

## Introduction

Hello. In this video we will discuss the analysis of the value chain as a vehicle for progress. **The analysis of the value chain aims to identify sources of value creation for the customer.** It is important for the company to detect features that significantly contribute to it to focus on them. We will first address the supply function.

### 1. The supply function

**Michael Porter analysed the tracking activities that generate values distinguishing the main functions and support functions.** The supply function, positioned as a support function, was therefore considered as indirectly involved in value creation.

**However, in the context of globalisation and greater use of outsourcing and offshoring, it has become a pool of important values, in particular by exercising a downward pressure on prices, often at the expense of the industry traceability requirements.** The purchasing function is positioning itself as a real asset to the company, including the cost-value differential it is likely to bring.

### 2. The stakes in the mastery of the production line

Many outsourcers have gradually lost control of the production line consisting more or less of identified players, considering cascading outsourcing events. Providers can actually be selected based on offered price alone with little consideration of social and environmental production conditions. **Thus, for companies with good practice, it is sometimes difficult to maintain them because they are rarely economically valued by the client. The issue is important because these players are a vital link to the future of the company.**

### 3. Traceability: source of sustainability for the company

**The current environment underscores the importance of the traceability of the value chain. Thus, the fear of reputational risk is making investors more attentive to the management of supply chains. Companies are also increasingly aware that it is essential to their competitiveness.** Tools are thus set up as charters or audits conducted among subcontractors. **It is indeed necessary that the concept of value chain extends beyond the borders of the company to consider the entire chain.** This is then known as the extended value chain. It then integrates all the players and all the territories concerned.

The aim is also to promote good social and environmental practices of the sites. Better coordination of stakeholders in the value chain is a competitive advantage for the company.

#### 4. The stakes in a better coordination of the value chain

Thus, a good ability to manage intrasectoral relationships can develop a collaborative ecosystem in which value is co-produced, increased and shared.

In addition, the development of digital technologies gives easier access to data, whether via Open Data or Big Data and it greatly assists the deployment and traceability of the value chain.

#### Conclusion

The control of the sector is vector of performance and value creation.