

Who does take part in value creation process ?

The creative value system includes the different participants that shape value creation in a creative environment.

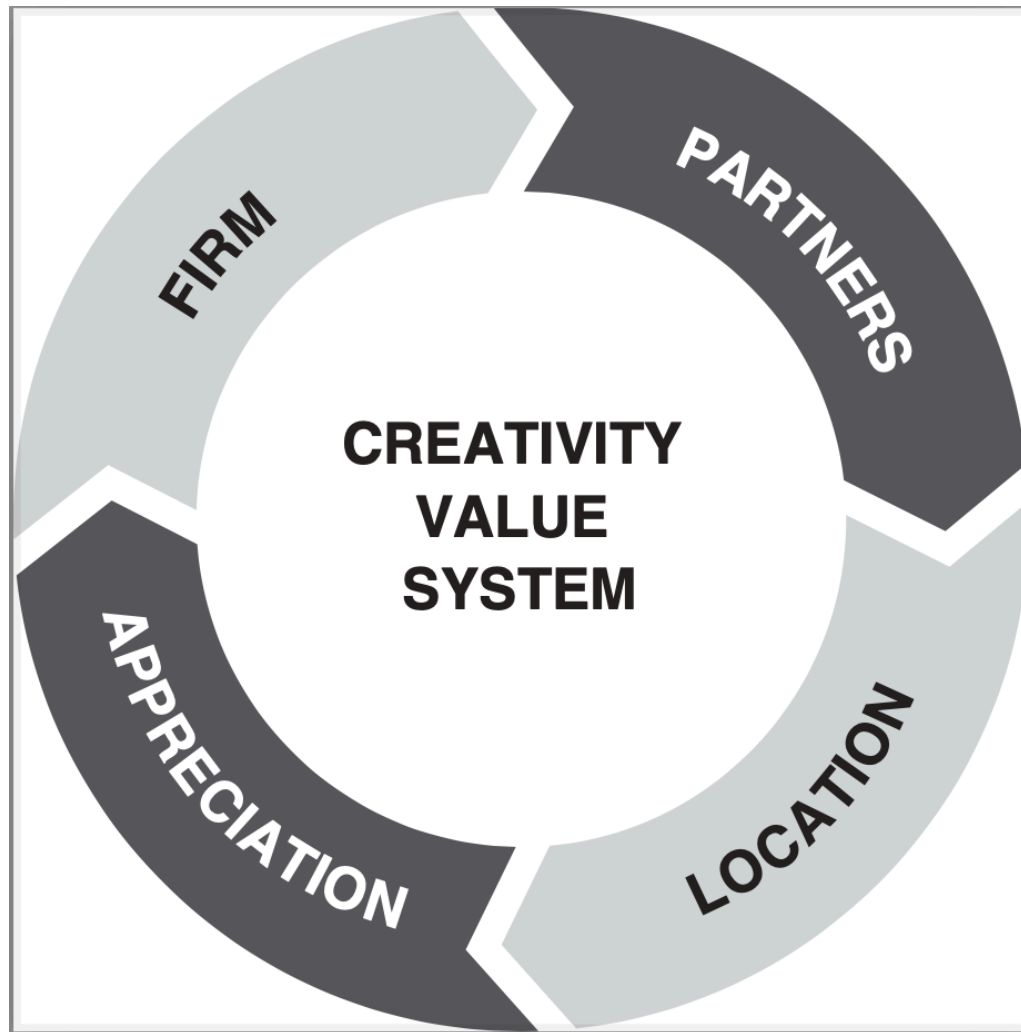


Figure 5.1 The creative value system.





The creative value system.

The FIRM

Sound definition of the firm's key organizational capabilities

Fundamental approach to define the firm's competitive advantage.

Dynamic mindset.

To maintain and sustain a valuable position in the market a dynamic attitude toward business competition is needed.

The PARTNERS

A partners identifies all possible companies that contribute and shape the final value offering.

Champagne houses have a special relation with their growers, luxury car makers with some exclusive part makers, watchmakers as illustrated above with part makers and designers, and fashion companies they equally have a close relationship with companies with certain know-how or access to scarce materials.

Different roles based on the industry characteristics.

The roles and relationships with partners do change depending on the industry or firm. Not all partners might have the same contribution to value either.

Parters are not Suppliers.

The critical difference is that a supplier can be easily substituted without hurting the value of the outcome, while the partner is accountable for the value of the outcome.

A motivation behind vertical integration.

Partners become so valuable that the firm might be interested in owning it. Common to see that as luxury firms become bigger they acquire small suppliers that provide a scarce know-how.



The LOCATION

Concentration as result of the need for Partner's specialization

Whenever partners concentrate on a given region, this allows the concentration of valuable and hard-to-find requirements (See Capsule 5.1 with the example between Cristobal Balenciaga and Manuel Pertegaz).

Fostering collaborations.

Geographic concentration offers the possibility for collaboration, a crucial difference in luxury. The proximity of partners is then not only a matter of physical distance (lower cost) but a matter of relationship, enabling more creative collaborations.

Creative clusters, beyond the role of Partners.

Concentration of scarce know-how is relevant and the idea of a cluster is sound. The different parties offering expertise might provide the best environment for firms to develop. Geographical concentration is then valuable as a way to put useful parts together.

This also includes other participants beyond manufacturing. Educational institutions that foster scarce skills, logistics, or media can also be considered an essential part of a cluster.

Creative clusters, beyond the role of scarce raw materials.

Luxury industries are concentrated in the location where valuable transformations take place, not where the scarce raw materials are.



The 3T's of VALUE APPRECIATION

Value appreciation is a fundamental piece in the achievement of extraordinariness.

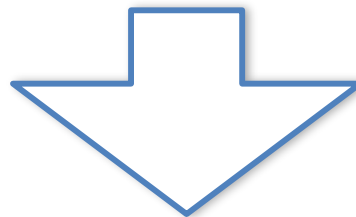
Extraordinariness and creativity are interrelated, and complex to be assessed since:

- Extraordinariness is difficult to be conceive and achieve (as described in Chapter 3).
- Creativity is complex to be appreciated (as described in Chapter 4).

Value appreciation as a 3 stages process: The 3T's

Three different stages in the appreciation of extraordinariness or creative value. The transfer of valuable information, the translation of the message, and the teaching needed for its understanding.

Transfer, translate and teach are the three requirements for value appreciation, the 3T's of value appreciation framework.



TRANSFER

TRANSLATE

TEACH



The 3T's of VALUE APPRECIATION

<p>Transfer</p>	<ul style="list-style-type: none"> • Key role: send information to the audience • Who can be: anybody, particularly media and communication channels. <p>Characteristics:</p> <ul style="list-style-type: none"> • Importance to select the relevant information to be transferred. • Focus on creation of awareness.
<p>Traduce</p>	<ul style="list-style-type: none"> • Key role: make the message clear to understand • Who can be: opinion leaders (experts, specialized media). See Capsule 5.2 and 5.3 <p>Characteristics:</p> <ul style="list-style-type: none"> • Focus on making the message clear to the audience. • Role is to lower the potential complexity of the creative approach (including technicalities), and organizing and filtering the relevant information for clarity. • Potential conflict of interest in the approach toward extraordinariness between firm and opinion leader.
<p>Teach</p>	<ul style="list-style-type: none"> • Key role: link specificity of the firm with value, explain extraordinariness. • Who can be: mainly the firm, but also opinion leaders. See Capsule 5.4 and the role of Shows. <p>Characteristics:</p> <ul style="list-style-type: none"> • Focused on the needed clarification of extraordinariness. • Focus on explaining and clarifying the firm own approach. • Avoid the teaching by imposition or a hierarchical approach.

Table 5.1 The complementary roles of 3T's of value appreciation framework

