



A Guideline for the Management of Regional Value Added Partnerships



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Introduction

You want to

- increase the value added in your region,
- maintain and create jobs locally,
- integrate companies to a greater extent into your development process,
- support the sustainable development of your region.

You shape the development of your region

- as actor of a local action group,
- as regional manager,
- in politics or administration,
- as stakeholder of a federation, association, etc.,
- as consultant.

... Then keep on reading, because this guideline was made for you.

In the first chapter, you will learn what regional value added partnerships are and how you can increase your regional value added with them. At the end of this section, you can judge whether this approach is suitable for you or your region. In the second chapter, you will be guided through the development process of a regional value added partnership in seven steps. You will learn how to identify the right and important value added chain(s) of your region, how to integrate the corresponding companies and actors and how to initiate a value added partnership. In the third chapter, the tasks to be performed after the creation phase are described. The fourth chapter finally provides concrete advice and checklists, before in chapter 5 successful examples for regional value added partnerships from REGIONEN AKTIV (Active Regions) are outlined. In chapter 6, you will find references to further literature and links.

The method for supporting regional value added partnerships has been developed in the framework of the model and demonstration project "REGIONEN AKTIV - Land gestaltet Zukunft" (Active Regions - The Land shapes the future) of the Federal Ministry of Food, Agriculture and Consumer Protection and has been successfully implemented in model regions. In addition to theoretical approaches from the areas of value added chains, the cluster concept and corporate networks, the method is especially based on concrete practical experiences from REGIONEN AKTIV (Active Regions).

Our special thanks goes to the many experts from theory and practice, who have contributed to the development of this method for supporting regional value added partnerships.

We wish you - the readers - success in the development of your regional value added partnership!

The team of the Federal Office
REGIONEN AKTIV (Active Regions)

1. Introduction to Regional Value Added Partnerships (RVPs)

After having worked through this chapter, you are able to judge whether the RVP method is generally suitable for your regional partnership¹ (RP) or your region, as you

- know the characteristics and the functionality of a RVP,
- know why it is worthwhile to establish a RVP,
- can assess the opportunities and risks of a RVP,
- know under what conditions a RVP is successful and
- know the possible application areas of the RVP method.

1.1. What is a Regional Value Added Partnership?

First and foremost, it is a possibility to increase employment, income and value added in rural areas by systematically expanding, extending and managing regional value added chains and networks.

Definition RVP: A regional value added partnership is a strategic alliance between companies of a regional value added chain or network on the one hand and a regional partnership consisting of the stakeholders from politics, administration and civil society on the other hand. The aim of the RVP is the generation of a sustainable regional value added by the valorisation of regional potentials for the benefit of all participants.

Regional Value Added

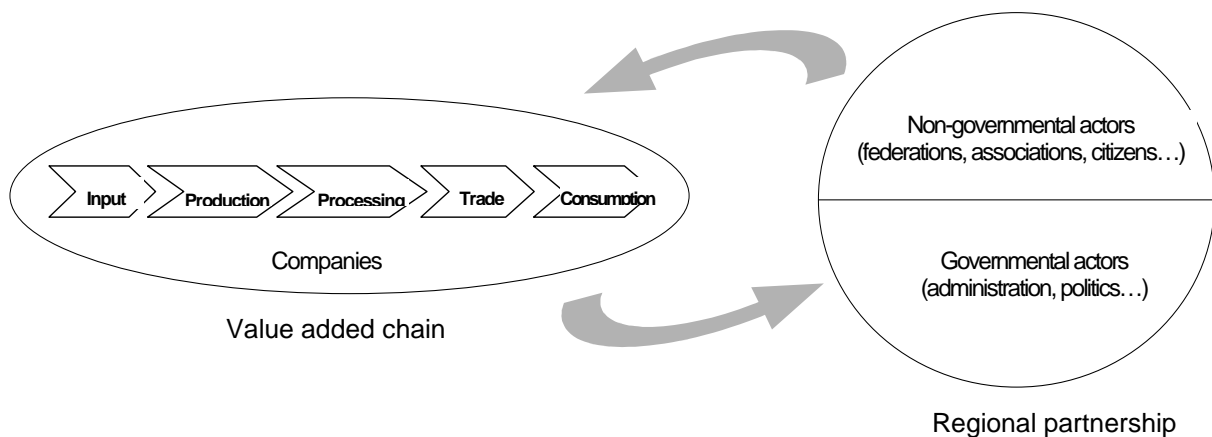
can be defined, following the business concept of the value added, in the following way:

Output of a region

- external input

= regional value added

Fig.: Regional value added partnership



Source: Authors

1

Whenever the regional partnership is mentioned in the following text, it refers to all forms of partnership-based regional support structures. These also include, of course, Local Action Groups (LAG) according to LEADER.

Characteristic for a regional value added partnership is

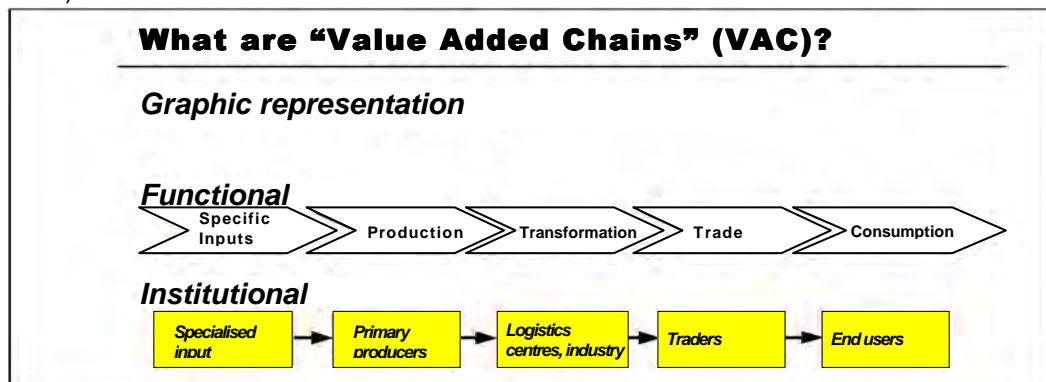
- the close partner collaboration within and between economic and non-economic actors without losing their respective independence and autonomy,
- the consistent orientation of products and services towards customer value as well as the regional core competences and
- the professional and systematic management of the partnership.

The economic base of a RVP are effective supply and value added chains. But at the same time, a RVP goes beyond that: Because of the cooperation between companies and actors from politics, administration and civil society, it is a public-private partnership that can evolve into a cluster in case of appropriate arrangement.

1.2. What is a Regional Value Added Chain?

Regional value added chains (regional VACs) are at the centre of RVPs. Generally, a VAC describes all the steps of a product or service from the producer via processor and marketer to the end customer. The value added chain describes the sequence of value-adding activities and the single value adding steps. The object under consideration is a product, a service or a part of it. As shown in the following figure, value added chains can be represented functionally or institutionally.

Fig.: Functional and institutional representation of value added chains (Springer-Heinze 2005)



The term "value added chain" is not associated with any information on the type of relation between the involved companies. This may be a mere supply chain, where the participants predominantly "communicate" about the price, or cooperating companies.

A regional value added chain means that the better part of the steps and the activities of the value added chain are performed in the region and thus the better part of the value added stays in the region. The aim of regional value added partnerships is the development and stabilisation of regional value added chains.

1.3. Why Regional Value Added Partnerships?

Because all involved actors would benefit from the cooperation and would not or not to the same degree be able to achieve their own aims. This is the basic principle of every partnership or cooperation. What precisely does that mean for both actor groups of a RVP?

Regional partnerships cannot achieve their economic objectives without the involvement of companies. Creating new jobs, generating income, increasing the regional value added, developing and marketing new quality products do not succeed without the participation of companies. By focusing on the support of selected VACs, the RP can also increase the efficiency and continuous availability of means since bottlenecks are overcome systematically. At the same time, the involvement of companies as well as a successful support of a VAC and the development of high-quality products and services strengthen the recognition and influence of the RP in the region.

For the **companies of the VAC** the question about the "why" and the benefit arises on two counts. First: Why should companies cooperate within the VAC? The reasons for business cooperations have been analysed for years and can only be outlined here. An increasing need for cooperation results from increasing competition and cost pressure due to globalisation, increasing and individualised customer demands together with a focus of the companies on their core competences. Thus, there is a growing gap between the requested products and services and what a single company can provide as well as a growing need to cooperate. There are no longer single companies but increasingly value added chains competing with each other.

Central Reasons for Business Cooperations:

- To reduce costs by: better capacity utilisation, joint proposal strategies, joint calculation bases, joint marketing, joint organisation.
- To minimise risks by: joint investments, joint know-how.
- To increase potentials by: higher funds, higher and more flexible capacities, improved know-how, improved product quality, increased competitiveness e.g. compared to mass merchants.
- Result advantages by: wider application range, new fields of application, new sales markets, improved market access.

Second: Why should companies cooperate with a RP? A central incentive is often the prospect of support. But there are several reasons beyond that. The RP can organise social legitimation and credibility, political support and customer loyalty for the companies, provide management benefits or contribute to the demand stabilisation and to the development of new market accesses by extensive communication.

1.4. What is the Use of a Regional Value Added Partnership?

First and foremost, economic advantages for the region like income, employment and value added by

- the purchasing power retention of the consumers of the region to the products of the region;
- import substitution by an increased linkage of intermediate consumption of the companies in the region;
- cooperation of the companies in the region to benefit from size and savings advantages;
- increase of sales outside the region by improved marketing of regional products and services (regional marketing, regional brand).

The following quotations from the "Regionen Aktiv Erfolgsgeschichten" (Success Stories from Active Regions) shall exemplify the positive economic effects of the RVP support:

- **Eichsfeld:** "Thanks to the VAC Energieholz (Energy Wood), 27 new jobs have been created in the fields of machine control, plant propagation, logistics and in the district heating plant and about another 16 jobs have been safeguarded in the involved companies of the region in 2007."²
- **Eifel:** "According to estimates, about 1.3 million Euros turnover were generated from primary agricultural production via processing, trade and gastronomy and approx. 835,000 Euros of value added were realised in the region with the regional brand in 2006. The regional management calculated the number of safeguarded and newly created jobs on about 70."³

² Erfolgsgeschichte Regionale Wertschöpfungspartnerschaft Nr. VII (2008): "Strom aus regionalem Holz: Klimaschutz und Beschäftigung im Eichsfeld" (Success Story Regional Value Added Partnership No. VII (2008): Electricity from Regional Wood: Climate Protection and Employment in the Region of Eichsfeld); http://www.nova-institut.de/ra-attach/20935/Regionen_Aktiv_Erfolgsgeschichte_VII.pdf

³ Erfolgsgeschichte Regionale Wertschöpfungspartnerschaft Nr. II (2007): "Regionalmarke Eifel: Qualität vom Stall bis an die Theke" (Success Story Regional Value Added Partnership No. II (2007): Regional Brand Eifel: Quality from the Stable to the Counter); http://www.nova-institut.de/ra-attach/19542/Regionen_Aktiv_Erfolgsgeschichte_II.pdf

As the following table shows, RVPs can add value beyond the economic field and contribute to the sustainable development of regions.

Fig.: Sustainability impact of a RVP

Environment	Culture	Organisation
<ul style="list-style-type: none"> ▪ Strengthening of regional materials cycles and material flow management ▪ Reduction of transports and CO₂ emissions ▪ Enhanced appreciation and sense of responsibility for the environment as basis for the regional value added ▪ Preservation and maintenance of the cultural landscape / natural heritage: protection by use 	<ul style="list-style-type: none"> ▪ Strengthening of regional identity ▪ Preservation of cultural heritage (e.g. making history and tradition tangible for tourism) ▪ Preservation of traditional systems of production that are typical of the region (e.g. agriculture, trades) 	<ul style="list-style-type: none"> ▪ Strong mobilisation / participation of regional actors ▪ Strengthening of the regional solidarity ▪ Promotion of a positive prevailing mood / spirit of optimism ▪ Increase of the regional social capital ▪ Improvement of the regional governance ▪ Strengthening of the regional organisation capacity

Source: Authors

Again, quotations from the "Erfolgsgeschichten" (Success Stories) shall exemplify the sustainability impact of a RVP outlined above:

- *"We want to show that it is possible and we hope for imitators: To produce biogas as fuel locally in a rural region, with the whole value added in the hands of farmers, and to sell it to the consumers in the region. Everybody benefits from that, even climate and environment."* Wendland-Elbetal, VAC Biogas
- *"With the living historical stagecoaches culture the region Saxon Switzerland - Weißeritzkreis has created an additional unique feature that distinguishes it from other tourist areas. This historical offer contributes to the identification of the population with its region and a stronger sense of belonging together."* Saxon Switzerland, VAC Historische Postkutschen (Historical Stagecoaches)
- *"Actually, we are doing exactly what many customers with an ecologically responsible attitude want: Short, traceable ways from the farmer to the finished product."* Saarland, VAC Bliesgaumilch (Bliesgau Milk)

Effective RVPs can contribute to the definition of an own regional profile by developing region-specific products and product lines and they are a unique feature in the competition of the regions. They can be conducive to the strengthening of the regional core competences as well as the learning aptitude and innovative ability in terms of learning regions, innovative milieus or the cluster policy. The region itself as well as the participating companies and the customers can benefit from an effective RVP. Thus, it is a win-win-win situation in which the specific benefit and the pursued objectives are not necessarily the same for the different participants. While the regional development partnership is more interested in cross-social progress, the companies focus on the economic benefit. The desire for regionality and quality is, together with the price, in the focus of the customers' interest.

1.5. Risks and Bottlenecks of Regional Value Added Partnerships

However, the prospects of a RVP are accompanied by risks. They mainly include:

- high costs for coordination and network management due to complex decision making processes and the multiplicity of participants;
- unclear distribution of rights and duties;
- copycats and free-rider effects;
- loss of independence and flexibility for individual participants;
- outflow of knowledge and know-how;
- risk of lock-in;
- high dependency on individuals;
- pursuit of (political) illusions and products without market opportunities.

Quotations on Risks and Bottlenecks of Cooperations:

Most cooperations fail due to the human factor.

You should only pursue such a way consistently and creatively if you have the concrete desire to cooperate!

Cooperations cannot bring about miracles.

The cooperation is no remedy for companies without economic success.

According to our knowledge, it is not sufficient to just get along in the pub!

Quality and efficiency of the cooperation can only be as good as the weakest partner.

These risks and bottlenecks can be addressed e.g. through a careful choice of the partner and the formulation of precise objectives, milestones and rules. Nevertheless, company-oriented partnerships can fail. The reasons for such a failure mostly lie in the following two fields: so-called soft and hard factors.

Soft factors are e.g. distrust, jealousy, low openness, lack of leadership, selfishness or different, contrary business cultures. Reasons are often a hidden and insincere or missing communication. The cooperation is not lived according to the objectives and there is no chemistry between the participants.

Hard factors are: logistics problems, liability issues, unequal distribution of benefits and costs, insolvency of a member, change of decision-makers and responsible persons or "head", missing capital, faster competition and disregard of changed requirements or trends, wrong choice of partner, insufficient or too optimistic definition of objectives, strategies and synergies or a too-slow approach.

Ten Typical Problems with Cooperations

1. The participating persons do not harmonise with each other, it is not possible to create a real basis of trust.
2. The partners have communication problems, language problems, communicate at cross purposes, create misunderstandings and are not able to resolve them.
3. Their interests differ: Every partner has different expectations of the cooperation.
4. Arrangements on work, appointment and cost distribution (maybe not set out in writing or stipulated by contract) are unclear.
5. The conditions are too different: company size (strong dependence of a "dwarf" on a "giant"), company structure, company philosophy, mentality, distance.
6. The commitment of one party is poor: bureaucratic thinking, fear of novelty, slowness in decision-making, neglect of opportunities, unsystematic approach.
7. The cost-benefit ratio shifts in the course of the project to the disadvantage of one partner.
8. The partners do not have the time and the personnel for cooperation management.
9. Communication and performance of the partners are insufficient.
10. The partner goes into his own business with the new knowledge.

Source: Federal Ministry for Economics and Labour (2003): Kooperationen planen und durchführen. Ein Leitfadens für kleine und mittlere Unternehmen. (Planning and Realising Cooperations. A Guide for Small and Medium-Sized Enterprises.)

1.6. Success Factors

The practical implementation in the framework of REGIONEN AKTIV (Active Regions) as well as several analyses have shown that cooperations will be more successful under certain conditions. If these success factors and their interaction are known and considered when planning and implementing a RVP, the probability of success will increase. But success factors are not to be confused with a simple cooking recipe or a success guarantee.

Just like the risks and bottlenecks, you can divide success factors in soft and hard factors. Soft factors refer to the process and partnership while hard factors apply to the content and market side. A detailed description of success factors can be found in "Fachpapier RWP" (Expert Paper on RVPs)⁴. Chapter 4.7. presents a methodology for a self-assessment on the basis of success factors.

Table: Success factors of a RVP

Partnership / Process	Market / Content
Shared vision	Customer orientation
Promotor	Openness for innovation
Confidence / respect	Information
Clear, verifiable objectives	Top quality of products
Benefit for all participants	Effective and efficient logistics and distribution
Early success	Communication and marketing
Learning aptitude / evaluation	Customer-appropriate price-performance ratio
Adequate participation and strong supporters	Regional separation
Resources / commitment	Quality assurance
Process skills	Marketing skills

Source: Authors

Success factors are of different importance in the different development stages of a RVP⁵. Especially at the beginning, a shared vision and leaders or promoters are essential to bring the necessary initial energy into the process.

At this point, another success factor should be pointed out: confidence and respect. In a RVP, people who are part of different teams and can therefore have their own interests should act in concert. Without confidence and respect, the cooperation cannot succeed. Thus, it is important to generate confidence and respect, and to develop them by special measures and behaviour patterns⁶. In this connection, RVP management has an important function since the process quality of a RVP is considerably affected by the management.

4 Regions' Federal Office (2007): „Regionale Wertschöpfungs(ketten)-partnerschaften (RWP) in der ländlichen Entwicklung. Hintergrund, Ziele, Steuerung und Potenziale“; (Regional Value Added (Chain) Partnerships (RVP) in Rural Development. Background, Goals, Control and Potential); http://www.nova-institut.de/ra-attach/18541/Fachpapier_RWP.pdf

5 Agriculture and Food Council of Alberta (2002): "Value Chain Handbook. New Strategies to Create More Rewarding Positions in the Marketplace." Alberta, Canada

6 Federal Ministry for Economics and Labour (2003): "Gemeinsam stärker. Kooperationen planen und durchführen. Ein Leitfaden für kleine und mittlere Unternehmen." (Stronger Together. Planning and Realising Cooperations. A Guide for Small and Medium-Sized Enterprises.) Berlin. <http://www.gruenderblatt.de/pdf/kooperationen.pdf?PHPSESSID=13c8d911d45536af3cef7e4dcbf803a6>

1.7. Application Areas

In the framework of REGIONEN AKTIV (Active Regions), the 18 model regions have established RVPs and VACs⁷.

Even outside the framework of REGIONEN AKTIV (Active Regions), positive experiences with the establishment of regional value added chains have already been made in other areas that are relevant for rural development:

- forestry and agriculture⁸,
- nature conservation and environmental protection as well as landscape conservation⁹,
- crafts and construction¹⁰ (<http://www.handwerkplus.de>;
<http://www.kooperationsserver.de>; <http://www.hwplus.de>)

Basically, the RVP method can be applied in all areas where several actors are involved in the creation of a product or the provision of a service. Thus, it is also possible to use it in the area of services or in the cultural sector. This wide range of application is restricted by the following aspects:

- Demand / market / customers: Demand, market and customers for the product or service are necessarily needed. But there are generally other unique features than cost leadership in the foreground.
- Region: A RVP is based on the special potentials and strengths of a region. Essential stages of the value added chain to be developed need to be available in the region.
- Partnership: A precondition for a successful RVP is the commitment and ability of the participating actors to cooperate.

