cost/benefit)

- increases or decreases intangible assets (cost/benefit)
 - provides other positive or negative benefits
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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. Intangible assets may be converted to other types of value (e.g., products or services).

Intangible Value in a Value Network

Intangible value is generated by roles and participants as informal, non-contractual activities or deliverables 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. An example would be research organization asking someone to volunteer time and expertise for a project in exchange for prestige by affiliation. Intangible deliverables can be exchanged when people "trade favors" to build relationships.
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Intangibles

See: *Deliverable in a Value Network*.

Intellectual Capital

Intellectual capital is another term for intangible assets and collectively refers to all resources that determine the value and the competitiveness of an enterprise. As such, it includes as subsets the attributes that concur to building all financial statements as well as the balance sheet.

Intellectual Property

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

Internal Structure

See: *Structural Capital*.

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 Organization

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

Mechanism or Channel Analysis

A mechanism analysis or channel analysis can be included in a Value Network Analysis. It helps determine the most appropriate technology and infrastructure support for each transaction or group of transactions in a value network.

Organizational Learning

Organizational learning refers to activities or processes whereby an organization collectively makes sense of its environment and responds with more adaptive behaviors.

Organizational Network Analysis (ONA)

Organizational Network Analysis involves the application of Social Network Analysis (SNA) as a diagnostic tool 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. Other examples are subgroups, organizations, collectives or aggregates, communities, or nation-states.

Perceived Value

A key focus in Value Network Analysis, perceived value is how valuable senders and receivers perceive a deliverable to be.

Perceived Value Analysis

The Perceived Value Analysis in Value Network Analysis is a way to assess the level of value that roles or participants feel they receive from individual deliverables. Such deliverables can come from other roles and participants, and from the network as a whole. Perceived value is usually assessed as part of the Impact Analysis. Conversely the analysis is also done to assess the level of value that other roles or participants feel about their deliverables.

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. The somewhat broader term, *indicators* can include second-order indicators that point to possible progress, even if that progress cannot be measured directly. The term *key performance indicator* (KPI), which refers to any aspect of human and business performance, has become part of the business language.

Reciprocity in a Network

Reciprocity is the extent to which value contributions (ties) are reciprocated between roles and in the network as a whole.

Relationship Capital

Relationship capital is the quality of alliances and business relationships with customers, strategic partners, suppliers, investors, regulatory bodies, and government groups.

Resilience in a Network

Resilience refers to the power or ability of the network to reconfigure to respond to changing conditions, then return to its original form.

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.

Roles in a Value Network

Roles are the contributing actors or economic agents in a value network. They are generic value descriptors that 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. Roles can be filled by individuals, groups or subgroups, organizations, collectives or aggregates, communities, or even nation-states.

Scenarios

Scenarios are stories, similar to case studies, which describe a series of events. They are usually developed to test out the robustness of a model such as a value network.

Social Network Analysis (SNA)

Social Network Analysis is a social science discipline that focuses on relationships between social entities. It views social relationships in terms of network theory. Social graphs consist of *nodes* and *ties*. Ties are also called *edges*, *links*, or *connections*. Nodes are the individual actors within the networks, and ties are the relationships between the actors. There can be many kinds of ties between the nodes. Research in a number of academic fields has shown that social networks operate on many levels, from families up to the level of nations. They play a critical role in determining the way problems are solved, organizations are run, and the degree to which individuals succeed in achieving their goals.

Stability in a Network

Stability refers to the firmness of the configuration of the network and its ability to resist disintegration. 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. Weak Tie Stability is the most significant density indicator, showing the extent to which the loss of connections in the network will impact performance of the network as a whole.

Stakeholder

Stakeholders have an interest in, provide resources for, or are affected by sets of activities and any changes to that activity.

Stakeholder Analysis

A stakeholder 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 or Internal Structure

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

Systems thinking 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. Examples are cash reserves, physical property, machinery, and accounts receivable.

Tangible Value in a Value Network

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

Tangibles

See: *Deliverable in a Value Network*.

Transaction

A transaction is a transfer of a role-generated or participant-generated value deliverable can be tangible or intangible.

Value Chain

See: *Value Stream*.

Value Conversion

A key focus in Value Network Analysis, 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

The Value Creation Analysis is a core analysis in the Value Network Analysis methodology. It is an assessment of the tangible and intangible costs and gains for each value output a role or participant contributes to the network 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
 - assessing cost/benefit in terms of industry, society and the environment
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Value Network

A value network is a set of roles and interactions that generates a specific business, economic, or social good. Any formal or informal group of participants or roles that are engaged in tangible and/or intangible exchanges can be viewed as a value network. Participant organizations can be private industry, government, or public sector.

Value Network Analysis (VNA)

Value Network Analysis is a whole-system mapping and network analysis approach to understanding tangible and intangible value creation among roles and participants in any purposeful activity.

***ValueNet Works*(TM) Analysis**

A trademarked but open resource methodology for Value Network Analysis.

Value Realization

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

Value Stream

Value chain and value stream are process views of how a business works. They focus on inputs, capabilities, resources, and processes that generate a final deliverable or output to the customer.
