

Configuring value for competitive advantage: on chains, shops, and networks

Charles B. Stabell, Øystein D. Fjeldstad

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Abstract

Building on Thompson's (1967) typology of long-linked, intensive, and mediating technologies, this paper explores the idea that the value chain, the value shop, and the value network are three distinct generic value configuration models required to understand and analyze firm-level value creation logic across a broad range of industries and firms. While the long-linked technology delivers value by transforming inputs into products, the intensive technology delivers value by resolving unique customer problems, and the mediating technology delivers value by enabling direct and indirect exchanges between customers. With the identification of alternative value creation technologies, value chain analysis is both sharpened and generalized into what we propose as a value configuration analysis approach to the diagnosis of competitive advantage. With the long-linked technology and the corresponding value chain configuration model as benchmark, the paper reviews the distinctive logic and develops models of the value shop and the value network in terms of primary activity categories, drivers of cost and value, and strategic positioning options. © 1998 John Wiley & Sons, Ltd.

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