⁷ Further information on activities and results in the model regions (region concepts, success stories RVP, final reports, comprehensive analyses, etc.) can be found under www.modellregionen.de

⁸ Gothe, Dorle and Hahne, Ulf (2005): „Regionale Wertschöpfung durch Holz-Cluster. Best-Practice-Beispiele regionaler Holzcluster aus den Bereichen Holzenergie, Holzhaus- und Holzmöbelbau“; (Regional Value Added by Wood Clusters. Best-Practice-Examples of Regional Wood Clusters in the Fields of Wood Energy, Timber House Building and Wooden Furniture Construction); <http://www.fobawi.uni-freiburg.de/pdf-awi/wald-ap/wald-ap-14>

⁹ CIPRA (2006): “Regional Value Added. How Can Endogenous Potential for Creating Product and Service Chains with a High Regional Value Added be Used Successfully”, www.cipra.org

¹⁰ <http://www.handwerkplus.de>; <http://www.kooperationsserver.de>

1.8. Overview on the Development Phases of a RVP

There are several possibilities to describe different phases and steps of the development of a RVP. From the perspective of the RP, the development of a RVP can be described with the following three steps:

1. In the framework of a project support, the RP specifically supports the removal of bottlenecks in a **supply chain**, e.g. a missing processing stage. The involved companies are, however, not connected in partnership but they primarily communicate about the price.
2. The companies of the value added chain specifically cooperate with each other and create a network. The RP supports the development of the whole **company network** by comprehensive support e.g. by the promotion of a network management.
3. In the third phase, the companies not only cooperate with each other, but the whole **company network also cooperates with the RP** beyond the question of the financial support. Hence, the RP is involved e.g. in the definition of product standards and quality criteria in the food area.

These three steps vary in the intensity of the cooperation or partnership both within the companies and between companies and the RP. Step 3 describes a regional value added partnership with the highest intensity of cooperation.

According to the life-cycle model,¹¹ networks like a RVP mostly go through the following typical phases: creation - growth - maturity - change. In the creation phase, the network development is prepared, the circle of constituent actors gets together and agrees on objectives and first projects. In the growth phase, new members are attracted to networking, joint projects are implemented and mutual values and standards are consolidated. In the maturity phase, the network reaches its maximum efficiency. The collaboration is characterised by confidence and a clear network identity. Often, the network identity stagnates. The change can happen in the form of a break-up or the network adjusts to new challenges and developments (see also chapter 3.7. Organise Change).

11 Further information: Regions' Federal Office (2007): „Regionale Wertschöpfungs(ketten)-partnerschaften (RWP) in der ländlichen Entwicklung. Hintergrund, Ziele, Steuerung und Potenziale“; (Regional Value Added (Chain) Partnerships (RVP) in Rural Development. Background, Goals, Control and Potential); http://www.nova-institut.de/ra-attach/18541/Fachpapier_RWP.pdf

2. Creation of a Regional Value Added Partnership

After having worked through this chapter, you hold the central theme for the creation phase of your RVP in your hands because you know:

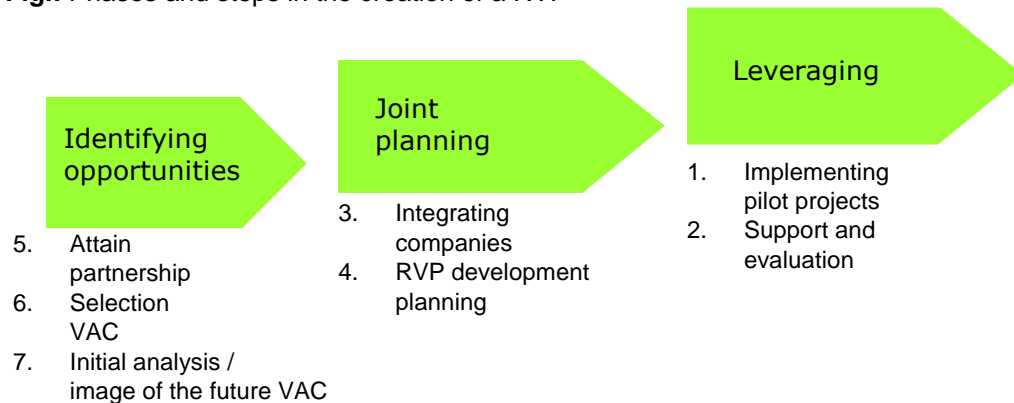
- what needs to be done to create a RVP,
- when it has to be done and
- who should do it.

Moreover, you have a first idea on how the different tasks can be managed, that you can consolidate in the method chapter.

Three Phases and Seven Steps of the Creation

The creation of a RVP can ideally be divided into three phases with a total of seven steps. The phases and respective steps as well as the possible application to their specific situations are described in detail below.

Fig.: Phases and steps in the creation of a RVP



Source: Authors

Phase 1: Identifying Opportunities

The first phase is completed by the RP and serves primarily the preparation of contacting companies. The RP identifies the opportunities which result from the targeted support of VACs and looks at them from your perspective. In the course of the first phase and its three steps (attain partnership; selection VAC; initial analysis / image of the future VAC), you will:

- gain the RP as supporters,
- secure the required resources for implementation,
- identify promising VACs,
- prioritise the identified VACs,
- analyse the VAC roughly
- and define first objectives for the development of the RVP.

Step 1: Gaining Regional Partnerships

In a first step, the RP is gained for the application of the RVP method and the required resources, in particular for the RVP management, are secured.

Communicating Benefits

The benefits and opportunities of the active support of regional VACs including to-be-solved issues must be identified and communicated to be able to use the RP as a driving force. It should be done from the RP's perspective. The focus can be laid on benefit aspects such as jobs and value added, as mentioned in chapters 1.2 and 1.3, as well as on non-economic aspects.

Creating Success Stories

In order to present the potential benefits in a clear, comprehensible, descriptive and logical way, the following options have proven value: presentations of similar success stories from other regions (see chapter 5), joint project visits / field trips to other regions as well as the integration of external speakers because first, nothing convinces more than success and second, the prophet has no honour in his own country.

Elaborating Application Ideas and Levels

First of all, the **application idea and level** for the RVP method must be **precisely** defined (see chapter 1.6). Is the support of value added chains supposed to follow a strategic-methodical approach crossing various fields of activity? Or should the application be limited to a special field of activity such as tourism or regional marketing? Or is the focus laid on supporting an already precisely defined value added chain?

Considering Connectivity

The connectivity of the application idea to the stage of development of the RP must be considered. Which aims, fields of activity and projects of the regional development concept can be supported? How much leeway is still available? Which experiences, fields of expertise and resources of the RP can be brought in? Have contacts to companies already been established or are these companies already involved?

Securing Resources

Last but not least, the required resources for the subsequent steps for building a RVP must be estimated and secured. On the one hand, this includes the resources for the moderation and management of the RVP start-up phase. For example, the management level of the VAC-involved companies must be addressed, won over and integrated (see step 4). On the other hand, means for the implementation of first pilot projects may be necessary; projects which can help demonstrate the potential of the RVP (see step 6).

Involving Driving Forces

The priority of this step is on gaining the interest and commitment of strong actors and **driving forces** of the RP and on integrating these into the planning and performance of the next steps.

Step 2: Selecting the Regional VACs

In a second step, the RP selects the VAC to be developed. For this purpose, the RP identifies and prioritises promising regional VACs.

The selection process of the to-be-supported VACs is of particular importance because, on the one hand, the to-be-involved or to-be-supported companies are pre-defined by selecting the VACs and, on the other hand, the selection of the VACs has a crucial impact on the potential success of the RVP as well as on the targeted growth. The selection process consists of two central substeps.

Identifying Promising VACs

First, the potentially promising regional VACs need to be identified. This can be done at various times, such as before or after the creation of the RDC (regional development concept), and various methods are available to complete this task (see chapter 4). A strengths and weaknesses analysis of the regional economy in the context of developing a RDC may serve as a starting point. In the event that a RDC already exists, it serves as the point of reference and the VACs are identified for the already-defined fields of activity. When doing this, the focus is laid on VACs pertaining to a field of activity. Fields of activity can usually not be equated with VACs. For example, the field of activity "rural tourism" contains various VACs, such as bicycle tourism, hiking tourism, wellness or culture tourism.

Defining VACs¹²

A clear definition of the VACs is crucial for the identification process. The VAC can consist of a product (e.g. ham), a product category (e.g. meat products) as well as of a product range (e.g. regional food products) or even of various product ranges (e.g. regional umbrella brand). The definition depends heavily on the size, the intricacy and the geographic catchment area of the VAC. All actors that contribute to the production and increase in value of the marketable final product are part of the VAC.

Prioritising VACs

The identification of the VACs is followed by prioritisation. The advantages and disadvantages of the potential support of the various identified VACs are weighed up because it is likely that the VACs differ in their significance for the region and the regional partnership as well as in growth and success perspectives. For the prioritisation or evaluation process, it is recommended to create a set of criteria. It is an essential condition that a demand for the product of the VAC exists. In the framework of REGIONEN AKTIV (Active Regions)¹³, the following selection criteria were used by the regions to prioritise the VACs: success perspectives, growth potential, available preparatory work, companies' interest, potential / reach of the VACs (see chapter 4.1 "Selection of VACs").

¹² For further information about the question of defining VACs, please see "[Guidelines for Rapid Appraisal of Agrifood Chain Performance in Developing Countries](#)" (FAO, 2007) as well as the "ValueLinks Manual" of the GTZ (2007) in the "[Module 1. Selecting a Value Chain for Promotion](#)"

¹³ REGIONEN AKTIV (Active Regions) (2005): "[Guideline for the Regional Concept 2006 / 2007](#)"

Organising the Selection Process

The task of identifying and prioritising the VACs is completed by the RP. Both steps should be performed as purpose-oriented as possible and with the participation of relevant actors, for example in the form of a workshop. Even if a certain market knowledge is required for the identification and prioritisation process, try not to overdo the analysis. Information and analyses can be furthered at a later time.

Step 3: Preliminary Analysis and VAC Visions

In a third step, the RP plans the development of the selected VAC from its perspective and identifies central companies and actors of the VAC. Thereby, the conditions for the second phase are met, in particular for addressing and integrating companies.

Analysing VACs as a Starting Point

The VAC analysis serves as a starting point for developing a vision. Which stages and activities does the VAC include until the final product is reached? Which actors are involved? How do they work together? What impedes the further growth of the VAC? There are a range of methods and tools for the analysis of the VAC. They are described in more detail in chapter 4.

Graphics as a Tool of Analysis

The graphical visualisation of the VAC is an essential analytic cornerstone (see chapter 4.2.2 VAC Maps). It helps display the stages of the VAC, involved actors as well as bottlenecks and provides transparency because a picture says a thousand words. Graphics also facilitate the further planning and optimisation of the VAC and information sharing as well as gaining partners and supporters.

Planning the VAC Development from the RP's Perspective

Based on the analysis, the optimisation of the VAC is planned. Therefore, it must be clarified what there is to be achieved from the RP's perspective (visions, aims) and how (strategy). So for example, how the identified bottlenecks can be eliminated. Furthermore, the RP must determine in how far it wants to and can contribute to the development of the VAC. What's the RP's role and what's its input?

Objectives of the Preliminary Analysis and Planning Process

At this time, it is neither about completeness nor about a high level of details and especially not about a finalized VAC development plan. The aim is rather the professional preparation of addressing companies through the RP. Therefore, especially companies crucial for the VAC must be identified, the aims of the RP must be identified and first thoughts about the opportunities and risks of the VAC development - if possible from the companies' perspective - must be elaborated. Thus, the results of these steps are rather of "intermediate" or hypothetical nature and must be looked at in more detail and developed with the companies.

Realisation in the Form of a Workshop

The preliminary analysis and the development of the regional VAC's vision can be realised in the form of a workshop. It's very reasonable to involve the actors of the respective field of activity because they probably have the most knowledge about the VAC that is being worked on. In the event that companies of the VAC are already present in the RP or that very good contacts to selected VAC companies exist, these should definitely be involved.

Phase 2: Joint Planning

While the focus of the first phase was laid on the RP and your perspective and aims, the perspective shifts towards the companies in the second phase. In the course of the second phase and its two required steps, you

- address the companies of the VAC,
- determine the companies' willingness to cooperate,
- form a core group of stakeholders,
- deepen the VAC analysis,
- develop a superordinate vision and strategy,
- define precise aims and interventions for the development of the RVP.

Step 4: Integrating Companies

In a fourth step, the companies are involved in the VAC. The preliminary VAC analysis is deepened and a core group for the planning and implementation of the next steps is formed.

Addressing and involving companies is a crucial step because a VAC cannot develop without companies. The initial contact is of essential significance. Therefore, the task of addressing companies must be professionally prepared, performed and followed-up.

Focus on Company Benefits

You need to bear in mind that the companies, at this time, don't know yet about their intention to build a RVP. So first, the aims and the method must be presented. The presentation should focus on the **benefits for the companies** (see chapter 1.2). It can be helpful to take the companies' perspective (e.g. economic thinking, little time) as well as to communicate in a positive and company-oriented way. A basic understanding of the industry, the market situation and the involved actors is also required. At the same time, the RP shouldn't represent itself as a petitioner but as a competent and potential partner when addressing companies. This requires a positive role definition and - flexibility aside - the definition of a clear offer for the companies.

Multi-Stage Approach for Addressing Companies

Various options are available for addressing companies, such as **conversations, interviews, workshops** attended by all VAC actors or by actors of selected stages (focus groups) and written surveys. A mix of the various options in the framework of a multi-stage method is usually the most reasonable option. At first, key businesses should be talked to and interviewed¹⁴ to obtain feedback regarding their willingness to cooperate, expected benefits, market situation as well as available resources. Only in the second and final step, workshops or other group events¹⁵ should be held. Companies can be addressed by the members of the RP (e.g. regional management, board) as well as by authorised service providers¹⁶.

¹⁴ The guideline "[In zehn Schritten zur Strategischen Partnerschaft.](#)" (Ten Steps to a Strategic Partnership.) (PLS Ramboll, 2003) gives practical advice on how to prepare, structure, perform, document and follow-up company interviews.

¹⁵ The English guideline "[Local Value Chain Development for Decent Work](#)" (ILO, 2007) gives practical advice on holding various types of group events for the development of regional value added chains.

¹⁶ In the case study "[Identifizierung einer Wertschöpfungskette für eine zielgerichtete Regionalentwicklung und Ansprache geeigneter Unternehmen](#)" (Identifying a Value Added Chain for a Target-Oriented Regional Development and Addressing Suitable Companies) of the TWSKG agriculture and food culture, various options for addressing companies are discussed.

Addressing Companies: What for?

By addressing and involving companies successfully, the following can be achieved.

1. The knowledge about the VAC, its central stages, participating companies and actors, the competitive and market situation, bottlenecks as well as strategic success factors is deepened. Or in other words: The companies' knowledge is part of the analysis.
2. The companies' willingness to cooperate in the framework of a RVP and pertaining expectations are clarified.
3. Key companies of the VAC can be gained for the active design of the RVP build-up. Together with the relevant actors of the RP, they form a kind of nucleus or core group of the RVP.

Core Group as the Key for Continued Success

The core group is crucial for the successful build-up of the RVP. The group should have 5 - 9 members who are able to work in a team. Special emphasis is put on involving members with leadership personality from the companies - so-called lead companies - and from the RP as well as a professional management (see chapter 3.1). This core group is considered an informal union which may be connected to the RP as a work group from an organisational point of view.

Step 5: RVP Development Planning

In a fifth step, the development of the RVP - consisting of the cornerstones vision, value added strategy, aims and interventions - is planned.

Cornerstone: Vision

The vision describes the basic consensus of everyone involved about a long-term RVP in terms of a joint image of the future. Where do we want to go? What are the RVP's goals in 5 - 10 years? Which products and services is the focus laid on? Who are the customers? What are the success factors, what is so special about it? What are the competitive advantages? The development of such a long-term vision is an indispensable milestone in the build-up of a RVP because an efficient vision serves as a guideline for the future, motivates and coordinates all participants, helps set priorities and focus on activities, holds all participants together and increases identification (see chapter 4.4 Development a Vision).

Cornerstone: Value Added Strategy

The value added strategy describes how the RVP's vision is to be realised. How is the value added to be increased? How is the VAC to be changed? Usually, when it comes to the products of a RVP, the focus is not laid on the so-called cost leadership but on the realisation of a value added leadership through, from the customers' perspective, a unique product (see chapter 4.5 Development and Implementation of a Strategy).

Basic Value Added Strategies

- Extending the VAC
- Increasing VAC efficiency and reducing costs
- Enhancing product quality
- Developing novel and special products
- Introducing social and environmental standards

Cornerstone: Goals

However, the RVP development planning must not remain limited to basics. Based on the vision and strategy, precise and joint aims for the RVP development should be determined because undefined aims are a core cause for the failure of cooperations. Without precisely defined goals, the progress and success of the RVP cannot be verified¹⁷ and the expectations of the partner cannot be met. So, in the planning process, it must be clarified: What has to be achieved when by whom, for example regarding the introduction of joint quality standards. Only if the definition of precise and generally supported aims for the RVP has been achieved, the build-up of the RVP should be continued¹⁸.

¹⁷ see chapter 3.2 "Support and Evaluation" as well as 4.6 "SMART Goals"

¹⁸ The guideline "[Gemeinsam stärker. Kooperationen planen und durchführen. Ein Leitfaden für kleine und mittlere Unternehmen.](#)" (Stronger Together. Planning and Realising Cooperations. A Guideline for Small and Medium-Sized Enterprises.) (BMWA, 2003) includes a checklist to synchronise cooperation aims from the companies' perspective.

Cornerstone: Interventions

Finally, the first **interventions** in the VAC must be planned, i.e. the precise projects and measures with which the VAC development is to be supported. There is a wide range of possible interventions, reaching from direct company-related investments to cross-company activities. Interventions can be prioritised using criteria such as efficiency, costs, success probability, visibility and sequence. In any case, it must be secured that the interventions contribute to the realisation of defined aims and visions.

Intervention Examples

- Introduction of quality standards
- Joint quality management
- Joint marketing
- VAC logistics
- Product development
- Development of missing VAC levels

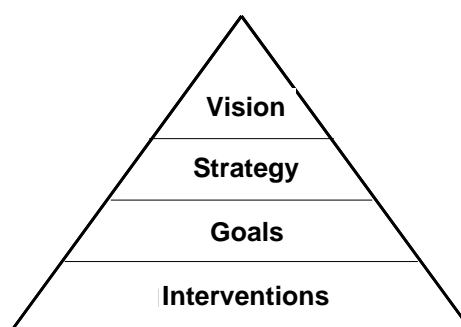
Guidelines for the RVP Development Planning

The planning process should be completed together with the actors of the RVP. Developing and prioritising interventions in the form of a workshop together with the companies is oftentimes more efficient than laborious reports about theoretically possible or desired measures written by externals.

The VAC analysis and the identified bottlenecks and opportunities (chapter 4.2) serve as the basis for the entire planning process. Its results must be continuously communicated within and beyond the RVP. To do so, the graphical representation of the VAC can be used (see chapter 4.2.2).

Generally, when building the RVP, bear in mind: as little planning and as many activities as possible. This is because the necessary confidence required for a successful RVP is primarily built through joint actions and learning.

