

GROUP PROJECTS

CASE 4: BUILDING VALUE CHAINS

StarLight

StarLight is a Denver-based retailer of high-quality apparel, shoes, and accessories. In 1915, with money earned in the Colorado gold mines, Anne Logan invested in a small downtown Denver shoe store. A few years later, Anne expanded her business by adding fine apparel. Today, StarLight has 97 retail stores and discount outlets throughout the United States. Since the beginning, StarLight's business philosophy has reflected its founder's beliefs in exceptional service, value, selection, and quality. To maintain the level of service StarLight's customers have come to expect, the company empowers its employees to meet any customer demand, no matter how unreasonable it may seem. With so many stores, it's difficult for Cody Sherrod, StarLight's Vice-President for Business Information and Planning, to know the level of service customers receive, what customers value, and what they don't. These are important questions for a retailer striving to provide the finest customer experience and products while keeping costs to a minimum.

Cody decided a value chain analysis would be helpful in answering these questions. Customer surveys were designed, distributed, completed, collected, and compiled into a database. Customers were asked to value their experience with various processes in the StarLight value chain. Specifically, for each value chain process, customers were asked whether this area added value to their experience or reduced the value of their experience. Customers were asked to quantify how much each process added or reduced the value of the services they received. Using a total of 100 points for the value chain, each customer distributed those points among StarLight's processes. The survey results in the database consist of the fields shown in the following table.

Field Name	Description
Survey ID	An ID number uniquely identifying the survey
VA/VR	A field that identifies whether the current row of information reflects a value-added response or a value-reducing response
Date	Survey response date
Mgmt/Acctg/Finance/Legal	Customer value experience, if any, with management, accounting, finance, and the legal departments
HR Mgmt	Customer value of the attitude and general personnel environment
R&D/Tech Dev	Customer perceived value of the quality of research and technology support
Purchasing	Customer value placed on the quality and range of product selection
Receive and Greet Customers	Customer value placed on initial contact with employees
Provide Direction/Advice/Info	Customer value placed on initial information provided by employees
Store Location/Channel Availability & Convenience	Customer value placed on location, availability, and convenience
Product Display/Site or Catalog Layout	Customer value placed on aesthetic appeal of merchandise display and layout
Sales Service	Customer value placed on quality of service provided by sales associates
Marketing	Customer value placed on the effectiveness of marketing material
Customer Follow-up	Customer value placed on post-sales service and follow-up

Cody has asked you to gather the raw survey material into two value chains, the value-added chain and the value-reducing chain. You'll create chains that summarize the survey information and size the process areas proportionately as described in Chapter 2. Specifically, your job is to perform the following:

1. Create queries or reports in the provided database to summarize the value-added amounts and the value-reducing amounts for each process.
2. Draw two value chains using that summary information to size the depicted area for each process. Use the value chains in Chapter 2 as reference.
3. Compare the value-added and value-reducing process percentages. Do they correlate in any way? If so, why do you think that is? If not, why not?
4. In the table description provided, a dashed line is drawn between the "purchasing" process and the "receive and greet customers" process. Processes above the

line are considered support processes, while processes below are considered primary processes. Create a database query to compare how customers value the total of support processes versus primary processes. Do this for both value-added and value-reducing processes. Do the results make sense or are they surprising? Explain your answer.

Some Particulars You Should Know

1. Remember that the total value-added/value-reducing amount for each process must equal 100 percent.
2. The survey values in the database are not percentages although the sum of all responses for a given survey equals 100.
3. File: STARLIGHT.mdb (Access file).