

## 2017 North Country Symposium Value Chain Mapping Exercise

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### Identify a Focus for Your Sector

**(15 minutes)** Each of the sectors we've identified for this exercise – agriculture, energy, arts and tourism, logistics – is broad. Value chain mapping works best when you have a keener focus. For example, within agriculture, you might want to focus on value-added dairy products like cheese. Within energy, you might choose to focus on energy efficiency. As a large group, spend **5-7 minutes** identifying focus areas that you would like to explore in more depth. Your group's facilitator will record them on the flipchart. Then spend **8-10 minutes** organizing yourselves into small table groups (5-6 people) for each of the focus areas. If a group has less than 5 people, we suggest that those participants join another group. You may elect not to explore all of the focus areas you identify – and two table groups can work on the same focus area. The facilitator will assign each table a number that you should record on the tables (pp. 3 and 4).

### Value Chain Mapping

**PART 1. (30 minutes)** With your specific product or service in mind, develop a "map" of your value chain by answering the following questions. You might want to start by reviewing the **Useful Definitions** on the last page of this handout. Write one actor or partner per sticky note. This will allow you more flexibility in moving the sticky notes around as you learn more and modify your value chain. Arrange them on a piece of flipchart paper on a flat surface in a flow that makes sense for your product, moving from inputs to producers to consumers – and to everything in between. This may be a circle, a straight line, a bowl of noodles, or anything else that works for your group. We will ask you to hang your value chain map in the main room at the end of our breakouts so do keep that in mind as you lay out your map.

- ☑ On **PINK** sticky notes, write down who you think might have an interest in buying your specific product or service. Write one per sticky note. They may demand the product itself and/or other benefits that the product can bring (e.g., health benefits from local food, lower energy generation needs from energy efficiency upgrades.) This is **demand**.

- ☑ On **YELLOW** sticky notes, write down the different **functions** that will need to be performed effectively to make the value chain work and connect the product to demand. Write one per sticky note.

*Remember to think at **scale**. We realize that efforts often need to start at a pilot scale to test relationships and ensure all functions in the value chain are fully developed. However, we firmly believe that if you don't plan for scale, you won't get to scale. We encourage you to construct your value chain for what it will look like at the appropriate scale – e.g., when local produce is in 10 regional grocery stores; when you have created a regional trail network for bikers across the North Country).*

- ☑ On **BLUE** sticky notes, write down the **support partners** the value chain needs to work well, including ways to procure resources and remove barriers. Write one per sticky note. These might include new skill development, research, supportive policies, assistance overcoming bureaucratic hurdles, investment, etc. These

are the support functions. Arrange these sticky notes around the outside of your value chain, distinguishing these support functions from the transactional functions.

- ☑ Place the sticky notes “in order” on flip chart paper.
- ☑ On **GREEN** sticky notes, write down the types of individuals or institutions that would benefit from your value chain if it were fully functional. These are all potential **investors**. Would it help fulfill an organization’s mission? Would it save anyone money or aggravation? Would it provide goods or services that would make it easier for someone outside the chain to do business (e.g., make it more cost-effective to serve local foods in the regional medical center; reduce energy demand for regional utilities)? Would it provide an opportunity for local people with financial wealth to invest in something they can see and touch?

### **PART 2. (30 minutes)**

Now that you have mapped your value chain in general, it’s time to get more specific. What people or organizations in the region would you add to your map? Use a sharpie to write specific names on the sticky notes on your map. If you need more room, just add another sticky note of the same color and keep adding names.

Once you have specific players identified, it’s time to think about the connections between the value chain actors. Using the following key, draw lines on your map to indicate the strength of connection between the actors:

- ☑ Use a solid line if there is an existing and strong relationship between the value chain actors (for example, between cooperative extension and the farmers in the region; between entrepreneurs and resource providers like the SBDC).
- ☑ Use a dotted line if there is a weak relationship between the value chain actors.
- ☑ Put no lines where you think there is a missing relationship that may need to be developed.

**PART 3. (30 minutes)** Reflect on the value chain map you have created. Identify three (3) things that need to be addressed for the value chain to be fully functional. It could be a **gap** in the chain that needs to be filled; a regulatory or political **barrier/bottleneck** that needs to be addressed. On the demand side, you may want to identify areas where you may need to cultivate demand (e.g., make it more affordable for low-income households to undertake energy efficiency upgrades). On the supply side, you may want to identify areas where there is no one in your region you have been able to identify that is providing the function required by the value chain (e.g., aggregator who can gather local produce and get it to urban restaurants). Use a marker to identify the gap on your value chain map and describe each gap in the table below.

Then identify three (3) actions you want to take next to address each gap and add those actions to the table below. ***In all these cases, think about how you might address those gaps in ways that build wealth (all the capitals), create more opportunities for local ownership, and strengthen livelihoods for people on the margins.***

**Value Chain Sector/Focus Area (Table #):**

<b>Gaps</b>	<b>Actions</b>
#1 (describe)	
#2 (describe)	
#3 (describe)	

**Part 4. (25 minutes)** Get ready to share your value chain with the other table groups by completing the following table. You will have **1-2 minutes max** to share.

<p><b>Name your sector and focus area (Table #).</b> (For example, agriculture/local cheese products; arts and tourism/non-motorized recreational tourism)</p>	
<p><b>Describe one (1) gap that must be addressed for your value chain to become fully functional and bring benefits to the region.</b></p>	
<p><b>Describe the <u>most important action</u> you think needs to be taken to address this particular gap.</b></p>	

## Useful Definitions

**Functions** are those things that have to happen for a successful Value Chain. There are transactional functions needed to deliver the product or service. These might include: producing, value-adding, aggregating, etc. Support functions might include: research, development, financing, training, certification, etc. Demand functions might include: aggregating, transportation, branding, etc. Investment functions might include: financing in standard and/or innovative ways, in-kind support, equipment, software, volunteer expertise, etc.

**Transactional partners** are people, businesses, or organizations that play a direct role in sourcing, producing, distributing and consuming the product or service. Transactional partners may include but are not limited to:

- Suppliers—Provide specific inputs to other Value Chain partners
- Producers—Create goods or services
- Aggregators—Bundle products or demand
- Distributers—Transport goods or services to retailers and consumers
- Customers/Consumers—Purchase goods or services for resale or direct use

**Support partners** are people, businesses, or organizations that provide the infrastructure that helps the transactional partners produce their product and/or remove barriers to an effectively functioning Value Chain. Examples include: business and technical assistance programs, financing (philanthropic, debt and equity), policy and regulation, research, and capacity building.

**Investors** are people who want to see your value chain succeed because its success gives them something that matters to them. In addition to profits, they may value environmental benefits, new relationships, economic equity, reduced crime, impact on a place they care about, opportunity to make a positive difference. Investors may contribute money or time, expertise, equipment, etc.

**Gap** is a function in the chain that is needed to produce a good or service that meets market demand, but does not appear to be currently available in your region. For example, you need to be able to transport goats, but no one in the region offers transportation that meets food safety requirements. Gaps may provide entrepreneurial opportunities for single businesses and/or shared ownership businesses. Gaps may also exist on the demand side where you have identified a demand that is not currently being met.

**Underutilized Resource** is a resource (including waste) that can be brought into productive use in meeting market demand with appropriate and creative investment. There may be underutilized resources on both the supply side and the demand side (for example, if low-income households want energy efficient homes, but lack the upfront capital to invest.)

**Barriers/Bottlenecks** prevent the value chain from operating effectively and/or getting to scale. For example, the lack of shared standards or regulatory inconsistencies can be bottlenecks in a value chain.