



CENTRAL BANK OF TRINIDAD AND TOBAGO

**GOVERNMENT'S VALUE CHAIN – AN
IMPORTANT KEY TO ECONOMIC AND
SOCIAL DEVELOPMENT**

Session objective

- **The objective of this session is to recognize that Government should be run like any business and that it should be characterized by high productivity and excellent work ethic.**
- **It draws from Michael Porter's "Competitive Advantage: Creating and Sustaining Superior Performance" in which he develops the concept of the value chain which in most cases is applied to the firm.**

Session objective

- **The value chain is viewed as a tool of strategy that seeks excellence in the various activities but more than that, secures competitive advantage in the manner in which the activities relate to each other. This is the message of networking and public sector reform in which the process (Inter-Ministerial Collaboration) approach is just as valued as the core work of each Ministry.**

What is the Value Chain?

- **The set of activities within an organization that are crucial to its viability and competitiveness.**
- **These activities may be divided into :**
 - **Primary activities and**
 - **Support activities**

The primary activities

- **These are directly related to the main organizational activity and include:**
- **In-bound logistics such as materials handling or operations**
- **Out-bound logistics such as distribution, marketing and sales and after sales service**

Support activities

- **Each of the primary activities is supported by other activities related to:**
- **Procurement**
- **Technology development**
- **Human Resource Management**
- **Infrastructure**

The external Value Chain

- **This comprises links with organizations external to the establishment of reference.**

The importance of the Value Chain to strategy

- **The value chain may be viewed as a competitive strategy that seeks to bring workers together and by their synergies and shared values produce as a group way in excess of their individual capacities.**

What does Government's Value Chain look like?

- **No one value chain. It may be described to be an envelope of the value chains of all of government's business units that deliver development products to people everywhere in the nation. Integration in the Public Service is a necessary prerequisite.**

How can Govt. operationalise its Value Chain?

- **Process rather than function approach**
- **Networking among Ministries**
- **Sharing the same concepts, definitions and coding schemes**
- **The seven ‘Ts’**
- **Abandonment of “turf” interests in favour of national development**

How will the nation benefit from Govt's Value Chain?

- **Improvement in quality and range of Government services**
- **Higher quality of input into Government decision making**
- **Country will graduate out of the ranks of the “data poor”**

Procurement

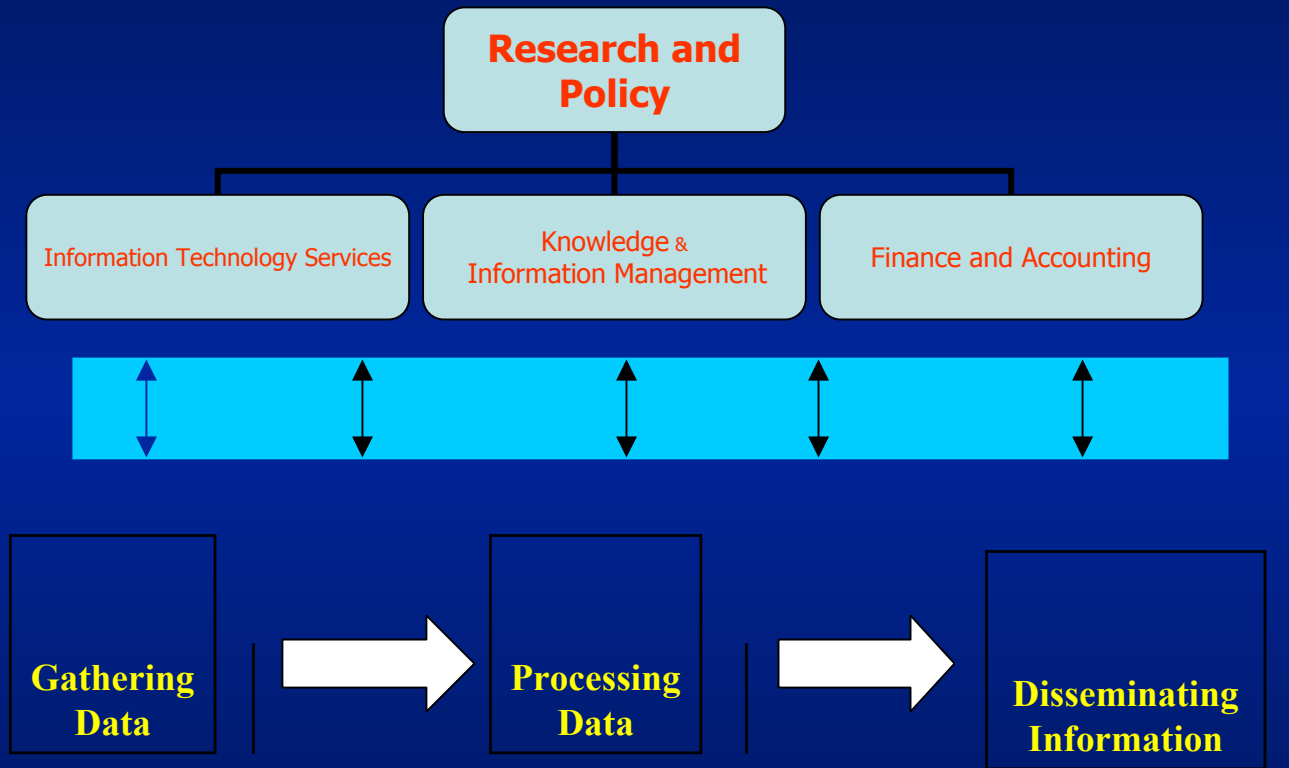
- This is concerned with the inbound logistics and addresses the receipt, warehousing and inventory control of input materials.
- The contemporary high-tech nature of some requirements makes one department ineffective as the central procurement authority.
- IADB, Asian Development Bank and World Bank have provided guidelines and documentation on procurement as a part of the value chain.

*The Central Bank's Value
Chain*

The Central Bank's Mission

- **Bank's Mission to promote monetary, credit and exchange conditions favourable to economic growth and to develop monetary and financial stability and public confidence.**

Figure 1: A Simple Value Chain For The Research Function



Inbound, process and outbound logistics

- **Inbound logistics**
 - **Gathering data**
- **Processing data**
 - **Organizing collected data**
- **Outbound logistics**
 - **Publications, Research Papers, Responses to data requests, Reports to senior management, Media releases, internet/intranet dissemination**

How is Value measured for the Research Function?

- The number of publications for a given year.
- The timeliness of the publications.
- Timeliness of the response to data requests.
- Relevance of research work to policy makers and the economy as a whole.
- Ability to accurately forecast economic variables.
- Exploration of new and relevant areas for research.
- Overall quality of research.

Summary

- **The Value Chain is seen as a tactic for achieving competitive advantage. In order to sustain that advantage, continuous improvement of the chain is necessary.**

Thank you !!