

Impact Analysis

Overview

An Impact Analysis shows whether a Role or Participant is *realizing value* from the inputs they receive. While the Exchange Analysis is focused on the patterns of the network as a whole, an Impact Analysis focuses more specifically on a particular Role or Participant.

It is designed to:

- Assess how specific value inputs are bringing value or benefit to the Role.
- Assess the overall Tangible and Intangible Cost/Benefit for each value input.
- Identify potential opportunities for Value Conversion.
- Link specific value network Transactions and Deliverables to financial and non-financial scorecards.
- Identify patterns of reciprocity.
- Assess opportunities for network optimization.
- Reveal key value linkages and “missing links.”
- Show overall patterns of value creation or value loss.
- Identify value realization opportunities to better leverage value received.

How to use it

This is one of the core analysis tools for the methodology. It links specific activities in a value network to financial indicators. It also links Transactions to intellectual capital scorecards, Intangible Asset indexes, and monitors – even the Balanced Scorecard. It provides a way to develop strategies and consider investments in capabilities that would increase value realization.

Value Realization

Value realization is the act of converting a value input, either Tangible or Intangible, into gains, benefits, or asset improvements that contribute to the success of a Role or organization.

Value Conversion

Value conversion is the act of altering or transforming one type of value into another, such as converting an Intangible Asset into a Tangible value output or offering.

When to do it

The Impact Analysis should be conducted after completion of the value network map and after an initial Exchange Analysis.

Impact Analysis requires that:

- All Roles and Participants have been identified.
- All Transactions and Deliverables have been defined.
- Sequencing or other validation is complete.
- A Role or Participant has been selected for the analysis.

How to do it

Impact is typically evaluated at the Role or Participant level. You will find network-level analysis tips and methods in topics in the categories Advanced Analyses and Optimizing the Value Network in the Help Library.

Methods

Conducting an Impact Analysis requires:

- Facilitated conversation to develop appropriate measures, generate questions, and develop insights.
- Spreadsheets and tables.
- Reports generated with the ValueNetworks.com™ application

You can include simple Performance Indicators (current or targeted) in the table as well.

What to look for in general

You may want to review the Help Topics Cost/Benefit Analysis and ROI. In general you are seeking to understand:

Benefit: How is each specific incoming Deliverable or input bringing benefit to us or our organization?

Costs: What are the costs involved to process this input? Are there opportunity costs where our resources could be put to better use?

Risk: Does this input put us at risk in any way?

Responses: What is our immediate, visible response to each input? What activities or behaviors are triggered? What decisions result?

Interdependencies: What are the structural interdependencies?

Questions to ask about the costs/risks involved

What is at risk when handling this input or in not handling it well?

How does it place demands on Tangible Assets?

Financial investments or operating capital

Time and materials

Facilities and equipment

What is the cost or demand on non-financial or Intangible Assets?

Human skills and competence

Internal structures and systems

Business relationships with customers, suppliers, partners

Brand and identity

Questions to ask about the benefits or gains from this input

Is there an increase or positive impact on Tangible Assets by:

- Directly generating revenue
- Improving the quality of products or services
- Reducing costs

Does it help improve current capability by:

- Increasing the speed or quality of value conversion
- Generating greater innovation
- Improving organizational environment or culture

Does it build strategic capability for the future (Intangible value) by:

- Adding to or improving our store of knowledge
- Enabling greater collaboration, learning and skill development
- Increasing Intangible Assets (see Intangible Value Domains) by:
 - Increasing human competence
 - Improving internal structures and systems
 - Improving business relationships or brand image
 - Fine tuning or reinforcing values and identity
 - Being a good citizen – socially and environmentally

Displaying data

Use a table or spreadsheet to organize your data. Following are two suggested formats – one simplified and one more detailed. The layout can be expanded or customized for any financial and non-financial scorecard and other indicators.

The examples below are based on the Intangible Asset Monitor (IAM) of Karl-Erik Sveiby, which has the non-financial asset categories of Human Competence, Internal Structure, and Business Relationships. For example, receiving a particular knowledge input may increase Human Competency, a measurable gain for that Intangible Asset. Conversely the skill required to process the input may place time demands on certain categories of skilled people, which has both a financial cost and an intangible opportunity cost as skilled people are not able to be deployed elsewhere.

In some companies the Impact Analysis might include corporate social responsibility, leadership, or even culture impact for the organization itself. We recommend assessing the larger impacts on Industry, Society, and the Environment be addressed in the Value Creation Analysis. The Impact Analysis is concerned solely with the way we ourselves manage our assets and performance and realize value for ourselves.

It is easy to include here how the Role perceives the value of the input. See the topic Perceived Value in the Help Library.

Example A – Simple Version

This is a simplified version of the analysis that is used in the Excel template for uploading data into the ValueNetworks.com™ application. This configuration can be used for both the Impact Analysis and Value Creation Analysis. In the case of the Impact Analysis the “Receiver” in the Asset Management section is your own company.

Standard Value Network (Role Based)				Asset Management		Brand Management	
From Role (required)	To Role (required)	Deliverable (required)	Nature of Deliverable (required)	Asset Type	Asset Impact (for Receiver)	Perceived Value of Deliverable for Sender	Perceived Value of Deliverable for Receiver
			Tangible Intangible	Financial Business Relationships Competence Structure	Cost Benefit	Unknown Very Negative Negative Neutral Low Medium High	Unknown Very Negative Negative Neutral Low Medium High

Example B – Full Version

This is the full or classic version of the Impact Analysis that is used on more advanced projects.

Transactions				Impact Analysis					
From	To	Deliverable	Nature (Tangible/Intangible)	Activity	Impact-Tangibles	Impact-Intangibles	Cost	Benefit	Perceived Value (for ourselves)

Even more detailed

Impact Analysis (detailed)						
What activities does the input generate?	What is the impact on costs and tangible resources?		What is the impact on the Receiver's intangible assets? Human Competence (HC), Internal Structure (IS), Business Relationships (BR)			Perceived Value (for ourselves)
	Cost	Revenue	HC	IS	BR	

Example C

Other possible indicator columns for inclusion in the Impact Analysis include:

Expanded Impact Analysis			
What are our performance targets for this input?	What is the impact on our corporate social responsibility and image?	What is the strategic impact of this input?	Who is accountable for value realization from this input?

Patterns to look for:

Look for costs/risks or improvements in:

- Financial performance
- Handling costs
- Performance
- Knowledge loss or gain
- Learning curves and competence
- Allocation of resources (including human)
- Demands on internal structures and systems
- Needed business relationships
- Brand and Image
- Physical environment
- Business climate and culture