Fig.: The planning pyramid



Phase 3: Leveraging the Partnership

In a third phase, precise activities of the RVP development must be launched to increase the vitality and drive. In the course of this phase and its two steps, you

- identify pilot projects,
- realise pilot projects,
- communicate achievements and
- evaluate results.

Step 6: Implementing Pilot Projects

In a sixth step, the first precise projects are implemented and the RVP is leveraged.

The full development of a RVP takes time (see chapter 3.7 Organise Change). Especially representatives of companies are put off by long planning processes; thus, it is important to achieve **early success** in the development of a RVP through the targeted implementation of (pilot) projects because nothing is more convincing than success. Therefore, you need to identify those first interventions from the list (step 5) which can be fast and easily realised and which provide a high success factor at the same time.

An ideal pilot project

- demonstrates the potential of the RVP,
- proves the feasibility of the RVP (market, logistics, customer approval, RVP collaboration),
- comes with a limited risk (finances, retrievability),
- strengthens the collaboration and deepens the confidence among the participants,
- is pulled by driving forces and realised with a high level of commitment,
- follows clear and verifiable aims and is limited to a certain period of time (see SMART goals),
- provides important knowledge for the further development of the RVP.

Among others, **professional project and process management** is required for the pilot project to become a success. This includes, for example, that sufficient time and financial resources for the management (see chapter 3.1) are secured and that tasks and responsibilities are clearly assigned. In the event that several pilot projects are implemented, it is recommended to form smaller project teams which also companies should be part of in a responsible role.

Particular attention should be given to **communicating the success** in a target-oriented way and with a publicity effect and to using this for the presentation of the RVP. Oftentimes, it's the success of the pilot projects which boosts the internal and external acceptance of the RVP.

Step 7: Support and Evaluation

The seventh step includes the continuous support as well as the evaluation of the entire build-up phase and serves as the closing step of it.

The continuous support aims at identifying undesirable developments of the RVP at an early stage and at avoiding these. The evaluation balances the achieved results and progresses at the end of the build-up phase. Gained knowledge and conclusions are an important basis for the design of the next phase which is the development of the RVP - the growth phase. The "Support and Evaluation" step is described in more detail in the next chapter "Continuous Tasks".

3. Continuous Tasks of a RVP

The build-up and establishment process of sustainable RVP work raises these questions: How is the management realised? What do the continuous support and evaluation of the process look like? How do we want to learn with one another in the RVP (knowledge management)? Which legal forms and finance plans are suitable? How can we give the RVP an identity and a recognisable external image? How is the further development to be started after the first build-up phase? These questions are answered in the sections below.

3.1. RVP Management

A qualified management is a crucial requirement for making sure that a RVP is able to fulfil its demanding tasks. It's the management's central challenge to balance the diverse interests within the RVP network and to align the activities with the joint aims. Network management is the consistent balancing between collaboration and competition, autonomy and dependency as well as confidence and supervision.

Management Tasks

The RVP paper¹⁹ from REGIONEN AKTIV (Active Regions) describes four central and continuous functions of RVP management: 1) selection (choice of partners and agreement on aims); 2) allocation (of tasks and resources); 3) regulation (agreement on rules); 4) evaluation (support and assessment).

The Gesellschaft für Technische Zusammenarbeit (German technical cooperation) (GTZ, 2007) breaks down the management tasks a bit differently after selecting the partners and puts more emphasis on organisation and institutionalisation. These activities can be assigned for the most part to phase 3 "Leveraging the RVP" described in chapter 2:

1. **Role definition:** RVPs are built on the cooperation of various actors; thus, the definition of the various roles and pertaining tasks is one of the most important steps. Private and public actors often have different interests and moral concepts. An agreement on the objectives to be achieved and on binding rules must be reached among all participants.
2. **Planning RVP support:** The individual measures for the development of the RVP must be as precisely defined as possible (VAC analysis, individual interviews with the actors, market studies, stakeholder forum, etc.); thus, implementation and progress can be verified after each envisaged milestone and subsequent measures can be adapted. If the desired progress wasn't achieved after an action, an alternative development step can be defined. The planning done can also become redundant in two other cases: The desired development of the VAC has been completed. Or: The actors of the VAC lost interest or cannot agree on objectives.

¹⁹ Regions' Federal Office (2007): "Regionale Wertschöpfungs(ketten)-partnerschaften (RVP) in der ländlichen Entwicklung. Hintergrund, Ziele, Steuerung und Potenziale" (Regional Value Added (Chain) Partnerships (RVP) in Rural Development. Background, Goals, Control and Potential); http://www.nova-institut.de/ra-attach/18541/Fachpapier_RWP.pdf

3. **Organising VAC processes:** A RVP process consists of a range of interventions until the desired or planned value added increase is achieved. The organisation structure primarily depends on the selection and number of actors. In smaller RVPs, the "most important" participant is assigned the leader position. To increase the value added and customer reach and retention, the collaboration with other, external, not-RP organisations, such as trade and consumer associations, is to be strived for.
4. **Institutionalising of joint actions:** The task of coordinating all steps and activities should be assigned to a core group as soon as possible. The majority of the group members should come from companies; thus, confidence can be built and learning processes can be boosted.
5. **Support and evaluation:** Management must always focus on achieving the joint objectives. This also includes the evaluation of how objectives were reached, of benefits, contributions of individual network participants, the quality of network relations and services. This evaluation can include measures for self evaluation and external evaluation. The results provide the requirements for modifying the RVP.

Competences of the RVP Manager

The network managers serve as the integration figures of a RVP. The success of a RVP highly depends on their person, management style and competences. Experience shows that the "typical" network manager doesn't exist; however, a number of skills and characteristics are available which network managers should have and which can be roughly split into process competence and expertise.

Process competence: This includes the ability to communicate and motivate; comprehension for network mechanisms; objectivity and independency; the ability to take over the position of a driving force; (interface) management experience and the network promoters' approval.

Expertise: This includes, for example, specific knowledge in the fields of market knowledge, marketing, logistics, quality assurance, innovation and financing.

Establishment of the RVP Management

Various options are available for completing management tasks in terms of personnel. (1) The RVP can be managed by a company of the VAC, e.g. the "most important" / biggest company. (2) If that is not possible, the regional / LEADER management is an option. (3) A team of regional management and company-related personnel is the most common option. Such team solutions allow you to cover more easily the comprehensive competence profiles of the RVP management. (4) Another alternative is to authorise an external service provider to manage the RVP network.

Fig.: Establishment of the RVP Management

	The RVP is managed by			
	1) companies of the VAC	2) the regional management	3) a team of 1) and 2)	4) an external service provider
Benefits	<ul style="list-style-type: none"> • Market knowledge / expertise • Know the companies 	<ul style="list-style-type: none"> • Knows the regional partnerships • Process skills 	<ul style="list-style-type: none"> • See benefits of 1 and 2 	<ul style="list-style-type: none"> • Independent and unbiased • Professional
Disadvantages	<ul style="list-style-type: none"> • Possible competitive situation • Risk of too little unbiasedness • Perhaps too few contacts to regional actors 	<ul style="list-style-type: none"> • Perhaps too few contacts to companies • Lack of market knowledge / expertise • Congestion 	<ul style="list-style-type: none"> • Medium costs • Alignment effort of the management team 	<ul style="list-style-type: none"> • Neither knows regional partnership nor companies • High costs

Source: Federal office of REGIONEN AKTIV (Active Regions) 2007

LEADER and RVP Management Interface

Even if the LEADER / regional management is not in charge of the continuous RVP management, as described above under 2), it must be integrated into the process. It usually helps find financial resources for the RVP management and organise the dovetailing and coordination of the RVP development with the RP. Oftentimes, the LEADER management takes charge of the initiation phase because the RVP management is only established after that phase so that the management can be handed over.

Hint: Case study "[Interventionsansätze für das Management von RWP](#)" (Intervention Approaches for RVP Management)²⁰. This case study systemises intervention approaches of RVP management and illustrates these using examples of the bioenergy field. In this study, interventions are defined as one or a bundle of measures on one or several levels of the VAC. They are supposed to help overcome bottlenecks and barriers which can occur when optimising regional value added partnerships. This also includes taking opportunities for developing the RVP further (product, raw material source, market, brand).

3.2. Support and Evaluation

If you know your value added chain and RVP processes, evaluate them systematically and consistently provide transparency, you can perceive trends and risks fast and securely and can take correcting measures if necessary.

Impact Levels and Indicators

A crucial requirement for support and evaluation is the development of clearly defined and verifiable objectives (see chapter 4.6 SMART Goals). Indicators must be selected so that information can be collected and documented for all levels of the impact description (input - process - output - outcome - impact, see fig.). The retrieved data and pertaining achievement levels serve as the basis for controlling the subsequent RVP development process.

Fig.: Impact levels and indicators

Impact levels	Short description	Indicators (examples)
Input (resources brought in)	Financial, personal or objective investments of RVP companies, their partners (e.g. RP), their customers.	Amount of RVP budget Acquired third-party funds Working hours spent
Process (workflow)	Procedures / work processes and acting requirements across all development phases of a RVP (creation / growth / maturity / change phase).	RVP success factors: joint vision, verifiable aims, benefits for all participants, ability to learn, confidence/respect, promoters, etc. (see chapter 4.7 Success Factors)
Output (services / products)	Precise, jointly elaborated services and products of the RVP which were created using the input.	Number of realised chain-specific development projects CI-/marketing concept Marketing actions Number of product innovations Number of newly opened markets Quality indicators Visitor figures, enquiries Approval rate/acceptance rate
Outcome	Direct benefit for RVP participants or their regional network of supporters	Increase in market share Cost reduction Sales increase Increase in profit Value added
Impact	Really intended medium-term and long-term effect of the RVP (to which this measure contributes with its outputs and outcomes in tactical or strategic area) Examples: market leadership, innovation leadership, customer satisfaction, sustainability	Patent application Customer satisfaction rate Repurchaser rate Employment trend Social benefit (e.g. image improvement, jobs, higher income, climate and environmental protection)

Intermediate Accounting

On the basis of collected information or information gained with reflection, the respective current stage of the achievement of objectives is assessed. These intermediate accountings are directed at showing the relations and activities in the network from the perspective of a single network participant and of the whole network, and thus at creating the prerequisites for respective steps of change. Other types of the evaluative reflection are:

- self-reflection in RVP and management²¹,
- progress reports and balance sheet reports,
- coaching of management and stakeholders.
- benchmarking,
- external assessment (document analysis, interviews etc.).

Balanced Scorecard (BSC)

A model that combines objective, accompanying documents and assessment in one method is the balanced scorecard (BSC). It serves as a management tool for aligning the organisation with strategic objectives in different perspectives (finances, customers, processes, cooperators). In contrast to

- principles and other imprecise formulations, the BSC tries to make the attainment of strategic objectives measurable and realisable by deducing measures.
- classical systems of indicators, the BSC directs the attention to implicit cause-and-effect relationships and also to non-financial indicators.

This comprehensive view allows concrete measures for aligning the organisation with given objectives. Such a BSC objective concept includes the need for recording important information (documentation) and assessing the achievement of objectives (assessment).

The region of East Frisia has developed and implemented such a BSC for its umbrella brand strategy and its subsidiary product lines as an example. In the framework of a case study²², the steps from the creation of the BSC, its central content as well as first experiences are described.

21 The guideline for self-evaluation, "Leitfaden Selbstevaluation" (Kanatschnig/Schmutz, 2000), describes in detail the approach to the self-evaluation process in 20 steps. http://www.nachhaltigkeit.at/bibliothek/pdf/leitfaden_selbstevaluation.pdf

22 Nolopp (2008): [Aufbau und Management der Marke Ostfriesland® über eine Balanced Scorecard](#) (Creation and Management of the Brand Ostfriesland® using a Balanced Scorecard)

3.3. Knowledge Management

The handling of knowledge is an important success factor for a RVP. By now, knowledge has become a critical competitive factor in addition to traditional factors like work, capital and raw materials. By bringing together several actors with different competences, the RVP allows

- new forms of knowledge production, a higher ability to solve problems and thus favourable preconditions for innovations and
- information flow in regard to customer needs across all chain links.

However, there are special challenges connected with the knowledge management in a network that result from the differences in business and organisation cultures, working processes, lack of trust or the collaboration of partially competing companies. A survey of 42 networks that was carried out in 2004 showed the central network-internal obstacles: shortage of time (29%), no organised knowledge exchange (19%), no clear strategy (12%), absence of incentives (11%)²³.

The function of knowledge management in a RVP is the creation of necessary information and communication structures in order to make the development and the use of know-how possible. This includes the visualisation of latent knowledge potential of the participating companies as well as its combination with the knowledge of customers. The challenge of knowledge management in RVPs also lies in the provision of favourable conditions for knowledge exchange.

According to Romhardt²⁴, knowledge management can be divided into two strategic and six operative fields of activity. They are to be defined and implemented in the framework of a management circle.

Knowledge objectives: On the basis of the analysis of available and necessary knowledge, the knowledge management and the joint learning and exchange process is given a direction.

Knowledge assessment and measurement: The measurement of the success of joint learning processes by balanced scorecards, summaries of knowledge, etc. was carried out.

Knowledge transparency: Transparency on available internal and external knowledge exists.

Knowledge acquisition: It was clarified which competences of external experts and knowledge products (training, counselling, technical literature, etc.) are purchased.

Knowledge development: Types for developing new knowledge are defined (individually by coaching, training, RVP forums, conversations during the break or collectively by project/action learning).

Knowledge distribution: The development of a technical infrastructure and other instruments (checklists, FAQ, manuals, newsletters, mailing, internet/intranet, experts, etc.) for making the knowledge available at the right place is completed.

²³ Peters, Meikel (2007): Netzwerkmanagement und Wissen – Erfolgsfaktoren für Langlebigkeit. ppp-Vortrag vom 30.01.2007 (Network Management and Knowledge - Success Factors for Longevity. PPP-presentation from 30 January 2007)

²⁴ Romhardt, Kai (1998): "Die Organisation aus der Wissensperspektive – Möglichkeiten und Grenzen der Intervention" (The Organisation with Knowledge Focus - Opportunities and Limits of Intervention). Wiesbaden: Gabler, download under <http://www.romhardt.com>

Knowledge use: Application of existing and organised knowledge in productive use (combination of knowledge with implementers at company and intercompany level) is given.

Knowledge preservation: Saving of important knowledge by selecting, recording, updating, documenting (internet/intranet, manuals, etc.).

The success of knowledge management activities in a RVP decisively depends on the fact, that there is a distinguishable use for every partner because in a RVP the knowledge management cannot be enforced but only be implemented in consensus. In this process, the knowledge objectives - as already shown - must be identified in a cooperative negotiation process. They derive from the joint objectives of the RVP. Furthermore, a continued communication by face-to-face forms and technical solutions should be guaranteed:

- **Face-to-face communication:** This is especially important in the establishment phase: Knowledge evolves, spreads and develops in dialogue. A culture of exchange has to be organised and resistance to parting knowledge has to be reduced. For example, an economic promoter of a south German city moderated a company network of suppliers for medical devices once a month. At every meeting - in addition to general information - a different company could present a problem. All participants contributed their knowledge. The results could be used by the respective presenter of the topic.
- **Technological solutions like intranet/internet** ensure systematically the presence of available knowledge and grow in importance with increasing routine. A periodical newsletter and mailing delivers latest news from the chain and the market to everyone, provides reasons for direct contact in the network and for recourse to information sources in the intranet.

Example of Knowledge Management in a RVP

In the framework of REGIONEN AKTIV (Active Regions), joint learning and exchange groups were organised sector-specifically and across value added chains and regions (tourism, bioenergy, regional marketing²⁵). These groups have carried out a knowledge analysis in their own VACs and then agreed interregionally on joint knowledge objectives. The learning results of interregional exchange were then transferred into the own development partnership or VAC. This example shows, that learning processes in regional value added partnerships must be organised on several levels: in the VAC, in the RP/development partnership and, if applicable, as interregional exchange.

25 Gothe, Stefan (2007): "Identifizierung einer Wertschöpfungskette für eine zielgerichtete Regionalentwicklung und Ansprache geeigneter Unternehmen" (Identifying a Value Added Chain for a Target-Oriented Regional Development and Addressing Suitable Companies), case study of the TWSKG agriculture and food culture.

3.4. Corporate Identity Creates a Sense of Belonging Together & a Recognition in the Market

An important question in strategic marketing for a sustainable and market-oriented RVP is: How does the network present itself as a whole to the outside world and internally to the collaborators? The answer to this question is a defined corporate identity (CI).

The corporate identity (company or network identity) with its three aspects systematically develops a uniform, concise appearance of the RVP with external and internal effects.

- Corporate communication (CC): information transfer, specified messages, corporate advertising, public relation, merchandising, sponsoring
- Corporate design (CD): brand logo, colouring, layout specifications
- Corporate behaviour (CB): to observe production standards; to not implement actions in other product lines, that would put the credibility of the joint product line at risk

In the framework of a corporate identity concept, a positive image of a network in public can be further developed. This is connected with questions like: How does the RVP appear internally and externally? Who are the speakers? How are new members of the RVP or employees of the companies integrated into the concept? What are the moments/symbols promoting the identity of the RVP? This way, a corporate identity concept shall eliminate a lack of information and image problems with certain target groups, assure a modern and uniform image and provide an identity for the cooperation with the many partners.

Internal Effect: Integration of the Development Partnership and the Employees of the Companies

Employees identify with their company. If these companies are integrated into a RVP, the employees must identify with it in certain situations and act accordingly (e.g. communicate the brand, do merchandising for all, pay attention to corporate design, let information flow into the network). This will only work if there is sufficient information and a modicum of a sense of belonging together. Important measures are the qualification of employees in the different companies, so that they are able to produce and communicate the product line accordingly - and thus are able to identify with the network objective. The actors of the development partnership need to realise that the products of the RVP organise a regional benefit. They also need information and opportunities to experience the effects of this RVP. It is also important, that there is a personnel connection between RP and RVP beyond the management.

External Effect: Symbols Promoting the Identity and Evident Image Building on the Market

Normally, the network with its product lines should present itself externally in a uniform way. That includes operationally the business stationery with logo, colouring and layout specifications (corporate design) as well as a strategically-closed communication policy (corporate communication), that makes other elements of the marketing mix accessible to market participants. The communicated fellowship (corporate behaviour), that internally and externally forms, in connection with other elements of the CI, a coherent and consistent orientation of the behaviour of an organisation, leads to a clear and distinctive market presence. If the CI is coherent, the network appears to be more authentic.

Often, the RVP approaches are connected with the creation of regional brands that stand for transparency and high quality. The basis of these brands are regional value added chains and partnerships. These brands are to be defined in a brand manual and ensured by a brand charter. During the development of this brand positioning, the region of East Frisia e.g. asked itself the following questions:

- What is the vision of the brand? This refers to the main idea for the future concept and the guiding theme for the brand (e.g. East Frisia: modern, competent, high-class); (see chapter 4.4. Development of a Vision).
- What are the trend values of the brand? This question searches for specific, authentic values that support the brand and defines those trends the brand pursues (e.g. health, richness, regionality, regenerating ability, freedom).
- What are the basic values of the brand? East Frisia defined the following ones: product quality, reliability, appreciable significance, competence, sustainability.
- What are the brand values aligned with? The values (e.g. honesty, awareness of tradition) behind the brand are localised and their use and continuation are reassessed.
- What does the brand provide? Products, services, purpose and use of the products as well as emotional use of the brand are to be specified.
- What makes the brand different? The distinguishing features in the competition and unique selling points can be defined on the level of the brand, but also of the sectors behind it, like tourism, economy, culture.
- How does the brand present itself? Values, properties, brand personality are to be described here: e.g. rational versus emotional, traditional versus modern, innovative, reliable.
- Which signals does the brand send? Codes like names, colour, logo, claim and associations (natural, straight line, modern, trend-setting) triggered by the brand are clear when answering this question.

In addition to the CI and the associated brand, the market and marketing strategies play a major role for the recognition in the market. That is why strategic regulations have to be made within the marketing concept in a RVP like target groups, selected market areas (regional, interregional), product design and market impulses (price, quality). Moreover, it is important to clarify the questions of distribution: whether it is made directly by intermediate trade, etc. By their dovetailing with the development partnership and the regional brand, RVPs consistently provide the opportunity for joint market appearances and for much more comprehensive public relations, compared to company networks that are not connected with the regional development. This opportunity for an increased communication via public relations is a cost-effective type of advertising and supports a positive image building.

3.5. Legal Embodiments

RVPs combine companies along value added chain(s), regional actors of the RP or other interested groups (e.g. consumer associations, churches) in one network. This requires an organisation that

- defines the degree of commitment and predictability,
- defines tasks and benefit expectations for the members,
- enables the involvement of many participants,
- leads to low organisation costs and
- allows the realisation of economic activities.

For the legal embodiment of these cooperations, joint ventures are normally established that do not build a formal legal structure (yet), like incorporated societies or limited companies. In the further process, it has to be questioned, to which extent a joint partnership or corporation will be necessary for the economic activity. Partnerships include the "Gesellschaft des bürgerlichen Rechts" (partnership under the German civil code) and co-operative societies. Corporations are e.g. the "Gesellschaft mit beschränkter Haftung" (private limited company) or a stock corporation.

Joint venture on the basis of a cooperation agreement (without building a formal legal structure). This can take place during the initial phase of a work group in terms of a company network connected to a RV. Characteristic for this type of cooperation is a project management without cross-company administration, planning, decision and control, and with highly-developed informal communication channels. Objectives are primarily the use of complementary resources, know-how but no technology transfer, the management of joint market appearances and the use of a regional label with corresponding quality criteria. An example is the LAG Dübener Heide (Saxony, Saxony-Anhalt), that established company networks instead of specialised working groups along product lines. These networks combine 14 to 37 organisations, depending on the product line (e.g. „Heidemagneten“ or „Bestes aus der Dübener Heide“). The accompanying management is done by the LEADER management. A cooperation contract regulates the chain-spanning collaboration with a minimum of rules for a target-oriented cooperation (see box). The economic activity is not conducted by the joint venture but directly by the member companies.

Advantages of this network solution, that is based on a cooperation agreement, are the low organisation costs, the involvement of many members and the absence of specifications regarding the contribution of minimum capital. Weak points are the comparatively low liability and the absence of the capacity to act due to the nonexistent legal entity. This results in the facts that e.g. the joint venture cannot apply for funding or place contracts with external relations. Therefore, it needs a partner who can act as a legal entity. This can be the responsible of the RP or a company of the VAC.

Contents of a Cooperation Agreement:

The joint business purpose (purpose and direction of cooperation).

Minimum quality standards of the product/services.

The option, that partial groups or the core group can, in addition, define other concrete objectives.

Financial or initiative contributions that are to be made (e.g. which management resources each partner or certain partners have to bring in).

The right for comprehensive information and for presenting applications.

Democratic types of decision-making, that are open and plausible and place a higher value on the network welfare than on individual interests.

A non-competition clause and regulations on how to avoid overlapping areas.

Where applicable: commission and premium regulations when referring customers and orders (rewards the transfer within the network, in the value added partnership).

Contractual penalties in case of violation of central agreements, e.g. quality standards (increases the commitment).

Process for evaluation

Formal legal forms: The above described joint venture is suitable for cases where primarily no direct economic activities are conducted, the project is temporary or the network has just been created and the benefit is not evident yet. If product lines for accompanying communication campaigns, education and research projects have to be applied and realised, and joint economic activities have to be conducted, it's time for a legal entity. An association or a foundation are especially suitable for organising RVP-supporting, and thus not directly economic activities. A GmbH (private limited company) or a co-operative society shows its strengths when the original network evolves into a separate, economically acting company with its own target groups and markets. Other related advantages are e.g. the comparatively high commitment between partners and members of the co-operative as well as the purchase of resources for the further development of the RVP. Barriers to establish these legal forms during the creation of a RVP are mostly high organisation costs, the required share capital and contribution as well as legal restraints regarding accounting and disclosure requirements.

Hybrid forms of organisation. Networks differentiate their organisational structures in order to emphasise the advantages of different legal forms. Economic activities lead to a GmbH or a co-operative society; activities that are not profit-oriented are organised within an association or a foundation. An example is the regional marketing project "Unser Land" (Our Land www.unserland.info). The so-called "Solidargemeinschaft" (community based on the principle of mutual solidarity) is organised with the help of associations. They are the guardians of this idea, they represent the non-profit interests of the network internally and externally and they bind important social groups to the project. The umbrella organisation of all associations is also one of the partners of the UNSER LAND GmbH that is responsible for the use of the brand and the handling of the market. The big advantage of hybrid forms of organisation is the combination of non-profit or welfare-oriented and economic activities. That increases the chances of success for the RVP regarding the implementation of operational and regional objectives. A challenge is the control of this more complicated and complex organisational structure.

3.6. Financing a RVP

Additionally to the question for the use of a RVP, there is also the frequently asked question for the financing. For covering initial expense and running costs (management, communication, initial project, etc.) in a RVP, there are generally four forms of financing (including their combinations):

1. **Regular allocation of the partners:** This allocation may be charged monthly or annually. The amount, type of payment and calculation base are to be defined. Allocations must not necessarily be paid in cash, but can also be brought into the network by services and payments in kind (personnel, rooms, fixed costs for the branch office, etc.). The development of a joint action and cost plan can be recommended and can then serve as the basis for joint fixing of the allocation amount. In addition to the orientation towards arising expenses, a fixed amount or - what is more difficult - a profit-related quotient of the product sales can also be the basis for the allocation. Recommendation: A written agreement on a cooperation contract that specifies also the form of financing can already be recommended for the build-up phase. No RVP-creation without specification of the financial contribution.
2. **Third-party participation:** In case of insufficient capital for the creation of a value added chain, a third party participation would be an option (private investors, banks, wholesale, municipalities and federations in case of regional interest). In case of RVP contents that are important for the region (e.g. image-generating), sponsorship funds can be used.
3. **Public subsidies:** In the framework of integrated rural development (project management ELER/LEADER) or business development (cluster management) most of the German Laender have the option to apply for start-up financing (material and/or personnel costs). To some extent, this can be made by a LEADER management with more employees. This instrument contains the precondition of own resources/third-party funds (e.g. by cost allocation). In connection with officially submitted projects, the RP often makes advance payments during the exploratory and initiation phase.
4. **One-time partner's share:** If the RVP evolves into an own network company (e.g. GmbH, co-operative society), an equity capital investment is the basis for the start-up financing. The amount depends on the costs to be financed and the participating partners. The investment provides a liquidity solution for intermediate financing and, to a restricted degree, additional revenues by capital return.

In addition to the activities on RVP level, single RVP companies can apply for own promoted projects in connection with the creation of the RVP with public authorities and can finance these projects by combining own resources and, if necessary, credits. Example: The WSK-Streuobst (VAC traditional orchards) wants to start producing jam and has no solution for this process step. An entrepreneur sees a chance for a development on a company by company basis and applies for a commercial conversion of his vacant barn and a capital investment grant for the instrumentation via ELER.

Advice: It might be worthwhile to look into the funding guidelines of the German Federal Land in ELER and EFRE.

Example Saxony: The funding guidelines "Integrierte Ländliche Entwicklung – RL ILE/2007" (Integrated Rural Development) contains two direct references to promoting facts for the RVP management: In the performance specifications "Ländliches Regionalmanagement zur Umsetzung eines ILEK" (Rural Regional Management for Realising an ILEK), the task of supporting and creating regional value added chains/types of cooperation is explicitly mentioned under the aspect of realisation monitoring. Moreover, a project management for preparing and monitoring measures or complex single projects as well as complex projects (at least three coherent individual measures) can be supported with 70 percent. Also explicitly mentioned is the possibility of supporting qualification measures for members of a value added chain.

Example "REGIONEN AKTIV" (Active Regions) Wendland/Elbetal: In the framework of the model and demonstration project "Regionen Aktiv" (Active Regions), a value added chain in the field of regenerative energy has been successfully established (see success story I "[Vom Acker in den Tank: Biogas als Pkw-Kraftstoff](#)" (From the Field into the Tank: Biogas as Car Fuel)). In order to push the further development of this RVP, a cluster management dealing with the optimisation of energy and material flow management has been applied with the German Federal Land of Lower Saxony (support from EFRE funds (aim 1) connected with a Joint Agreement for the Improvement of Regional Economic Structures (regional economy); headword industry cluster, innovation networks). A previous step was a combination of different competences of rural development and business development (local energy agency, energy academy) as well as a part of the employees. In addition to the business development as supporter of cluster management, the foundation of an association or a consultation circle of the different companies from energy sector is discussed, that is funded by the allocation of the companies (association fees) as well as by paid counselling services or shares based on turnover (per kilowatt).

3.7. Organise Change

"Creation - growth - maturity - change" are the four development phases of a network. They contain different requirements for the management as well as for partners and supporters. These phases can ideally be described as follows (see BMBF, 2004, pages 42f).

Creation phase: A (small) constituent circle of committed founder members finds itself and agrees on visions, principles and objectives. This phase is dominated by the initiation of contacts and the clarification of interests. An important task is the setting up of prerequisites (objectives, organisation, processes) for combining and developing competences. This phase corresponds to a large extent with the 7 steps for establishing a RVP, that are described in chapter 2.

Growth phase: After the creation phase, the first thematic specification and first pilot projects, new members are attracted, that turn out to be more or less active network partners. Joint projects/measures are developed. The gaps in the value added chain are filled. Other important requirements are a continuous communication with new members, the shaping of roles and tasks, the competence development of the new members and the learning of a joint networking.

Maturity phase: The RVP has evolved into a successful model. The collaboration is dominated by mutual trust and a mutual sense of responsibility. A sense of belonging together has arisen. There are first changes in the composition of the network. Single, partly new members increasingly broach the issue of objective and use. Requirements are the review of objectives in the framework of monitoring and assessment and, where necessary, the revision of objectives, structures and processes. New external impulses (e.g. new knowledge, new partners) can be accepted, if they are communicated extensively within the network.

Change phase: Approved competences have become evident and are further developed. The network opens up to new developments (e.g. new markets, technologies, marketing strategies). The question of a new orientation arises, objectives have to be reformulated, organisational structures have to be oriented towards sustainability (e.g. differentiation of legal form).

In the logic of a systemic organisation development process, the change phase can be divided into three work steps and methodically prepared as follows:

Unfreezing: The currently prevalent organisation structure is "unfrozen" in order to motivate for changes. Methods are: assessment of achievements, display of opportunities, risk calculation, communication with customers, market partners, new chain members (extension of the chain), arrangement of first change objectives.

Moving: In the working phase, the previously targeted objectives have to be achieved. The proceeding can be dominated by the issue of a feasibility study representing the new organisation and market model; the setting-up of a working group that develops solution models as well as accompanying qualifications and other forms of know-how-transfer and learning (see chapter 3.3. Knowledge Management). Ideas for optimisation are collected with the help of test markets and other first implementation tests, so that finally a decision on the new network model and the new network activities can be taken.

Refreezing: Achieved changes are stabilised. Important elements are the implementation of other qualifications as well as an accompanying evaluation.

The role of a regional partnership and the public actors also change with the development phases described at the beginning (creation, maturity, change): During the initiation and creation phase, the RP and the public authorities are highly committed. In the creation and maturity phase, the autonomy of the RVP is in the focus. The commitment can be intensified after consulting the RVP actors in the change phase. Here, the joint perspective and the need for further public subsidies are to be clarified.

3.8. Used and Further Literature

Year	Title
1998	Die Organisation aus der Wissensperspektive – Möglichkeiten und Grenzen der Intervention (The Organisation with Knowledge Focus - Opportunities and Limits of Intervention), Kai Romhardt, Wiesbaden: Gabler, download under http://www.romhardt.com
2000	" Kooperationen von kleineren und mittleren Unternehmen. Ein Leitfaden. " (Cooperations of Small and Medium-Sized Enterprises. A Guide) Ed.: Prof. Dr. Roland Schöne, distribution: Chemnitz University of Technology, 2000, 2nd edition
2001	"(Rechts-) Formen von Kooperationen" ((Legal) Forms of Cooperations) and "Wichtige Punkte einer Kooperationsvereinbarung" (Important Points of a Cooperation Agreement); in: „ Kooperationen planen und durchführen. Ein Leitfaden für kleine und mittlere Unternehmen “; (Planning and Realising Cooperations. A Guide for Small and Medium-Sized Enterprises); Federal Ministry for Economics
2002	“Beratungs-Leitfaden Kooperationen im Handwerk“; (Consultation Guide Cooperations in Crafts); Ed.: Landes-Gewerbeförderungsstelle des nordrhein-westfälischen Handwerks e.V. (LGH) (team of authors) http://www.hwplus.de
2004	"Rechtsformen für Kooperationen" (Legal Forms for Cooperations) and "Management-Regeln: In 12 Schritten zur Kooperation" (Management Rules: 12 Steps to the Cooperation); in editorial: "Mehr Umsatz durch starke Partner" (Increased Sales with Strong Partners); business magazine Impulse 06/04
2004	“ Kompetenzen mobilisieren – Ein Leitfaden für Initiatoren und Manager von Kompetenznetzen ” (Activating Competences - A Guide for Initiators and Managers of Competence Networks), Ed.: Source: Federal Ministry of Education and Research (BMBF); Berlin 2004, page 20
2004	"In sechs Schritten zur Kooperation" (Six Steps to the Cooperation) - moderator manual; Ed.: Landes-Gewerbeförderungsstelle des nordrhein-westfälischen Handwerks e.V. (LGH) (team of authors); ISBN 3 87864 672 0
2004	"Rechtliche Gestaltung von Unternehmensnetzwerken" (Legal Organisation of Company Networks); in: "Netzwerkmanagement - Mit Kooperation zum Unternehmenserfolg" (Network Management - With Cooperation to Corporate Success); Ed.: Thomas Becker et. al.; ISBN 3-540-20976-X
2007	"ValueLinks Manual. The Methodology of Value Chain Promotion." Ed.: Andreas Springer-Heinze, Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation), Eschborn http://www.value-links.de/manual/

4. Methods and Checklists

Methods, methodical approaches and checklists as well as further literature and links for the specific VAC work are presented below.

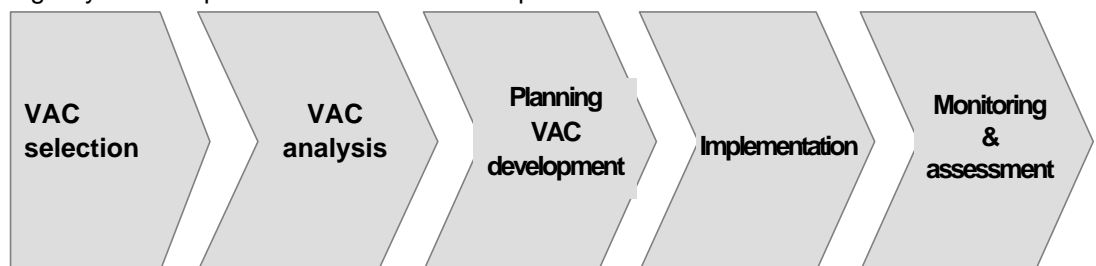
- 4.1. Selection of Value Added Chains
- 4.2. Analysis of Value Added Chains (Overview)
 - 4.2.1. Market Analysis
 - 4.2.2. VAC Maps
 - 4.2.3. Calculation of Regional Value Added Effects
 - 4.2.4. SWOT
- 4.3. Checklist "Successfully Addressing Companies"
- 4.4. Development of a Vision
- 4.5. Development and Implementation of a Strategy
- 4.6. SMART Goals
- 4.7. Success Factors

The structure of the methods chapter follows the classic, systematic process of the VAC development, although, as shown in chapter 2 "Steps", in reality the implementation proceeds in repetitive loops. For example:

- a proximate analysis is often already necessary when selecting the VAC;
- after the analysis another selection process might become necessary if the VAC turns out to be incapable of development;
- or the planning of the VAC development can show that detailed analyses are necessary.

Moreover, some instruments like the SWOT analysis or success factors are applicable on different stages. Conclusion: The structure is just an indication. You might use the methods for implementing the steps as you need them.

Fig.: Systematic process of the VAC development



Source: after USAID; www.microLINKS.org/vctraining

4.1. Selection of Value Added Chains

The aim of the selection is to identify VACs that contribute to achieving regional development objectives and using the scarce resources of the RP. Possibilities and methods for comparing and assessing different VACs and for organising the selection and decision process are presented below.

Criteria for Assessing Value Added Chains

By supporting a VAC, the RP has regional aims. These aims can be translated into criteria and they can be used for the assessment. The following table shows five general criteria that are normally relevant for assessing a VAC.

Table: General criteria for selecting VACs

Criterion	Indicators
Ability to compete / growth potential	<ul style="list-style-type: none"> ▪ Unaccomplished / increasing / high product demand ▪ Competitive advantages compared to competitors (less expensive, better, different) ▪ With regard to the region as well as beyond the region ▪ Currently and in the future
Economic impact	<ul style="list-style-type: none"> ▪ Regional employment, income and value added ▪ Number of relevant companies and reach of the VAC ▪ Increase in productivity, substitution
Prospects of success ²⁶	<ul style="list-style-type: none"> ▪ Clear identification of bottlenecks and starting points ▪ Personal initiative and commitment of central companies ▪ Willingness to change and to cooperate
Importance for the region	<ul style="list-style-type: none"> ▪ Strengthening of the regional image / profile, unique selling point ▪ Builds on the core competences of the region and strengthens these ▪ Synergies with other initiatives / VACs of the region
Cross-sectional goals	<ul style="list-style-type: none"> ▪ Solution for ecological issues of the region ▪ Improvement of equality of opportunity in the region (jobs and apprenticeship placements for women, adolescents, etc.)

Weight of the Criteria

Normally, the various criteria differ with regard to their significance for the RP; thus, they can be assigned different weights during the selection process (see example of decision matrix below). However, the criterion "Ability to compete / growth potential" is special because it is a requirement to be met. If the VAC is not able to compete and doesn't have any potential to grow, all other goals cannot be achieved.

Decision Matrix

A decision matrix can be used to evaluate available VACs based on the mentioned criteria and their weight. In the following example, the VAC "canoe tourism" received the best evaluation and thus the highest priority.

Table: Decision matrix for VAC selection (example)

Criterion	Weight in %	VAC hiking tourism	VAC bicycle tourism	VAC canoe tourism
Ability to compete	20	4	4	1
Economic impact	15	5	3	3
Prospects of success	25	3	4	3
Importance for the region	30	2	6	1
Cross-sectional goals	10	4	4	2
Points (without weight)		3.6	4.2	2.0
Weighted result		3.3	4.5	1.9
Scale: from 1 = excellent to 6 = insufficient				

Organising the Selection Process

Basically, there are two ways of selecting VACs:

1. Systematic method (top-down)
This approach includes methods such as the above mentioned decision matrix. Various VACs (for example from one field of activity) are compared and evaluated based on a systematic method. The impulse is given by the RP.
2. Opportunity-oriented method (bottom-up)
Available opportunities for developing a VAC are used when, for example, companies of the VAC inform the RP about their ideas.

A combination of both is advantageous in terms of a counter flow method with which both actor groups - the RP and VAC companies - become active and approach one another.

