

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

Charles B. Stabell, Øystein D. Fjeldstad

First published: 04 December 1998

[https://doi.org/10.1002/\(SICI\)1097-0266\(199805\)19:5<413::AID-SMJ946>3.0.CO;2-C](https://doi.org/10.1002/(SICI)1097-0266(199805)19:5<413::AID-SMJ946>3.0.CO;2-C)

Citations: 850

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.

References

Abbott, A. (1988). *The System of Professions: An Essay of the Division of Expert Labor*. University of Chicago Press, Chicago, IL,

[Google Scholar](#)

Akerlof, G. A. (1970). 'The market for lemons: Qualitative uncertainty and the market mechanism', *Quarterly Journal of Economics*, **84**, pp. 488–500.

[Web of Science®](#) | [Google Scholar](#)

Alderferer, C. P. (1987). 'An intergroup perspective on group dynamics'. In J. Lorsch (ed.), *Handbook of Organizational Behavior*. Prentice-Hall, Englewood Cliffs, NJ, pp. 190-222.

[Google Scholar](#)

Armistead, C. G. and G. Clark (1993). 'Resource activity mapping: The value chain in service operation strategy', *Service Industries Journal*, 13(4), pp. 221-239.

[Web of Science®](#) | [Google Scholar](#)

Barney, J. B. (1991). 'Firm resources and sustained competitive advantage', *Journal of Management*, 17, pp. 19-120.

[Google Scholar](#)

Bental, B. and M. Spiegel (1995). 'Network competition, product quality, and market coverage in the presence of network externalities', *Journal of Industrial Economics*, 43(2), pp. 197-208.

[Web of Science®](#) | [Google Scholar](#)

Clark, K. B. and S. C. Wheelwright (1993). *Managing New Product and Process Development*. Free Press, New York,

[Google Scholar](#)

Cox, W., N. F. Hartung, H. Hochberg, B. J. Lewis, D. H. Maister, R. F. Mattox and P. A. Piven (1987). *Success Strategies for Design Professionals: Super-Positioning for Architecture and Engineering Firms*. McGraw-Hill, New York,

[Google Scholar](#)

Crane, D. B., R. C. Merton, K. A. Groot, Z. Bodie, S. P. Mason, E. R. Sirri, A. F. Perold and P. Tufano (1996). *The Global Financial System: A Functional Perspective*. Harvard Business School Press, Boston, MA,

[Google Scholar](#)

Crown Cork and Seal Company, Inc. (1977). HBS Case 9-378-024, Harvard Business School, Boston, MA.

[Google Scholar](#)

Dalton, G. W., P. H. Thompson and R. L. Price (1977). 'The four stages of professional careers: A new look at performance by professionals', *Organization Dynamics*, 6(1), p. 19-42.

[Web of Science®](#) | [Google Scholar](#)

de Chalvron, J. G. and J. G. Curien (1978). 'Information, energy and labor force'. In M. C. J. Elton, W. A. Lucas and D. W. Conrath (eds.), *Evaluating New Telecommunication Services*. Plenum Press, New York, pp. 224-246.

[Google Scholar](#)

Domowitz, I. (1995). 'Electronic derivatives exchanges: Implicit mergers, network externalities and standardization', *Quarterly Review of Economics and Finance*, 35(2), pp. 163-175.

[Web of Science®](#) | [Google Scholar](#)

Eccles, R. G. and D. B. Crane (1988). *Doing Deals: Investment Banks at Work*. Harvard Business School Press, Boston, MA.

[Google Scholar](#)

Forestieri, G. (1993). 'Economies of scale and scope in the financial services industry: A review of recent literature'. Financial Conglomerates. OECD, Paris, pp. 63-124.

[Google Scholar](#)

Friedson, E. (1960). 'Client control and medical practice', *American Journal of Sociology*, 65, pp. 374-382.

[Web of Science®](#) | [Google Scholar](#)

Galbraith, J. (1973). *Designing Complex Organizations*. Addison-Wesley, Reading, MA,

[Google Scholar](#)

Hallwood, C. P. (1990). *Transaction Costs and Trade between Multinational Corporations: A Study of Offshore Oil Production*. Unwin Hyman, London,

[Google Scholar](#)

Hammer, M. (1990). 'Reengineering works: Don't automate, obliterate', *Harvard Business Review*, 68(4), pp. 104-112.

[Web of Science®](#) | [Google Scholar](#)

Hax, A. C. and N. S. Majluf (1992). *The Strategy Concept and Process: A Pragmatic Approach*. Prentice-Hall, Englewood Cliffs, NJ,

[Web of Science®](#) | [Google Scholar](#)

Hayek, F. (1945). 'The use of knowledge in society', *American Economic Review*, 35, pp. 519-530.

[Web of Science®](#) | [Google Scholar](#)

Hergert, M. and D. Morris (1989). 'Accounting data for value chain analysis', *Strategic Management Journal*, 10(2), pp. 175-188.

[Web of Science®](#) | [Google Scholar](#)

Jones, P. E. (1988). *Oil: A Practical Guide to the Economics of World Petroleum*. Woodhead, Cambridge, UK,

[Google Scholar](#)

Karpik, L. (1989). 'L'economie de la qualite', *Review Francaise de Sociologie*, 30(2), pp. 187-210.

[Web of Science®](#) | [Google Scholar](#)

Katz, M. and C. Shapiro (1985). 'Network externalities, competition, and compatibility', *American Economic Review*, 75, pp. 424-440.

