

A disaggregation of the firm into nine strategically relevant activities, five primary and four support, to locate where cost is incurred and differentiation is created, on the premise that advantage lives in activities, not in the firm as a whole.

PREPARED BY _____ DATE _____

1 FIRM INFRASTRUCTURE

The activities that support the entire chain rather than any single activity: general management, planning, finance, accounting, legal, quality management and, in a multi-site business, whatever the centre does. Frequently viewed as pure overhead; occasionally a genuine source of advantage.

2 HUMAN RESOURCE MANAGEMENT

Recruiting, hiring, training, development and compensation across the whole chain. Its effects surface inside other activities: service quality, operations skill, sales effectiveness, and it shapes cost through wages and turnover.

3 TECHNOLOGY DEVELOPMENT

Every activity embodies technology, so this category covers efforts to improve product and process across the chain: R&D, process automation, systems and data. It ranges from genuine research to the EPOS system and the website.

4 PROCUREMENT

The function of purchasing inputs used anywhere in the chain, distinct from the purchased inputs themselves: goods for resale, materials, equipment, energy and services. Small improvements here fall straight through to margin, and the function is chronically under-managed relative to its leverage.

5 INBOUND LOGISTICS

Receiving, storing and disseminating inputs to the product: materials handling, warehousing, inventory control, vehicle scheduling and returns to suppliers.

6 OPERATIONS

Transforming inputs into the final product or service: machining, assembly, packaging, testing, facility operations. In a service or retail business, this is the activity the customer experiences directly.

7 OUTBOUND LOGISTICS

Collecting, storing and distributing the product to buyers: finished-goods warehousing, order processing, delivery scheduling and, increasingly, fulfilment of online orders.

8 MARKETING AND SALES

The activities by which buyers learn of, choose and can purchase the product: advertising, promotion, sales force, channel selection and pricing.

9 SERVICE

Activities that enhance or maintain the product's value after the sale: installation, repair, training, parts, advice and complaint handling. Often the least measured activity and, in mature markets, frequently the most differentiating one.