What Should be Avoided in the Selection Process?

The items below may cause issues:

- insufficiently defined VACs,
- selection of "favourite" VACs without sufficient market potential,
- overdoing the intricate design of the selection process,
- too much analysis and information overload,
- insufficient consideration of companies' interests and commitment,
- spurious accuracy due to quantification of the evaluation,
- the criteria and the decision process are not aligned with your own aims and specific situation.

Further Literature / Links

- m4p: "Making Value Chains Work Better for the Poor. A Toolkit for Practitioners of Value Chain Analysis",
<http://www.markets4poor.org/?name=publication&op=viewDetailNews&id=964>
- USAID Value Chain Training; module II "Value Chain Selection" www.microLINKS.org/vctraining

- GTZ (German technical cooperation) (2007): "ValueLinks Manual". module 1
"Selecting a Value Chain for Promotion"
<http://www.value-links.de/manual/module1.html>

4.2. Analysis of Value Added Chains (Overview)

The analysis aims at identifying opportunities and bottlenecks of the development of the selected VAC and establishing the basis for the planning of modifications and interventions. Before selected methods are presented in the following, first some overall aspects.

What is Analysed?

The following VAC dimensions can be analysed:

- **Customers and market:** Who are the customers and what do they expect (quality, price, etc.)? Who are the competitors? What do market dynamics look like?
- **Stages / functions:** Which stages / functions does a product have to go through until reaching the end customer? Which stages can be completed in the region and which don't?
- **Actors:** Which companies directly participate in the VAC? Which other organisations are also involved in broader terms?
- **Relations and governance:** How do the VAC actors work together? Which are the central companies? How is decided what is produced in what quality? What is the information flow like?
- **Environment:** Is support available in the fields of qualification, research, financing, technology, etc.? Are the institutional and political conditions helpful?
- **Economy:** What impedes the ability to compete? What are the costs / the profit of each stage? How is the value added shared?

How is the Analysis Done?

As important as the question of what must be analysed is the question of how the analysis is performed. The table below gives an overview of the benefits and disadvantages of various ideal-type approaches, which can also be combined.

Fig.: VAC analysis approaches

Approach	Benefits	Disadvantages
External studies	<ul style="list-style-type: none"> ▪ Comprehensive, systematic, analytic overview ▪ New know-how 	<ul style="list-style-type: none"> ▪ High costs ▪ Time-consuming ▪ Low approval of results
Participation / workshops	<ul style="list-style-type: none"> ▪ Integration of actors ▪ Knowledge of the actors ▪ Result approval ▪ Flexibility and costs 	<ul style="list-style-type: none"> ▪ Less systematic information ▪ Evaluation errors ▪ Free-rider effects
Action and attraction-oriented ²⁷	<ul style="list-style-type: none"> ▪ Short planning phase ▪ Active integration of companies ▪ Fast success ▪ Collaboration strengthens confidence 	<ul style="list-style-type: none"> ▪ Selection of "wrong" chains / interventions ▪ Free-rider effects ▪ No independent evaluation ▪ Low participation of other actors

Source: Authors after DCED (2007)²⁸

²⁷ Action and attraction-oriented means that companies (with prospect of support) are directly called on analysing their VAC and to make suggestions for the development of their VAC.

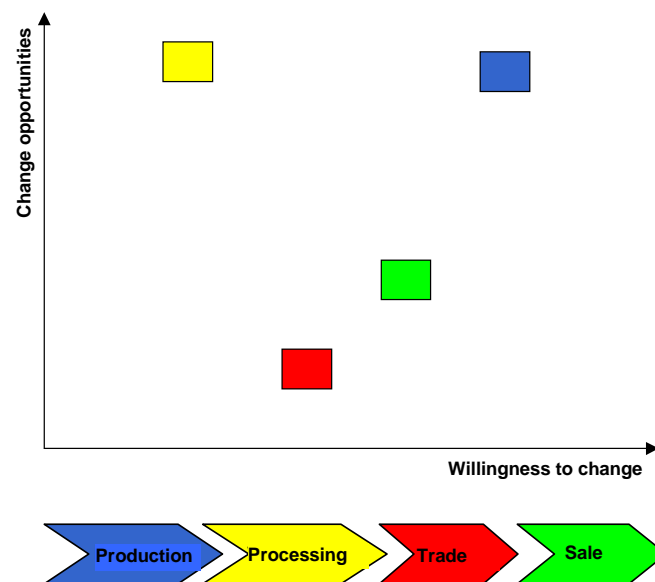
²⁸ The Donor Committee for Enterprise Development (2007) "Donor Approaches to Supporting Pro-Poor Value Chains"; www.sedonors.org/resources/download.asp?id=386

Basic Analysis Rules

1. The starting point of the analysis are clearly defined (knowledge) goals (compare chapter 3.3 Knowledge Management). The analysis must serve the VAC development and not vice versa. An information overload is to be avoided.
2. The analysis should be gradually evolved and intensified. The focus is laid on actions. Stakeholders must be involved at an early stage.
3. Mixing various analysis approaches, methods and data sources brings the best results. The analysis reaches from the operational level to the systematic consideration of the VAC.
4. A realistic evaluation is required to determine what can be achieved in the analysis and what cannot, for example with regard to the question of which data of the economy field are available.
5. The focus should be laid on those areas offering the greatest potential for collaborations (change opportunities) and a high willingness to change at the same time.

The figure below demonstrates the relation between change opportunities on the one hand and willingness to change on the other hand, as described in the last section. In this example, the change potential is highest at the production stage. By comparison, the change opportunities at the processing stage are equally high but the willingness to change is much lower. The model region "Lübecker Bucht" (Lübeck Bay) applied this analysis method to two VACs ("tourism" and "regional products") in the framework of applying for the second phase of REGIONEN AKTIV (Active Regions) ²⁹.

Fig.: Change potential analysis



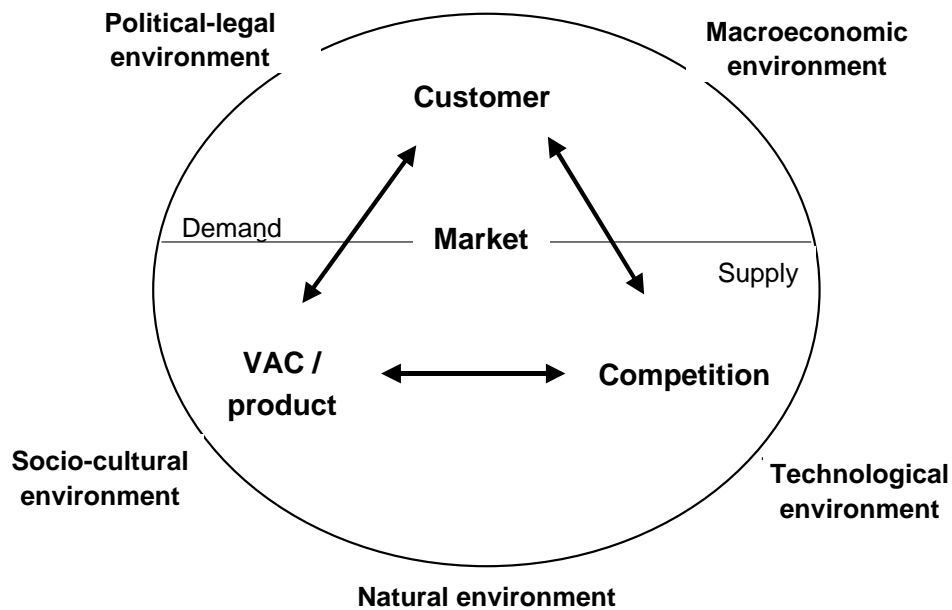
Source: Authors after Lübecker Bucht (Lübeck Bay) (2006)

29 Model region Lübecker Bucht (Lübeck Bay) (2006): Regional concept 2006 / 2007
http://www.nova-institut.de/ra-attach/16594/ReKo_Luebecker_Bucht.pdf

4.2.1. Market Analysis

The market analysis serves to gain knowledge about the relevant markets, when supply and demand meet for a certain product or service. The results of the market analysis are used to prepare the decision in the strategic as well as operational field³⁰.

Fig.: The market triangle and its environment



Source: Authors

Market Analysis Cycle - the "5 D's"

The starting point of every market analysis is the definition of the required knowledge. So, for example, other information in terms of contents and quality is necessary for the selection of the VACs (see chapter 4.1) than for the later design of the marketing strategy. In short: Market analyses must be aligned with the respective goals. The ideal-typical cycle of a market analysis can be divided into five phases - the so-called "5 D's" of the market analysis.

- 1st phase: **D**efinition
- 2nd phase: **D**esign
- 3rd phase: **D**ata collection
- 4th phase: **D**ata analysis
- 5th phase: **D**ocumentation

30 Strategic level: Level on which the objectives are set

Operational level: Level on which objectives are turned into precise services. Level on which the realisation is organised.

Checklist: Central questions and aspects of the market analysis when selecting the VAC

Is there a target market? If yes, how can it be described?

Aspects: market location (regional / interregional), size, growth rates, trends, success factors of the market, market access conditions, type of market, return on investment.

Who are the competitors and what are their characteristics?

Aspects: importance of competitors (currently / in the future), market shares, their strategies, their strengths / weaknesses, customer evaluation, future concept, products, etc.

Who are the customers and what do they want?

Aspects: number of customers, customer profile, purchasing motives, purchasing factors, gain of customers, customer loyalty, customer benefits, points of purchase, purchase frequency.

Which product shall be sold and what is special about it?

Aspects: product specifications (practical value, aesthetics, image, costs), product strengths and weaknesses, unique selling points, product profits.

Information Sources

Reliable information gathering is essential for a market analysis; thus, it must be determined how the necessary information (internal - external) and which kind of data (primary or secondary data) can be collected in the context of the design of the market analysis. Therefore, the costs, the time spent and the informative value and reliability of the market analysis must be weighed up against each other.

Data sources for reliable decisions can be, for example, economic development associations, chambers of crafts, experienced companies and the evaluation of secondary information, for example, about market trends. If the increase of knowledge of the VAC-involved actors (companies and customers) via workshops, focus groups or interviews is successful, this serves as an efficient measure which also builds confidence at the same time (compare chapter 3.3 Knowledge Management).

Apart from daily newspapers and business magazines, significant secondary and statistical information sources are:

- studies of market research companies (e.g. [Gesellschaft für Konsumforschung](#) (market research institute));
- official statistics (e.g. [Statistisches Bundesamt](#) (federal statistical office));
- publications of economic research institutes and universities;
- industry reports from banks and savings banks;
- publications from business associations (e.g. [BDI](#), [BITKOM](#), [ZVEI](#));
- credit enquiry agencies and databases (e.g. [GENIOS Business Database](#)).

Further Literature / Links

- http://www.kfw-mittelstandsbank.de/DE/Home/Gruenderzentrum/Planungsphase/Marketing_%26_Vertrieb/Marktforschung/index.jsp
- On the internet website of LeBeN Eichsfeld, you can find guidelines for product and customer analyses <http://www.leben-eichsfeld.de/index.cfm?startid=526&cfid=1936795&cftoken=51947896>

4.2.2. VAC Maps

or: a picture says a thousand words.

VAC maps serve to capture and condense the partially intricate interplay of VAC components, for example with regard to functions, involved actors and relations. The VAC map is a central tool for:

- the **analysis** to identify, for example, stages, actors and bottlenecks,
- the **participation** because it is created by involving all actors;
- the **planning** to define, for example, the intervention points,
- the **communication** to display, for example, the objectives,
- the **evaluation** to verify achievements.

Thus, it is key for the systematic development of the VAC. VAC maps differ depending on their purpose.

The Basic VAC Map

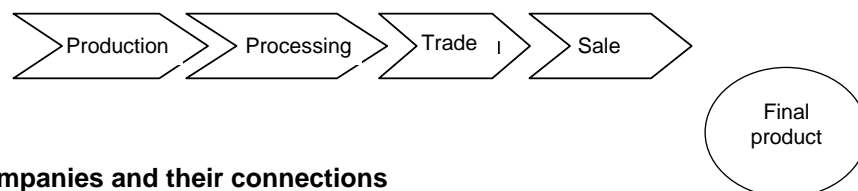
Even if there is not the one VAC map, three central elements of a basic VAC map can be defined: 1) the stages and functions necessary to offer the product or service, 2) the companies delivering the service and 3) the vertical relations among the companies. These elements serve as the basis or starting point for all further maps.

Overview: The four steps required for the creation of a basic VAC map

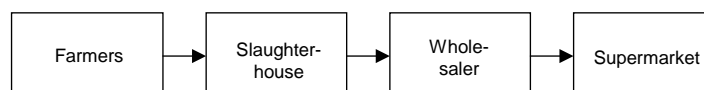
1. Identify the **end product** (or service) for the customer.
2. Identify the various stages of the production process to the first stage based on the final product using the question: "What happened to the product before it reached this stage?". Aggregate the stages, if necessary, and limit the number of stages to a maximum of 7 or 8.
3. Identify the companies or company groups which provide the required functions of each stage. Sort the companies in parallel to the stages /functions. Companies can also perform functions of several steps.
4. Draw vertical (and **horizontal**) **connections** between companies in the map.

Fig.: Design of a basic VAC map

Steps of the VAC



Companies and their connections



More Detailed VAC Maps

The basic VAC map provides a first overview; however, to support the decision-making and planning process, the basic VAC map must be broken down further in order to identify bottlenecks and approaches. The fields below can be looked at in more detail, among others:

- **Quantity:** e.g. the number and size of companies, jobs
- **Economy:** e.g. turnover, value added, prices, profit, productivity
- **Location:** What can be done in the region? What outside the region?
- **Governance:** way of coordination / cooperation within the VAC
- **Environment:** e.g. consulting, financing, market trends.

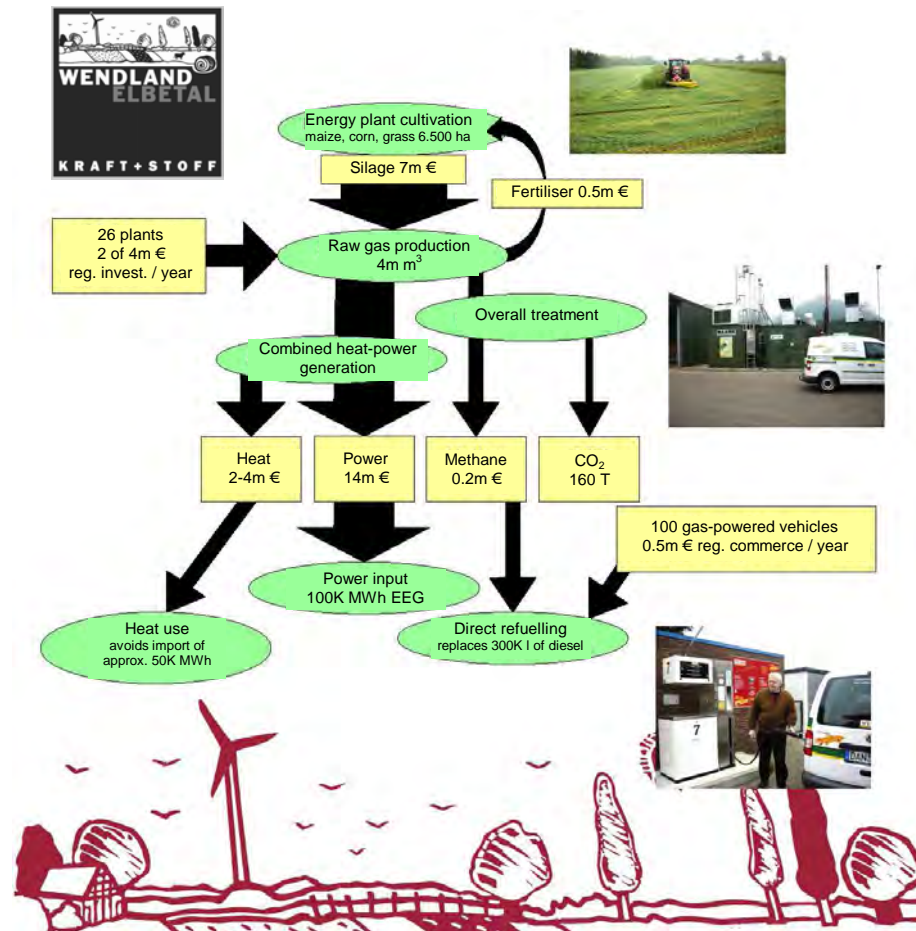
General Rules for VAC Maps

Even if a standard form of representation for VACs doesn't exist yet, some features of a "good" map can be elaborated.

- **Clear focus:** e.g. bottlenecks of the VAC, value added in the region, vision and aims of the VAC development.
- **Comprehensibility and clarity:** the VAC map must not be overloaded with information and must be able to be displayed.
- **Good sharing options:** e.g. internet, paper, ppt

When developing VAC maps, action-oriented and participative methods, such as workshops which serve the knowledge gain of the actors, should be prioritised whenever possible as opposed to external studies.

Fig.: Value added chain biogas



Source: Wedler (2007)³¹

Further Literature / Links:

- nova-Institut (2007): "[Graphische Darstellung von regionalen Wertschöpfungsketten /-partnerschaften und deren Einsatz in der Praxis am Beispiel Tourismus](#)" (Graphical Representation of Regional Value Added Chains / Partnerships and How They are Deployed in Practice Using the Example of Tourism) case study of the TWSKG tourism
- USAID Value Chain Training; module III "Value Chain Analysis"; session 1 www.microLINKS.org/vctraining
- GTZ (2007): "ValueLinks Manual"; module 2 "Analysing a Value Chain"; Task 2.1. Value Chain Mapping; http://www.value-links.de/manual/pdf/module_02.pdf
- m4p: "Making Value Chains Work Better for the Poor. A Toolbook for Practitioners of Value Chain Analysis", <http://www.markets4poor.org/?name=publication&op=viewDetailNews&id=964>

³¹ Poster presentation at the seminar "Regionale Wertschöpfungspartnerschaften aufbauen und in die Entwicklungsstrategie integrieren" (Building Regional Value Added Partnerships and Integrating These into the Development Strategy) on 27 and 28 June 2007 in Weimar; <http://www.nova-institut.de/modellregionen/nachricht.php?id=18759>

- ILO (2007): “Guide for Value Chain Analysis and Upgrading”; module 1: Project Set Up; module 2: Value Chain Analysis; <http://www.value-chains.org/dyn/bds/docs/detail/545/6>

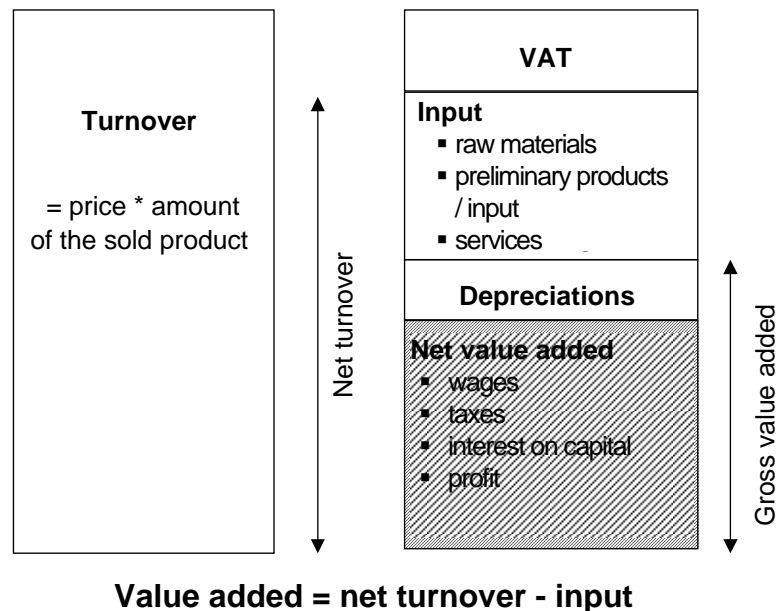
4.2.3. Calculation of Regional Value Added Effects

Calculating the value added serves to estimate, grasp and map the economic effects of a RVP for the region. The regional value added effects are of crucial significance for the fundamental decision of whether the RVP method will be applied as well as for the VAC selection and the planning, support and evaluation of the VAC development.

What is Value Added and How Can it be Calculated?

Value added is the return of an economic unit after deducting the input. It's the most suitable parameter to measure the performance of a company, an industry, a region or also a nation. The value added is available as profit and income and is in the end crucial for creating jobs. It must be distinguished between net and gross value added. The gross value added is the net value added including depreciation charges.

Fig.: Value added calculation



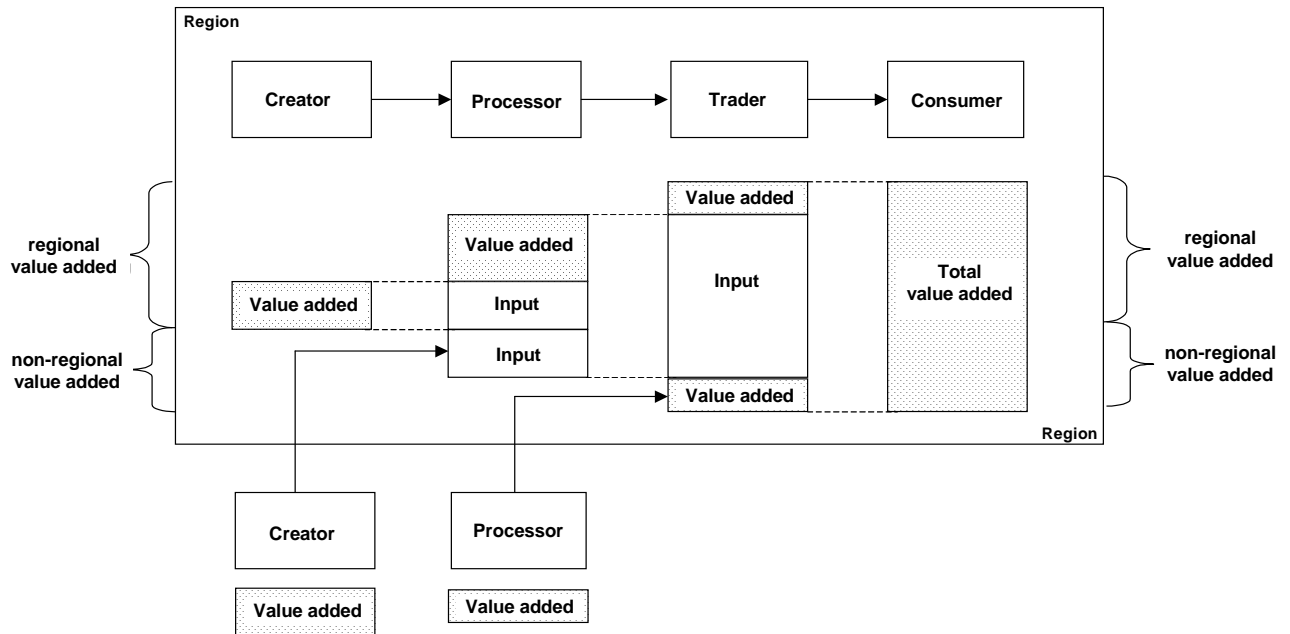
Source: Authors after Hahne (2008)³²

32 Hahne, Ulf (2008) "Die Bedeutung regionaler Wertschöpfungsketten für eine nachhaltige Regionalentwicklung" (The Significance of Regional Value Added Chains for a Sustainable Regional Development), [presentation](#) at the Forum on the Future of Rural Development at the International Green Week - [side event 5](#): "Erfahrungen und Herausforderungen beim Aufbau regionaler Wertschöpfungspartnerschaften" (Experiences and Challenges of Building Regional Value Added Partnerships) on 22 January 2008 in Berlin

Regional Value Added Effects of a VAC

The principle of calculating the value added can be applied to the calculation of the regional value added effects of a VAC, as demonstrated by the figure below. The regional value added is the sum of the value added by the individual stages or the services delivered in the region.

Fig.: Regional value added effects along the VAC



Source: Authors after [GTZ \(2007\)](#)

The above example includes all essential actors of the VAC in the region. With about two thirds, the better part of the value added is created and consumed in the region. The return goes - as opposed to the displayed product path - from the consumer via the retailer to the processors and creators and is also available to the region for the most part.

The Calculation of Regional Value Added Using the Example of Wood

Hahne and Gothe (2005)³³ have examined regional value added effects in the field of wood in 2005. The following figure shows the value added effects of regional wood energy.

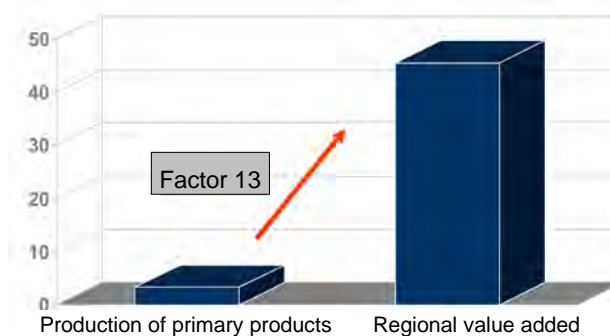
33 Gothe, Dorle and Hahne, Ulf (2005): "[Regionale Wertschöpfung durch Holz-Cluster. Best-Practice-Beispiele regionaler Holzcluster aus den Bereichen Holzenergie, Holzhaus- und Holzmöbelbau](#)" (Regional Value Added By Wood Clusters. Best-Practice Examples of Regional Wood Clusters from the Fields of Wood Energy, Timber House and Wooden Furniture Construction)

Fig.: Value added by regional wood energy

Calculation for a period of one year	Turnover	Regional value added
<i>Production stages</i>		
Energy generation – energy-trading company	150,000 Euros	
- taxes	24,000 Euros	
- depreciations	50,000 Euros	
- raw materials, regional ones:	4,320 Euros	
- services, regional ones:	10,150 Euros	
- wood	8,750 Euros	
- transport	24,480 Euros	
- chipping		13,300 Euros
- harvest		
Chipping – forestry service providers	8,750 Euros	5,850 Euros
Transport – farmers	10,150 Euros	5,526 Euros
Harvest – lumbermen	24,480 Euros	17,515 Euros
Wood generators – various	4,320 Euros	3,283 Euros
Total regional value added		45,474 Euros

Source: Gothe (2007)³⁴

As the following figure shows, the regional value added increases by regional wood energy use (45,474 €) compared to mere log timber sales (3,283 €) on the 13-fold value. With assumed average annual earnings (analogue industry employees) of 28,800 Euros, the achieved regional value added is equivalent to approximately 1.5 job equivalents that are created in the region.

Fig.: Regional value added by the use of energy wood

Source: Gothe (2007)

In addition to the field of regional wood energy, Hahne and Gothe also analysed the fields of timber house and regional wooden furniture construction. For the field of regional timber house construction, they determined a 9.7-fold increase in the regional value

34 Poster presentation "Regionale Wertschöpfung berechnen" (Calculating Regional Value Added) at the joint seminar of the German network LEADER+ and the branch office of Active Regions "[Regionale Wertschöpfungspartnerschaften aufbauen und in die Entwicklungsstrategie integrieren](#)" (Building Regional Value Added Partnerships and Integrating These into the Development Strategy); 27 and 28 June 2007 in Weimar

added, compared to mere log timber sales, and a 16-fold increase for the field of regional wooden furniture construction.

Where Does This Data Come From?

The necessary data collection for calculating the regional value added is not easy. The following table shows two basic possibilities and their pros and cons. Both approaches can, of course, also be used supplementary.

Fig.: Approaches to value added calculation

Approach	Pros	Cons
Top-Down Processing of statistical data	<ul style="list-style-type: none"> ▪ Data easily available for some sectors (Destatis (Federal Statistical Office, Germany), tourism barometer) ▪ Quick overview ▪ Low expense ▪ Strong sectors of the region can be determined 	<ul style="list-style-type: none"> ▪ Often too generalised, does not apply to the real situation ▪ No data on businesses, supply relationships/networks ▪ Small businesses barely recorded
Bottom-Up Corporate data retrieval along the VAC	<ul style="list-style-type: none"> ▪ Transparency on regional supply structures and company integrations ▪ Insight into the economic situation of the companies ▪ Possibility to find new partners and approaches for regional networking 	<ul style="list-style-type: none"> ▪ Time expenditure/costs ▪ Inhibitions of the companies to disclose data (e.g. profit) ▪ Breach of data protection/privacy of companies possible, mainly in regard to regional managers

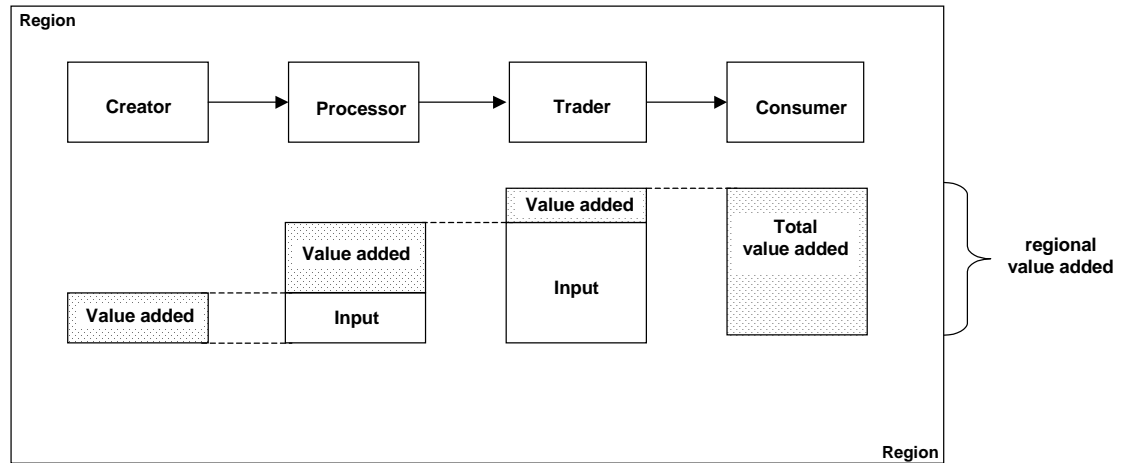
Source: Gothe (2006)³⁵

Types of Value Added from the Perspective of the Regions

From the perspective of the regions, there are basically the following types of VACs in regard to regional value added:

- **"Regional VAC":** All steps lie completely within the region (see the following figure) >> high regional value added effects

35 Poster presentation "Regionale Wertschöpfung berechnen" (Calculating Regional Value Added) at the joint seminar of the German network LEADER+ and the branch office of Active Regions "[Regionale Wertschöpfungspartnerschaften aufbauen und in die Entwicklungsstrategie integrieren](#)" (Building Regional Value Added Partnerships and Integrating These into the Development Strategy); 27 and 28 June 2007 in Weimar

Fig.: Regional value added chain

Source: Authors

- **"Export VAC"**: Consumption is realised outside the region, all the other steps are realised within the region >> high regional value added effects
- **"Import VAC"**: Only the consumption is realised within the region >> no regional value added, high outflow of funds from the region
- **"Resource VAC"**: Only resources are produced in the region, all other stages lie outside of the region >> low regional value added
- **"Intermittent VAC"**: Resource production and consumption take place in the region, but decisive processing stages do not >> low regional value added, high outflow of funds from the region according to the ratio

Hints for Analysing the Regional Value Added:

- The precise methodical procedure for analysing the regional value added effects has to be aligned with the sector to be investigated and the respective question. Value added analyses in tourism are carried out in a different way than in the sector of agricultural economy.
- A value added analysis is only useful and credible if the way of calculation and the used fundamentals are described in a transparent and plausible way.
- Value added analyses should be carried out by experts or experienced actors. Data gaps can be filled with estimates, cross-checking with other data or interviews, so that a sufficient basis for decision-making is developed.
- Value added analyses are in general not suitable as a basis for decisions on a company by company basis. Business data are necessary for this purpose.

Other Examples for Regional Value Added Calculation

- Presserohstoff 2 (2004): ["Regionale Wertschöpfung entlang der Bündner Holzkette am Beispiel «Neubau Bahnhof Landquart»"](#)³⁶ (Regional Value Added along the Bündner Timber Chain Using the Example of the Reconstruction of Landquart Station)

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Further information can be found on the following internet page ["Regionale Wertschöpfung Holzzentrum Landquart"](#) (Regional Value Added Timber Center Landquart) as well as in the PPP presentation ["Grosses Wachstumspotenzial bei der Wertschöpfung der regionalen Holzkette"](#) (High Potential in the Value Added of the Regional Timber Chain)

- Job, Hubert et al. (2003): "[Ökonomische Effekte von Großschutzgebieten](#)" (Economic Effects of Large Protective Areas)
- Koch, Reinhard (2007): „[Das Modell Güssing. Ein Beispiel für eine nachhaltige Energieversorgung](#)“ (The Güssing Model. An Example for a Sustainable Energy Supply)

Other Methodic References and Links

- GTZ (2007): "ValueLinks Manual"; [Module 2 "Analysing a Value Chain"](#)
- FAO (2005): "[Commodity Chain Analysis. Financial Analysis](#)"
- FIF (2008): "[Makroökonomische Aspekte von Freizeit und Tourismus. Wertschöpfungsberechnung](#)" (Macro-Economic Aspects of Leisure and Tourism. Value Added Calculation)
- Job, Hubert Job et al. (2006): "[Leitfaden zur Erfassung der regionalwirtschaftlichen Wirkungen des Tourismus in Großschutzgebieten](#)" (Guide to Recording Regional Economic Effects of Tourism in Large Protective Areas)

4.2.4 SWOT

The SWOT³⁷ is an instrument for situation analysis as well as for strategic planning of the RVP. It is very flexible in use and can be used for a first brainstorming and as a systematic planning instrument. A SWOT mainly consists of the following two elements.

1. Situation Analysis

The first step is to identify internal strengths and weaknesses of the RVP as well as external opportunities and threats. For this purpose, the typical key questions in the following table as well as the named specialised analysis instruments can be used according to the investigation depth.

Fig.: Analysis via SWOT

Internal Factors	Strengths (S)	Weaknesses (W)
	in regard to: products, price, sale, advertising, marketing, image, management, market positioning, etc.	
	<ul style="list-style-type: none"> ▪ What are we especially good at? ▪ What are our core competences? ▪ What are we better at than our competitors? 	<ul style="list-style-type: none"> ▪ What are the central bottlenecks/shortfalls? ▪ What are we worse at than our competitors? ▪ What are the difficulties for our cooperation?
Analysis instruments: product analysis, price analysis, marketing analysis, image analysis, etc.		
External Factors	Opportunities (O)	Threats (T)
	in regard to: market, customers, competition, politics, economic activity, technology, etc.	
	<ul style="list-style-type: none"> ▪ Which new customer demands are we able to cover? ▪ Where are new opportunities within our surroundings? ▪ Which opportunities do we expect regarding the development of our sector over the next years? 	<ul style="list-style-type: none"> ▪ Where are the risks in our surroundings? ▪ Which risks do we have to take into account when thinking of the development of our sector over the next years?
Analysis instruments: market analysis, customer analysis, competition analysis, environmental analysis		

Source: Authors

2. Strategy Development

After the analysis, the strategy has to be developed. For this purpose, the identified strengths and weaknesses are associated with the opportunities and threats. As the following table shows, this results in four strategic starting points:

1. (SO strategies): using existing opportunities with own strengths; e.g. opening a new market with an existing product;
2. (WO strategies): removing own weaknesses in order to use existing opportunities; e.g. by developing a new product in order to meet customer demands;

37 SWOT: Strengths, Weaknesses, Opportunities, Threats

3. (ST strategies): averting existing danger with own strengths; e.g. repelling a new competitor with advertisement for an existing product
4. (WT strategies): removing own weaknesses in order to bear imminent threats; e.g. correcting quality defects for repelling a competitor.

Fig.: Strategy development with SWOT

SWOT		Internal	
		Strengths (S)	Weaknesses (W)
		1. 2. 3. etc.	1. 2. 3. etc.
External	Opportunities (O) 1. 2. 3. etc.	SO strategies (developing): using strengths in order to use opportunities	WO strategies (catching up): reducing weaknesses in order to use opportunities
	Threats (T) 1. 2. 3. etc.	ST strategies (safeguarding): using strengths in order to prevent threats	WT strategies (reducing): reducing weaknesses in order to prevent threats

Hints for Using SWOT

A big advantage of SWOT - the high flexibility - also leads to some disadvantages that can be avoided in the following way:

- Defining the SWOT range at first: What is the aim of the SWOT? What is it used for? How comprehensive is the processing?
- Participation of different actors in the SWOT and use of detailed analysis instruments for avoiding subjectivity.
- Separation of internal strengths and weaknesses that can be influenced as well as external opportunities and threats that cannot be influenced.
- Prioritisation of analysis results as well as of strategy development.
- Specification of steps and activities following SWOT like e.g. deepening, implementation, control of progress, etc.

Further Literature and Links

- http://www.hochleistungsorganisation.com/Tools/Prozess/SWOT_20080210.xls
- <http://de.wikipedia.org/wiki/SWOT-Analyse>
- Bauer-Wolf, Stefan et al (2008): "Erfolgreich durch Netzwerkkompetenz. Handbuch für Regionalentwicklung" (Successful by Network Competence. Guide for Regional Development)
- Wehrich, Heinz: "[The TOWS Matrix -A Tool for Situational Analysis](#)"
- Steiniger, Henny (2003): "[Die SWOT-Analyse](#)" (The SWOT Analysis)

4.3. Checklist "Successfully Addressing Companies"

The following three checklists for preparing, implementing and post-processing the address of companies are intended as help for step 4 "company involvement".

Checklist: Preparation of addressing companies	
The RP has clearly formulated its aims for supporting selected VACs.	
There is a first draft of the VAC map (with steps, actors, bottlenecks and objectives).	
Available information on the situation of the sector has been evaluated.	
The central (LEAD) companies to be addressed by the VAC have been identified.	
A company-oriented presentation of the RP and its success is available.	
The RP has defined what it is able and willing to bring into the regional VAC.	
The possible use of the VAC development for the companies has been worked out.	
The contents of addressing companies and the points to be clarified have been defined (e.g. company profile, existing cooperations, need for improvements, willingness to change).	
The type of company addressing has been defined (internal, external, workshops, interviews, written surveys, telephone interviews, mix).	
The extent of company addressing has been specified (e.g. number of interviews).	
The necessary resources for addressing companies are ensured.	
The RP has defined a clear mandate for addressing companies.	

Checklist: Implementation of addressing companies	
Personal access and existing contacts are used for addressing companies.	
The companies are addressed on the basis of a positive role definition of the RP in terms of a win-win-combination (no petitioner, but partner with partly identical interests, etc.).	
The companies are addressed by suitable people (positive attitude to the cooperation, persuasive, company-oriented communication).	
The companies are addressed in a company-oriented way (by result, as short and rich in facts as possible, etc.)	
The core messages are communicated within 5 minutes.	
The companies are addressed following a clear time and content flow (e.g. interview guide, questionnaire, schedule).	
The companies are addressed in a way that a good earnings assurance is possible.	
Entrepreneurs are attracted personally and with regards to content.	

Checklist: Follow-up of company addressing	
Company addressing ends with the possibility for a feedback.	
The results of addressing companies are documented and evaluated.	
The work orders resulting from addressing companies are completed.	
The central (LEAD) companies are integrated into the core group.	
Preferably clear agreements on the next steps are made.	
Only agreements that can be kept in regard to time and content are made.	

Further Literature, Methods and Links:

- PLS Ramboll (2003): "[In zehn Schritten zur Strategischen Partnerschaft. Ein Leitfaden](#)" (Ten Steps to a Strategic Partnership. A Guideline); contains practical advice for preparing, structuring, implementing, documenting and following-up interviews with companies
- Damm Diethelm (2001): "[Zehn Arbeitsschritte zur Unternehmenskooperation](#)" (Company Cooperation in Ten Steps)
- Gothe, Stefan (2007): "Identifizierung einer Wertschöpfungskette für eine zielgerichtete Regionalentwicklung und Ansprache geeigneter Unternehmen" (Identifying a Value Added Chain for a Target-Oriented Regional Development and Addressing Suitable Companies), case study of the TWSKG agriculture and food culture.
- ILO (2007): The guide "[Local Value Chain Development for Decent Work](#)" contains practical advice for organising different kinds of group events when developing regional value added chains.

4.4. Development of a Vision

A vision is suggestive of a worthwhile, condensed picture of the future and shows why changes are desirable. Thus, a vision has three important functions for the development of a RVP. First, the general direction of the change process becomes apparent. Second, the vision motivates the participants for the change. Third, the vision contributes to efficiently coordinating the activities of the participants. The transitions between vision and principle and thus to the values and purpose of the RVP are smooth.

Quotations Vision

"A vision is the long-term source of energy for change processes."

"It must be possible to communicate a vision in five or less minutes in a way, that it produces both comprehension and interest."

"Visions without actions turn into dreams, actions without visions turn into nightmares."

"A vision is successful if it is known to everyone".

"The vision is a precise picture of the future that is near enough to still show the feasibility, but already far enough to arouse enthusiasm for a new reality."

Elements / Phases of Vision Development

The development process of a vision generally contains the following elements:

- **Trigger / decision:** There are generally two central start pulses for a vision process: 1) new opportunities and 2) crises and pressure to perform.
- **Planning:** The real vision development has to be carefully planned and suitable conditions have to be provided.
- **Development:** Here the real vision is found and developed on the basis of a review on the past, the surrounding developments and own strengths and weaknesses as well as key values and principles.
- **Implementation:** The vision is communicated, put into practice and the achieved progress is reviewed.

Examples Vision

SOS Children's Village: *"Every child grows up in a family - loved, respected and cared for."*

Barilla: *"We distribute Italian food style all over the world"*

Wendland-Elbetal: *"100 % supply of renewable energies"*

Planning and Organising a Vision Process

There are two basic issues to be clarified: 1) Who shall be involved in the development of the vision and 2) which methods shall be used for supporting the vision? There are different answers to both questions.

- **for 1)** A vision can be developed top-down in a small executive team as well as bottom-up with high participation. Using the top-down option, the effort for the real vision development is lower, but the effort for the later procurement and communication is higher than with the bottom-up option. Combinations are also possible. In general, it is easier for people to identify with a vision if they have contributed to the development.
- **for 2)** Basically, there are more creative and fantasy-oriented (analogue) methods and more rational (cognitive) methods. Since a vision should reach both the head and the heart, a combination of both forms can be used. In either case, a framework has to be created that enables the development of the vision beyond the day-to-day business.

Key Questions for Vision Development in a RVP

In the framework of a vision development, the following questions have to be answered: What do we want? What's the use of it? What are we able to do? What is influencing us? What is driving us? Typical questions for the vision development of a RVP are:

- What should our RVP look like in 7 years from now? What is the ideal?
- What do we want to achieve and create together?
- What makes us proud? What are our best qualities, skills and core competences?
- What is our valuable and distinctive contribution to the region?
- What are our key values? What is really important to us? How do we want to collaborate?

Table: Methods for finding a vision

In large groups	For ideas generation
<ul style="list-style-type: none"> ▪ Future factory ▪ Future conference ▪ World café ▪ Open space ▪ Visions workshop ▪ Real time strategic change 	<ul style="list-style-type: none"> ▪ Brain-storming ▪ Brain-writing ▪ Walt Disney method ▪ Mind-mapping ▪ Appreciative enquiry

Source: Authors

Checklist effective vision: Our vision of the RVP...

Imaginable	conveys a lively image of what the future looks like.	
Desirable	takes long-term interests of companies, region and customers into account.	
Focused	is clear enough to assist in finding a decision.	
Feasible	includes realistic, achievable objectives.	
Unique	sets apart from the future image of competitors.	
Flexible	is common enough for allowing several possibilities to act.	
Communicable	is easy to understand and to communicate.	
Inspiring	motivates all participants, is ambitious, inspiring and enables an emotional identification.	

Source: Authors after Kotter (1996)³⁸

Further Literature, Methods and Links

- Method "Strategische Vision" (Strategic Vision) in "[Systemische Instrumente für die Regionalentwicklung](#)" (Systematic Tools for Regional Development) ÖAR-Regionalberatung GmbH, Graz 2002
- Kapl, Gerhard: "Leitbildentwicklung – ein schöpferischer Prozess" (Concept Development - a Creative Process); in: Auinger, Franz; Böhnisch, Wolf R.; Stummer, Harald (2005): "Unternehmensführung durch Werte" (Business Management by Values), Wiesbaden
- Simon, Hermann; von der Gathen, Andreas (2002): "Das große Handbuch der Strategieinstrumente. Alle Werkzeuge für eine erfolgreiche Unternehmensführung" (The Big Guide to Strategy Instruments. All Tools for a Successful Company Management)
- Hagemann, Gisela (2003): "Methodenhandbuch Unternehmensentwicklung" (Method Manual Company Development)
- Hinterhuber, Prof. Dr. Hans (2004): "Strategische Unternehmensführung. I Strategisches Denken" (Strategic Company Management. I Strategic Thinking)
- Stolzenberg, K; Heberle, K (2006): "Change Management. Veränderungsprozesse erfolgreich gestalten – Mitarbeiter motivieren"; (Change Management. Successfully Arranging Change Processes - Motivating Associates) [Chapter 1 Vision](#)
- Learning unit concept development: <http://www.ikopa.de/leitbildentwicklung.pdf>
- Method overview ideas generation: <http://de.wikipedia.org/wiki/Ideenfindung>

4.5. Development and Implementation of a Strategy

A strategy usually is a way for achieving long-term objectives and the vision. Thus, strategies are the starting point for actions. In regard to the planning ability and the rationality of strategies, there are two dominant strategy understandings (see the following quotations). On the one hand, a strategy is considered to be a rational, planned, complex bundle of measures. On the other hand, a strategy is regarded as a less rational basic pattern in the flow of business decisions.

What Makes a RVP Strategy So Special

First, the decision for collaborating in a RVP is a conscious strategic decision for the participating actors themselves. The second aspect is, nevertheless, even more important, because the strategy of a RVP is a joint, collective strategy of independent companies and actors. This means on the one hand, that the development and implementation of the strategy can only be realised in a cooperative process and not hierarchically, as it is the case in single companies. On the other hand, it has to be ensured that the joint RVP strategy does not contravene the single strategies of the companies and the RP.

Basic Value Added Strategies of a RVP

- Extension of the VAC in the region by developing further steps in the region
- Increase of efficiency of the VAC and cost reduction by management across the chain
- Enhancement of product quality
- Development of novel and special products
- Introduction of social and environmental standards
- Improved marketing (e.g. umbrella and regional brands)
- Substitution of imported products

What do RVP Strategies Refer to?

As the following table shows, strategies can refer to different dimensions. A RVP is, as already mentioned above, a collective strategy.

Fig.: Strategy dimensions overview

Dimension	Strategies	Dimension	Strategies
Level	<ul style="list-style-type: none"> ▪ Collective strategy ▪ Corporate strategy ▪ Business division strategy ▪ Functional strategy 	Innovation	<ul style="list-style-type: none"> ▪ Pioneer strategy ▪ Follower strategy
Competition	<ul style="list-style-type: none"> ▪ Cost leadership ▪ Differentiation strategy 	Behaviour	<ul style="list-style-type: none"> ▪ Offensive strategy ▪ Defensive strategy
Company function	<ul style="list-style-type: none"> ▪ Purchase, production, sale ▪ Marketing ▪ Quality assurance, etc. 	Market entry	<ul style="list-style-type: none"> ▪ New product launch ▪ Acquisition ▪ Cooperation
Product market /	<ul style="list-style-type: none"> ▪ Market penetration ▪ Market development ▪ Product development ▪ Diversification 	Trend	<ul style="list-style-type: none"> ▪ Growth ▪ Negative growth ▪ Stabilisation

Normally, from the perspective of individual companies, the RVP relates to only individual areas of business or company functions and not to the entire company strategy. In most cases, the focus is laid on the questions below:

- Which areas of business does the RVP get involved with? >> market and competitive position
- How shall the competition be tackled, with which partners? >> RVP design
- What is the long-term success basis, what are the core competences? >> RVP potentials and resources
- Which company functions shall be strengthened or are concerned by the cooperation?

How can Strategies be Developed?

Basically, three ways or approaches can be distinguished:

- The **systematic approach** typically consists of the following elements: definition of aims > analysis (internal / external) > identification of strategic opportunities > strategy selection > strategy implementation > evaluation / support
- The **incremental approach** doubts that the development of a strategy is in reality a systematic, logic and objective process. Instead, the strategy is developed in small steps ("muddling through"). The planning is reduced to irregular and short-term action plans.
- The **systematic-incremental** approach combines elements of both above-mentioned methods. It is acknowledged that the planning of a strategy is never done exclusively systematically and top-down from the logical point of view but in the framework of a counter-flow principle.

Tools for Developing a Strategy

Especially for the support of the systematic approach for developing a strategy, numerous tools and methods exist for the

- **analysis of internal company resources:** e.g. value chain analysis, strengths and weaknesses analysis, [core competence analysis](#), life cycle analysis, [BCG analysis](#) (Boston Consulting Group)
- **analysis of external market forces:** e.g. environmental analysis, target group analysis, competitor analysis, substitution analysis, industry structure analysis
- **strategic positioning:** [competition strategies after Porter](#), [market field strategies after Ansoff](#), [market positioning after Treacy and Wiersma](#)
- **strategic planning:** e.g. SWOT standard strategies (see chapter 4.2.4), portfolio standard strategies, GAP analysis, balanced scorecard, scenario technique.

Many of the above-mentioned tools are shortly described on the internet website http://www.12manage.com/i_s_de.html.

Market Strategies of a RVP

In many RVPs, the focus is laid on offering a - from the customer's perspective - "unique" product. With regard to such unique selling points, the following strategic and each-other complementing orientations of a RVP can be distinguished:

- **Regionality ("from the region"):** The centre of reference of a RVP is a region. The region's particularity, its strengths and image / regional identity are in the focus. These particularities must be part of the products or services and must be brought to the market in an authentic, convincing and believable way.
- **Proximity ("proximity builds confidence"):** RVPs can stand out due to their proximity to customers, clearness and transparency. This builds confidence, allows for a close communication and, thus, contributes to customer retention.
- **Quality ("quality instead of quantity"):** RVPs provide for a particularly high level of quality which allows them to stand out from competitors. Quality must be verified and guaranteed based on objective criteria and also subjective aspects (e.g. indulgence). The focus is laid on providing quality throughout the value added chain.
- **Solidarity ("in favour of the region"):** RVPs can achieve to activate and use the solidarity of the local population, the greater area or tourists as a competitive advantage.
- **Originality ("something very special"):** RVPs can specialise on particular products or manufacturing techniques, for example, on the basis of regional traditions, which are not offered otherwise.
- **Innovation ("innovation through collaboration"):** the cooperation of companies and the integration of further actors (customers, science / research) can breed innovations which can be used as competitive advantages.

Checklist for an efficient strategy: Our RVP strategy ...

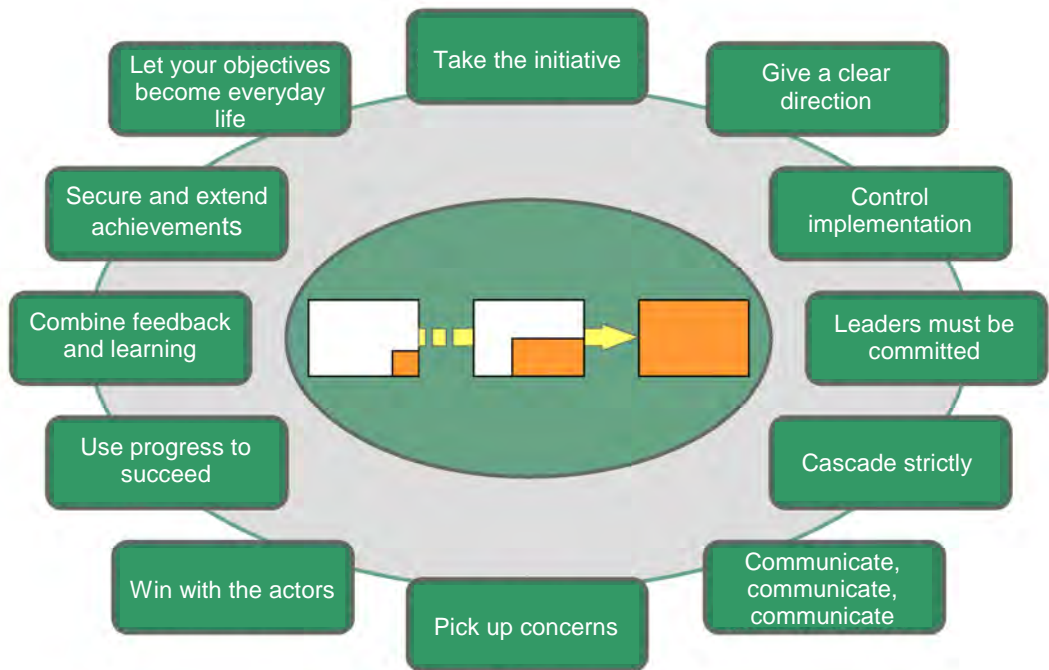
Relevance	is significant and not trivial and unimportant.	
Concretisation	is sufficiently precise.	
Action-oriented	can be implemented via activities.	
Comprehensibility	is simple and can be described in a few words.	
Benefit-oriented	focuses on improvement.	
Separation	facilitates to stand out from competitors.	
Coverage	matches the aims and covers the target territory.	
Harmony	isn't contradictory to the strategies of participating companies.	
Position	allows a significantly perceivable improvement of competitive advantages and position.	

Source: <http://www.4managers.de/themen/strategie-baukasten/>

How are Strategies Implemented?

The precise implementation of the selected strategies - which is the step from the knowledge to taking action - is considered to be a particularly demanding task. While the strategy development must be completed within a few weeks, the process of implementing the strategy can take years. Depending on the level of pursued change, operational processes must be changed, organisational and personnel requirements must be met and precise actions must be taken. And above all: All involved companies and their employees must pull together. Therefore, continuous communication, defined interim goals and milestones and the celebration of progresses are crucial to strengthen the process. The graphic below shows the 12 maxims of implementing a strategy after Anwander (2002).

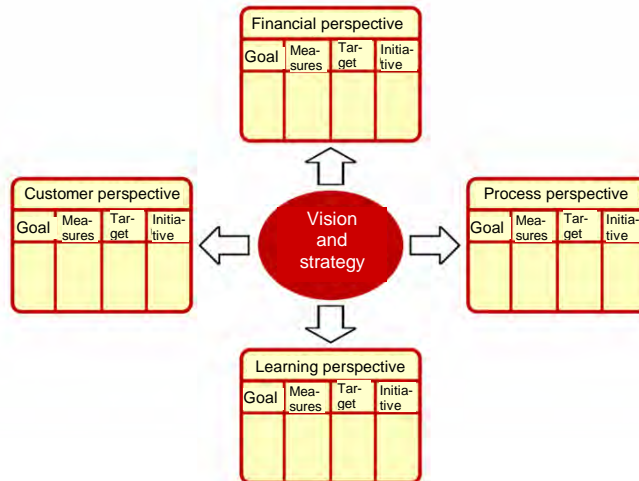
Fig.: The maxims of developing a strategy



Balanced Scorecard (BSC)

The BSC is a management system which serves to implement a corporate strategy using a measure system. Corporate performance is looked at as a balance of business finance, customers, corporate processes and employees. For each perspective, the BSC allows for a complete approach of corporate control. The BSC tool can also be applied to a RVP.

Fig.: Basic balanced scorecard



Source: http://de.wikipedia.org/wiki/Balanced_Scorecard

Further Literature, Methods and Links:

- Methods / descriptions at www.4managers.de: [Industry Structure Analysis / Porter`s Five Forces](#); [BCG Matrix / Portfolio Analysis](#); [Core Competences](#); [Strategy Implementation](#); [Business Segment Strategy](#); [Competitive Advantage](#); [Strategy Kit](#)
- Mintzberg, Herry et. Al (2007) "Strategy Safari. Eine Reise durch die Wildnis des strategischen Managements" (Strategy Safari. A Journey Through the Wilderness of Strategic Management)
- Anwander, Armin (2002): Strategien erfolgreich verwirklichen: Wie aus Strategien echte Wettbewerbsvorteile werden. (Implementing Strategies Successfully: How to Make Strategies Real Competitive Advantages.) Springer Verlag
- GTZ (2007): "ValueLinks Manual"; Module 3 "[Determining the Chain Upgrading Strategy](#)"
- Nolopp (2008): "Aufbau und Management der Marke Ostfriesland® über eine Balanced Scorecard" (Build-Up and Management of the Brand Ostfriesland® Using a Balanced Scorecard)
- Method "Value Net - Wertschöpfungsnetz" in "[Systemische Instrumente für die Regionalentwicklung](#)" (Systematic Tools for Regional Development) ÖAR-Regionalberatung GmbH, Graz 2002

4.6. SMART Goals

The SMART criteria can be used to define precise, realistic, acceptable and verifiable objectives - or in other words: operationalised or concrete goals. Operationalised goals describe the precise benefits which the partner hope for as a result of the collaboration. They are a central element of the planning process, management and success control - the control so to speak - of a RVP.

Goal Quotations:

If you're not sure where you are going, you're liable to end up someplace else. Robert F. Mager

The slowest who doesn't lose sight of his aim is still moving faster than to the one who doesn't have an aim. Gotthold Ephraim Lessing

If one does not know to which port one is sailing, no wind is favourable. Seneca

Having lost sight of our goal, we must redouble our efforts. Mark Twain

SMART Goals Checklist

S	Specific	Is the goal precisely and clearly defined?	
M	Measurable	Can be decided whether the goal was reached (quality / quantity)?	
A	Attainable	Is the goal motivating, demanding and positive?	
R	Realistic	Are sufficient resources available (e.g. time / money) to reach the goal?	
T	Timely	Is a deadline set? When shall the goal be reached?	

Not SMART: Improvement of production;

SMART goal: Introduction of a quality management reaching across a VAC until 31 May 2009

Reaching and Using SMART Goals

If partners want to collaborate, they should be clear about "where they want to go together" right from the start. This requires that each partner (RP / company) defines his own goals. In a second step, goals are synchronised. That doesn't mean that goals have to be identical, but each partner must be able to contribute his goals and know and accept the goals of the other partner. Discussing goals serves to communicate, builds confidence among actors and provides for acceptance. Goals should be set in writing as part of the collaboration agreement, communicated sufficiently and especially regularly verified.