[Web of Science®](#) | [Google Scholar](#)

Kornai, J. (1971). *Anti-Equilibrium*. North Holland, Amsterdam,

[Web of Science®](#) | [Google Scholar](#)

Lawrence, P. R. and J. W. Lorsch (1967). *Organization and Environment: Managing Differentiation and Integration*. Irwin, Homewood, IL,

[Google Scholar](#)

Lorsch, J. W. and P. F. Mathias (1987). 'When professionals have to manage', *Harvard Business Review*, 65(4), pp. 78-83.

[Web of Science®](#) | [Google Scholar](#)

Løwendal, B. R. (1992). 'Global strategies for professional service firms', unpublished Ph.D. dissertation, The Wharton School, University of Pennsylvania, Philadelphia, PA.

[Google Scholar](#)

Løwendahl, B. R. (1993). 'Strategic management of professional business service firms: Three generic strategies', working paper, Norwegian School of Management, 1993/32.

[Google Scholar](#)

Maister, D. H. (1993). *Managing the Professional Service Firm*. Free Press, New York,

[Google Scholar](#)

Mintzberg, H. (1979). *The Structuring of Organizations*. Prentice-Hall, Englewood Cliffs, NJ,

[Google Scholar](#)

Morecroft, J. D. W. (1992). 'Executive knowledge, models and learning' *European Journal of Operational Research*, 59, pp. 9-27.

[Web of Science®](#) | [Google Scholar](#)

Nelson, R. R. (1991). 'Why do firms differ, and how does it matter?', *Strategic Management Journal*, Winter Special Issue, 12, pp. 61-74.

[Web of Science®](#) | [Google Scholar](#)

Newell, A. and H. Simon (1972). *Human Problem Solving*. Prentice-Hall, Englewood Cliffs, NJ,

[Google Scholar](#)

Normann, R. and R. Rairez (1993). 'From value chain to value constellation: Designing interactive strategy', *Harvard Business Review*, 71(4), pp. 65-77.

[CAS](#) | [PubMed](#) | [Web of Science®](#) | [Google Scholar](#)

Perrow, C. (1961). 'Organizational prestige: Some functions and dysfunctions', *American Journal of Sociology*, 66, pp. 335-341.

[Web of Science®](#) | [Google Scholar](#)

Porter, M. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Free Press, New York,

[Google Scholar](#)

Porter, M. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. Free Press, New York,

[Google Scholar](#)

Porter, M. (1990). *The Competitive Advantage of Nations*. Free Press, New York,

[Google Scholar](#)

Porter, M. (1991). 'Towards a dynamic theory of strategy', *Strategic Management Journal*, Winter Special Issue, 12, pp. 95-117.

[Web of Science®](#) | [Google Scholar](#)

Pounds, W. F. (1969). 'The process of problem finding', *Industrial Management Review*, 11(1), pp. 1-19.

[Web of Science®](#) | [Google Scholar](#)

Prahalad, C. K. and G. Hamel (1994). 'Strategy as a field of study: Why search for a new paradigm?', *Strategic Management Journal*, Summer Special Issue, 15, pp. 5-16.

[Web of Science®](#) | [Google Scholar](#)

Reed, R. and R. J. DeFillipi (1990). 'Causal ambiguity, barriers to imitation and sustainable competitive advantage', *Academy of Management Review*, 15(1), pp. 88-102.

[Web of Science®](#) | [Google Scholar](#)

Schonberger, R. J. (1990). *Building a Chain of Customers*. Hutchinson Business Books, London,

[Google Scholar](#)

Simon, H. (1977). *The New Science of Management Decision*. Prentice-Hall, Englewood Cliffs, NJ,

[Google Scholar](#)

Simon, H. (1982). *The Sciences of the Artificial* (2nd ed.). MIT Press, Cambridge, MA.

[Google Scholar](#)

Spence A. M. (1973). *Market Signalling: Information Transfer in Hiring and Related Processes*. Harvard University Press, Cambridge, MA,

[Google Scholar](#)

Stabell, C. B. (1982). 'Office productivity: A microeconomic framework for empirical research', *Office: Technology and People*, 1(1), pp. 91-106.

[Google Scholar](#)

Stabell, C. B. (1983). ' Putting the D back into decision support systems'. In J. Bennett (ed.), *Building Decision Support Systems*. Addison-Wesley, Reading, MA, pp. 221-260.

[Google Scholar](#)

Stoeckle, J. D. (1987). *Encounters between Patients and Doctors*. MIT Press, Cambridge, MA,

[Google Scholar](#)

Tanenbaum, A. (1981). *Computer Networks*. Prentice-Hall, Englewood Cliffs, NJ,

[Google Scholar](#)

Thompson, J. D. (1967). *Organizations in Action*. McGraw-Hill, New York,

[Google Scholar](#)

Union Carbide Deal (1988). HBS Case 9-288-065, Harvard Business School, Boston, MA.

[Google Scholar](#)

Wade, J. (1995). 'Dynamics of organizational communities and technological bandwagons: An empirical investigation of community evolution in the microprocessor market', *Strategic Management Journal*, Summer Special Issue, **16**, pp. 111–133.

[Web of Science®](#) | [Google Scholar](#)

Wernerfelt, B. (1984). 'A resource-based view of the firm', *Strategic Management Journal*, **5**(2), pp. 171–180.

[Web of Science®](#) | [Google Scholar](#)

Winch, G. and E. Schneider (1993). 'Managing the knowledge-based organization: The case of architectural practice', *Journal of Management Studies*, **30**(6), pp. 922–937.

[Web of Science®](#) | [Google Scholar](#)

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

[Developing World Access](#)

HELP & SUPPORT

Contact Us
Training and Support
DMCA & Reporting Piracy

OPPORTUNITIES

Subscription Agents
Advertisers & Corporate Partners

CONNECT WITH WILEY

The Wiley Network
Wiley Press Room

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY