

# Add Value

Exploring the Case for Value Within the E2E Value Chain Pillar



# Introduction

Two major streams of change have been moving our fast moving consumer goods (FMCG) industry and retail forward in recent years.

The **first stream** is the conscious consumer. S/he is relating the act of consumption more and more to self-responsibility. Consumption yes, but not at all costs.

The **second stream** is the wave of new technologies and innovation challenging the current status quo of “we always did it that way”. It is mostly summarised - and over simplified - as “digitisation”.

For The Consumer Goods Forum’s End-to-End Value Chain (E2EVC) Pillar, the driving question in the past has been that of “the business case” when a decision was required on where to focus effort and energy. The business case is measured in turnover minus investment, reducing most activity decisions to cost saving and/or growth analysis and return on investment (ROI) over time.

Sometimes overlooked, the term “Value” in End-to-End Value Chain indeed does contain a business case aspect, but it also contains more than that.

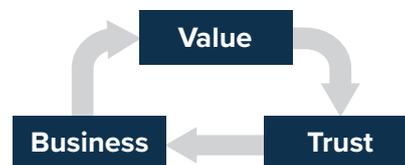
This “Add Value” paper elaborates on the differences and interdependencies between necessary business case driven decision models and the materialising **value case model**.

## Business Case vs Value Case

Today, there is something about value driving trust, and value-based trust in turn driving business which truly adds value.

Time to change. Time to add value.

## How will Holistic Value Management become the key of success for the E2EVC Pillar?



This adds a new layer to the E2EVC value proposition.

The key decision for E2EVC is to decide in a timely manner where effort and focus should go to add the largest value. Defining and agreeing on this value needs a process in place which ensures a fast solution delivery and a sustainable life cycle.

“Value for business” has a particular definition at the E2EVC Pillar, operating in a pre-competitive and collaborative space. We usually define value as an activity that creates tools and process standards in an open way and makes it accessible for companies of all sizes and origins.

## How to add up value in a value network?

# How E2EVC Can Add (More) Value

Going forward, the E2EVC Pillar should apply the following series of questions to make an informed decision on whether or not to direct effort (and how much) into an activity.

These proposed four questions help to properly structure a mission statement, highlighting the value created for all influencers, including, but not exclusively, the business case.

A **mission statement** should enable a translation into different “business cases” for every single company depending on its size, efficiency, innovation and current market position and success (free market parameters).

**Added value = which problem are we solving for our E2EVC member companies?**

We propose two steps to ensure value added activities will rise on the E2EVC list of priorities.

## Step I

**Defining the solution space more precisely (describe the mission statement).**

1. Which problem needs to be solved?
2. For whom does the solution solve the problem?
3. Does the entire Value Network reveal an increase in total value?
4. How does the beneficiary value the solution?

## Step II

**Securing successful implementation (harness the mission statement).**

A successful solution derived in step I checks positive on the following 4 tags without exception:

1. Evident First Mover Advantage (immediate incentive).
2. Follower Advantage (collaboration adds value for all, early birds as well as late comers).
3. Fast, simple, affordable and compelling (easy to understand).
4. Success is easy to measure with built-in metric(s) based on Business Case(s).

A miss or doubt on one of these tags shows an inherent weakness of the underlying activity mission statement. In the past, this specific environment or framework has been called “critical mass”. Experience shows that these kinds of depending mission statements are not only riskier, but also take much longer to materialise, sometimes longer than the window of opportunity opened by the market is valid. This can lead to a double loss: the effort of developing a solution, plus the opportunity costs of coming too late to a market that already moved on.

## What impact does risk assessment of a mission statement have on E2EVC activity planning?

The biggest risk of any activity embarked on at E2EVC is the risk of a failed or a too low degree of implementation. The risk inherent in the traditional “critical mass” approach being that, rationally, the latest company to trigger the expense (invest) to start implementing has a clear advantage, which leads to a check-mate with regard to engagement. Everybody waits for everybody else to make the first move from a competitive perspective.

## Outlook

Returning to our previous chapter, the key aim of E2EVC is seeking maximum value for the network and influencers, guarding pre-competitive delimiters and collaborative, voluntary play.

The new two-step approach presented above provides food for thought.

The E2E Value Chain Pillar aims to deliver competitive solutions that inspire to drive added value, not just better business.

We propose to apply these steps to current and all new topics, including the “DataPorts: Federated Data Exchange LeapFrog” workstream as a first pilot.

# About The Consumer Goods Forum

The Consumer Goods Forum (“CGF”) is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its

member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 50 manufacturer and retailer CEOs.

**For more information, please visit:**  
[www.theconsumergoodsforum.com](http://www.theconsumergoodsforum.com).

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