Scope of Application

Operationalising goals is possible in many areas and is recommended, e.g. for the areas of economy (turnover, growth, employment, value added), customers (customer benefits, customer satisfaction, customer orientation), processes (quality assurance, lead times) and also for collaborating within the RVP (compare chapter 4.7 Success Factors). However: Not all goals must be SMART or operationalised; especially on the vision level and partially also on the strategy level (compare step 5: RVP Development Planning), not-operationalised goals serve orientation significantly.

Further Links:

- <http://www.olev.de/xyz/ziele.htm>

4.7. Success Factors

This methods allows to reflect upon and evaluate the situation of a RVP / VAC based on the value of 20 success factors. It can be used to prioritise various VACs or to plan necessary modifications; however, first and foremost, it can be used by the actors themselves to continuously support and control the development.

Overview: Success factors of a RVP

Partnership / Process	Market / Content
Shared vision	Customer orientation
Promotor	Openness for innovation
Confidence / respect	Information
Clear, verifiable objectives	Top quality of products
Benefits for all participants	Effective and efficient logistics and distribution
Early success	Communication and marketing
Learning aptitude / evaluation	Customer-appropriate price-performance ratio
Adequate participation and strong supporters	Regional separation
Resources / commitment	Quality assurance
Process skills	Marketing skills

Source: Authors

Where do the Success Factors Come from?

The success factors were developed in the framework of REGIONEN AKTIV (Active Regions) and combine results of scholarly concomitant research (www.regionenaktiv.de) with practical experiences of the regions as well as a literature evaluation³⁹ of existing sets of success factors in the fields of corporate networks, value added chains and clusters.

How Does This Method Work?

The method is applied in three steps.

Step 1 - Comprehension: VACs are evaluated in the fields network / process and market / contents using an analysis sheet⁴⁰. The evaluation scale reaches from 1 to 5: 1 not applicable, 2 hardly applicable, 3 partially applicable, 4 mostly applicable, 5 totally applicable.

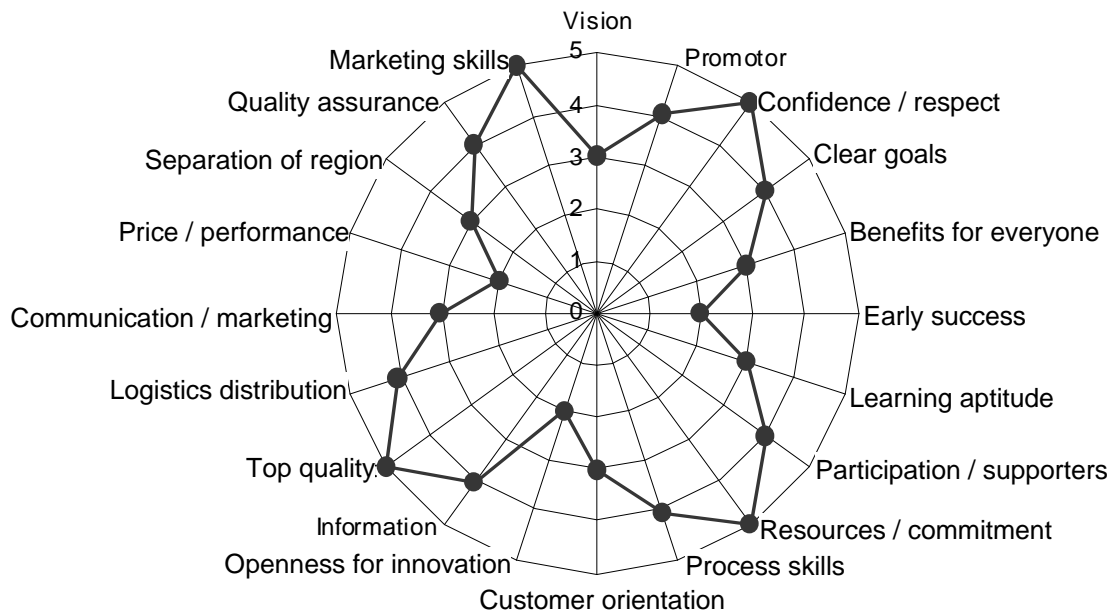
In order to be able to better identify strengths and deficiencies among the success factors or evaluation differences among the various actors of the RVP, an Excel file⁴¹ is used to visualise evaluations. Based on the "spider", the cause for possible problems can be better understood and steps can be planned to solve these problems.

39 Federal Office REGIONEN AKTIV (Active Regions) (2006): "[Erfolgsfaktoren Wertschöpfungsketten](#)" (Success Factors of Value Added Chains" ppp "Erstes Treffen des Bundes WSK Netzes am 11. September 2006 in Fulda" (First Meeting of the Federal VAC Network on 11 September 2006 in Fulda)

40 Federal Office REGIONEN AKTIV (Active Regions) (2006): "[Analyse von regionalen WSK anhand von Erfolgsfaktoren](#)" (Analysis of Regional VACs Based on Success Factors)

41 Federal Office REGIONEN AKTIV (Active Regions) (2006): "[Excel Auswertungshilfe Erfolgsfaktoren WSK](#)" (Excel Evaluation Aid VAC Success Factors)

Fig.: RVP success factors radar chart



1 = not applicable, 2 = hardly applicable, 3 = partially applicable, 4 = mostly applicable, 5 = totally applicable

Source: Authors

Step 2 - From comprehension to change: After analysing the situation, change is planned. To do so, the following questions must be answered: What can be done to improve the situation? Who can do it? When is the deadline?

If, for example, the factor "early success" is too weak, it's important to achieve partial success and to communicate in a target-oriented way. Set this as your goal. Think about measures and steps to reach this goal and how to verify achievements. Elaborate a schedule and decide who is in charge. Think about the success that has already been achieved in the RVP and the public relation methods which can be used to market these achievements. That can be done via a press release, a joint press conference with the district head, a presentation at an event of the savings bank, a regional fair or an internet newsletter. Or must the project management be improved to achieve (partial) success which can be communicated faster?

Step 3 - Comprehend change - change comprehension: For a sustainable improvement and the further development, it is important that a continuous learning process is initiated. So verify within the RVP whether the situation has improved within the set period of time. This check in the form of a target / actual comparison is easiest if the steps and goals that were agreed upon were clearly defined (compare chapter 4.6 SMART Goals >> checklist). Can you see what has changed through your way of acting, whether you assessed the situation correctly and what you need to do in the future?

How Much Time is Necessary?

A speedy analysis of the situation using the questionnaire doesn't take longer than one hour. That's sufficient for a first overview. Plan approx. another hour for planning the changes. If you are working in a team, you'll need approx. half a day for the analysis, evaluation, discussion and work schedule.

When does the Method Take Full Effect?

Even if applying this method behind closed doors can be very efficient, it especially unfolds its full potential when the analysis, evaluation and discussion of results as well as the planning of precise steps and goals and verification of achievements are done jointly with the actors of the RVP. If needed, external support can be involved for the moderation of this process or giving advice.

Further Hints and Links:

- [Analysis sheet RVP success factors](#)
- [Radar chart template RVP success factors](#)

- Agri Chain Competence Center; Monteny, Arjan (2006): "[Entwicklung und Management von Wertschöpfungsketten](#)" (Development and Management of Value Added Chains)
- Borchardt, Dr. Andreas (2007): "[Erfolgsfaktoren von KMU-Netzwerken](#)" (Success Factors of Networks of Small and Medium-Sized Enterprises)
- Gooch, Martin (2005): "[Drivers, Benefits and Critical Success Factors of Developing Closely-Aligned Agri-Food Value Chains](#)"
- Iking, Dr. Bernhard (2004): "[Erfolgreiche Netzwerkarbeit. Vorbedingungen und Erfolgsfaktoren.](#)" (Successful Networking. Prerequisites and Success Factors.)
- Endres, Prof. Dr. Egon (2008): "[Kritische Erfolgsfaktoren in Netzwerken](#)" (Critical Success Factors of Networks)
- MERCER and TUM (chair of business administration) (2005): "[Management von Unternehmensnetzwerken in der Automobilindustrie](#)" (Management of Corporate Networks in the Automotive Industry)

5. Success Stories of Regional Value Added Partnerships

The REGIONEN AKTIV (Active Regions) series "Success Stories of Regional Value Added Partnerships" presents the successful development of regional value added partnerships in model regions in practice. Below you can find an overview of two published success stories. Click on the link at the end of the summary to read the full success story.



I. From the field into the tank: Biogas as car fuel (Wendland-Elbetal)

In Jameln, Lower-Saxony, natural gas powered vehicles refuel at Germany's first biogas station "Wendländer Biogas". The fuel is made of raw materials from regional farmers. Within a short time, sales went up to an enormous amount of 7,000 kilograms per month. The success along the value added chain results from the collaboration of Raiffeisen Warengenossenschaft eG Jameln, regional farmers, local car dealerships and the association REGION AKTIV Wendland-Elbetal. [>> more](#)



II. Power from Regional Wood: Climate Protection and Employment in Eichsfeld

In the well-wooded Eichsfeld, Thuringia, nine small and medium-sized enterprises supply a new biomass power plant with wood. The companies cultivate acreage with woods from their own additions, maintain forests and landscape and produce woodchips. The region's prospects regarding employment and value added are favourable: thus far, only about one quarter of the raw materials is from the region. [>> more](#)

6. Further Guidelines, Websites, Events and Presentations

Guidelines / Manuals

- Agriculture and Food Council of Alberta (2002): "Value Chain Handbook. New Strategies to Create More Rewarding Positions in the Marketplace." Alberta, Canada
- Agriculture and Food Council of Alberta (2004): "Value Chain Guidebook. A Process for Value Chain Development." Alberta, Canada. Internet link: <http://www.nova-institut.de/ra-attach/16606/vcguide.pdf>
- Bauer-Wolf, Stefan et al (2008): "Erfolgreich durch Netzwerkkompetenz. Handbuch für Regionalentwicklung." (Successful through Network Competence. A Manual for Regional Development.) Springer Vienna New York
- Bavarian State Ministry for Regional Development and Environmental Affairs (2003) "Handbuch. Erfolgreiches Regionalmanagement" (Manual. Successful Regional Management) http://www.stmwivt.bayern.de/pdf/landesentwicklung/Handbuch_Regionalmanagement.pdf
- Bearing Point (2003): "Leitfaden zur Bildung von Kooperationen im Rahmen von Infrastrukturprojekten" (Guideline for Building Cooperations in the Framework of Infrastructure Projects) <http://www.umsicht.fhg.de/geschaeftsfelder/geschaeftsfeld/downloads/1182162411.pdf>
- Federal Ministry of Education and Research (2004): "Kompetenz mobilisieren – Ein Leitfaden für Initiatoren und Manager von Kompetenznetzen" (Mobilising Competences - A Guideline for Initiators and Managers of Competence Networks). Bonn and Berlin. Internet link: www.kompetenznetze.de; <http://www.kompetenznetze.de/Redaktion/Zentralredaktion/Bestellungen/medien/Leitfaden-Kompetenznetze-managen-pdf.property=pdf.pdf>
- The Federal Ministry of Food, Agriculture and Consumer Protection (2005): "Ländliche Entwicklung aktiv gestalten. Leitfaden zur integrierten ländlichen Entwicklung" (Designing Rural Development actively. A Guideline for an Integrated Rural Development). Bonn. Internet link: http://www.bmelv.de/cln_045/nn_752874/SharedDocs/downloads/08-LaendlicheRaeume/LaendlicheEntwicklung/LeitfadenIntegrierteLaendlicheEntwicklung.templateld=raw.property=publicationFile.pdf/LeitfadenIntegrierteLaendlicheEntwicklung.pdf
- Federal Ministry of Economics and Labour (2003): "Gemeinsam stärker. Kooperationen planen und durchführen. Ein Leitfaden für kleine und mittlere Unternehmen." (Stronger Together. Planning and Realising Cooperations. A Guideline for Small and Medium-Sized Enterprises.) Berlin. Internet link: <http://www.gruenderblatt.de/pdf/koooperationen.pdf?PHPSESSID=13c8d911d45536af3cef7e4dcbf803a6>
- CIAT (2004): "Increasing the Competitiveness of Market Chains for Smallholder Producers. A Field Guide".
- Damm Diethelm (2001): "[Zehn Arbeitsschritte zur Unternehmenskooperation](#)" (Company Cooperation in Ten Steps)
- FAO (2007): "[Guidelines for Rapid Appraisal of Agrifood Chain Performance in Developing Countries](#)"
- FIAS (2007): "Moving Towards Competitiveness. A Value Chain Approach" [http://www.ifc.org/ifcext/fias.nsf/AttachmentsByTitle/MovingTowardCompetitiveness/\\$FILE/Value+Chain+Manual.pdf](http://www.ifc.org/ifcext/fias.nsf/AttachmentsByTitle/MovingTowardCompetitiveness/$FILE/Value+Chain+Manual.pdf)

- Killich, Stephan and Luczak Holger: "Aufbau erfolgreicher Unternehmenskooperationen. Ein Leitfaden für mittelständische Automobilzulieferer" (Building Successful Corporate Collaborations. A Guide for Medium-Sized Automotive Suppliers) http://www.iaw.rwth-aachen.de/download/publikationen/leitfaden_parko.pdf
- ILO (2007): "[Local Value Chain Development for Decent Work](#). An Operational Guide. Combining Local Economic Development (LED) with Value Chain Development (VCD) to Strengthen Competitiveness and Integration of SMEs into Markets"
- ILO (2006): "Guide for Value Chain Analysis and Upgrading"; <http://www.value-chains.org/dyn/bds/docs/detail/545/6>
- Ecotec (2004): A Practical Guide to Cluster Development. Internet link: <http://www.dti.gov.uk/files/file14008.pdf>
- GTZ (2007) "ValueLinks Manual. The Methodology of Value Chain Promotion." Published by Andreas Springer-Heinze, <http://www.value-links.de/manual/>
- Kaplinsky, R and Morris, M (2000): "A Handbook for Value Chain Research". Internet link: <http://www.ids.ac.uk/ids/global/pdfs/VchNov01.pdf>
- KTBL (2005): "Kooperationen gründen und erfolgreich führen" (Founding and Managing Cooperations Successfully) Darmstadt
- m4p: "Making Value Chains Work Better for the Poor. A Toolbook for Practitioners of Value Chain Analysis", <http://www.markets4poor.org/?name=publication&op=viewDetailNews&id=964>
- ÖAR-Regionalberatung GmbH (2006): "Handbuch für zwischenbetriebliche Kooperationen und Netzwerke" (Handbook for Intercompany Cooperations and Networks). Internet link: http://www.oeaar.at/media/downloads/NW_Buch_2006_10_14.pdf
- PLS Ramboll (2003): "[In zehn Schritten zur Strategischen Partnerschaft. Ein Leitfaden](#)" (Ten Steps to a Strategic Partnership. A Guideline)
- Roekel, Dr. Jan van: "Building Agri Supply Chains: Issues and Guidelines. A Guide to Developing Agricultural Markets and Agro-Enterprises." Internet link: <http://www.agrichaincompetence.org/pdf/acc0395.pdf>
- Stenum (1999): "Netzwerke und Kooperationen. Ein Informations- und Arbeitsheft für UnternehmerInnen" (Networks and Cooperations. An Information and Workbook for Entrepreneurs) <http://www.ökoprofit.net/download/netzwerke.pdf>
- Stichting Agro Keten Kennis (2003): "Projectmanagement von ketenprojecten. Praktische aanwijzingen." Hertogenbosch. Internet link: <http://www.akk.nl/pdf/akk7619.pdf>
- Wildemann, Prof. Dr. (2004) "Supply Chain Management. Leitfaden für unternehmensübergreifendes Wertschöpfungsmanagement" (Supply Chain Management. A Guideline for Cross-Company Value Added Management)
- Chamber of Commerce of Upper Austria (2007): "Netzwerk-Handbuch. Wettbewerbsvorteile durch Kooperationen" (Network Handbook. Competitive Advantages through Cooperations) <http://www.netzwerkland.at/pdf/Netzwerkandbuch.pdf>

Websites

- <http://www.actionforenterprise.org>
AFE developed its own method for implementing the value chain approach. The focus is laid on supporting market-oriented approaches and competitive small and medium-sized enterprises.
- <http://www.agfoodcouncil.com/initiatives/value-chains.aspx>
Website of the Alberta Value Chain Initiative
- <http://www.artm-friends.at/am/km/km-d/km-index-d.html>
Knowledge management overview
- www.fao.org/easypol
Training material regarding value added chains (commodity chains).
- <http://www.handwerkplus.de>
The cooperation network NRW Handwerkplus offers ideas and precise support for trade cooperations.
- <http://www.hwplus.de>
HandwerkPLUS was a project of Landes-Gewerbeförderungsstelle des nordrhein-westfälischen Handwerks (LGH) (joint service institution set up both by the chambers and the confederations of skilled trades in the German federal state of North-Rhine Westphalia) and supported cooperations in the field of skilled trades. The website shows work results and provides basic knowledge regarding cooperations in the field of skilled trades and hands-on experience, ideas and names contact persons.
- <http://www.ids.ac.uk/globalvaluechains>
Website of the Global Value Chain Initiative of Duke University
- <http://www.kompetenznetze.de>
Networks of Competence Germany is an initiative of the Federal Ministry of Economics and Technology (BMWi) and represents cooperation clusters in Germany and serves as an interesting research source and communication platform for information and cooperation seekers.
- <http://www.kompetenzzentrumnetzwerkmanagement.de>
It's the aim of the Competence Centre Network Management to support companies, institutions and public bodies in building of networks by offering competent network management and appropriate consulting services.
- <http://www.kooperationsnetze.brandenburg.de>
Network database of the region Berlin-Brandenburg
- <http://www.kooperationspreis.de>
Cooperation prize of the agro and food industry 2007.
- <http://www.kooperationsserver.de>
Trade cooperation
- <http://www.kooperationswissen.de>
This website is part of a transfer project of the Federal Ministry of Education and Research (BMBF) with the working title "Corporate Cluster of the Year"
- <http://www.microLINKS.org/vctraining>
English website of USAID with five modules regarding training and qualification in the field of value chains.

- <http://www.modellregionen.de>
Website of the model and demonstration project "Regionen Aktiv – Land gestaltet Zukunft" (Active Regions - The Land shapes the future)
- <http://www.netzwerk-kompetenz.de>
Virtual network compendium demonstrating theory and practice of the collaboration via networks. It's based on the results of the scholarly concomitant research of regional networks.
- <http://www.netzwerkland.at>
Information offered by the Chamber of Commerce of Upper Austria regarding networks.
- <http://www.q-porkchains.org>
Website of the EU research project regarding "Value Added Chain Quality Pork Meat"
- <http://www.sccd.sk.ca/valuechains>
Website of the Saskatchewan Agri-Food Value Chain Initiative
- <http://www.sdc-valuechains.ch>
Website for an experience exchange about value chains in rural development (focus on development aid)
- <http://uf.ilb.uni-bonn.de/foodnetcenter/index.html>
International Center for Food Chain and Network Research (FoodNetCenter Bonn) at the University of Bonn
- <http://www.unserland.info>
Website of the "UNSER LAND" (Our Land) network around Munich.
- <http://www.unternehmen-region.de>
The innovation initiative of the Federal Ministry of Education and Research in the new German Federal States
- <http://www.value-chains.org>
Inter-agency website for the exchange of information on value chains, linkages and service markets
- <http://www.value-links.de>
English website of the internal conference "Value Chains for Broad Based Development" from 30-31 May 2007 in Berlin
- <http://www.value-links.de/manual/index.html>
Comprehensive online manual for the support of value added chains: "ValueLinks Manual. The Methodology of Value Chain Promotion."