

Meyer's Management Models

50. Activity System Dial

How can I map the value-adding activities carried out in my organization?

Key Definitions

To prosper, organizations need to provide products and/or services that are valued by their clients – they must offer a *value proposition* that prospective customer prefer above all alternatives (see model 38, the Value Proposition Dial).

To deliver such a value proposition, organizations need to perform a wide variety of value-adding activities – they must orchestrate a large number of tasks that jointly cost less than the value proposition is worth. Porter (1985) initially called this whole set of tasks the *value chain*, but later switched to the term *activity system*, as the activities aren't necessarily sequential.

Conceptual Model

The *Activity System Dial* provides a map of all potential value-adding activities performed in an organization, structured into three main categories. All activities directly influencing the value perception of the customer, are *primary activities*. All activities providing resources for running the primary activities (and each other) are *support activities* and only indirectly impact customers. The remaining activities all seek to steer the primary and support activities in a certain direction, which is why they are called *control activities*. Over their lifetime, organizations start at the center and then add activities to the outer rings, increasingly further away from the customer's value experience. The Activity System Dial can be used to plot the existing situation, but also to discuss consistency, balance, and future improvements.



Key Elements

The three rings of the dial are the following:

1. **Primary Activities.** As the customer determines what value is, all activities directly impacting the customer's value perception are called primary. They are 'wrapped around'

the customer and influence the *customer experience* at various moments throughout the *customer journey*. As customer journeys can differ significantly between different types of value propositions, so will the primary activity flow. Marketing tends to focus on the start of the journey, after which products/services are made and then sold, or vice versa, first sold and then made. But in practice, the primary activities tend to be intertwined, with various *moments of truth* presenting themselves in various orders (e.g., an operational deliver moment, leading to a brand experience moment, leading to a cross-selling opportunity). This is why we speak of an interlinked activity system, not a sequential value chain.

2. **Support Activities.** In a typical start up, the few employees tend to focus fully on the primary activities, mobilizing the necessary resources on the fly. But soon a need emerges to get someone who can take care of some of the “back-office stuff”, like the people-related infrastructure (HR), finance-related infrastructure (Finance) and information-related infrastructure (IT). This soon leads more resource experts, for procurement (Purchasing), technology (R&D) and facilities. This division of labor allows for specialization, but requires more activity system coordination, while introducing the danger of support activities not fully aligned with primary activity priorities. Note that sometimes the support activities also interact with the customer (e.g., client billing, public facilities, procurement for customers), blurring the boundary between support and primary activities.
3. **Control Activities.** The third ring of activities doesn’t provide resources, but provides guidance – these activities stipulate policies, determine procedures, shape conditions, and steer behaviors in order to get the best out of the two inner activity rings. In smaller organizations all these control activities tend to be carried out by managers themselves, as they steer performance, risk, quality, planning and sustainability policy. But in larger organizations further specialization takes place, with experts developing rules, templates, and processes, to reach a higher level of professionalization. However, this fragmentation of activities makes it even more important to align all activities in the activity system, while the hazard increases that specialists far away from the customer journey will establish value-destroying regulations and bureaucracy.

Key Insights

- **The activity system is about creating customer value.** The work that an organization carries out shouldn’t be done because of habit, but because it is the best way to create value for the customer. Therefore, the customer needs to be at the heart of any activity system, with all tasks organized and coordinated around the customer journey.
- **The activity system consists of three types of activities.** All activities directly influencing the customer’s value perception are *primary*. All activities focused on providing the resources to run the primary activities (and all other activities) are *support activities*. All activities steering the primary and support activities (and each other) are *control activities*.
- **The activity system needs to be internally aligned.** The activities in all three categories need to be aligned, forming a consistent and balanced system. Support and control activities need to keep customer value at the center and not become self-centered.
- **The activity system needs to be strategically aligned.** The activity system in turn needs to be aligned with the entire business system, which then need to be attuned to the market system and organizational system (see Strategic Alignment Model, #32).
- **The activity system can be mapped and shaped.** The Activity System Dial is a framework for mapping an organization’s current activity system but can also be used to design the future activity system, as part of the overall strategy development.

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Insightful Tools to Kickstart Your Thinking

Publication Schedule

<i>July 2019</i>	<i>Mind the Gap Model</i>	<i>Change Management</i>
<i>August 2019</i>	<i>Digital Platform Map</i>	<i>Digital Strategy</i>
<i>September 2019</i>	<i>Interaction Pressure Gauge</i>	<i>Interpersonal Interaction</i>
<i>October 2019</i>	<i>Revenue Model Framework</i>	<i>Revenue Model Typology</i>
<i>November 2019</i>	<i>House of Engagement</i>	<i>Organizational Engagement</i>
<i>December 2019</i>	<i>Confidence Quotient</i>	<i>Trust Building</i>
<i>January 2020</i>	<i>Competition Tornado</i>	<i>Competitive Strategy</i>
<i>February 2020</i>	<i>11C Synergy Model</i>	<i>Corporate Synergy Management</i>
<i>March 2020</i>	<i>Leadership Fairness Model</i>	<i>Leader-Follower Interaction</i>
<i>April 2020</i>	<i>Strategic Agility Model</i>	<i>Strategy Process Approach</i>
<i>May 2020</i>	<i>Control Panel</i>	<i>Corporate Control Dimensions</i>
<i>June 2020</i>	<i>Rising Star Framework</i>	<i>Talent Management</i>
<i>July 2020</i>	<i>Strategy Development Cycle</i>	<i>Strategy Process Steps</i>
<i>August 2020</i>	<i>7I Corporate Center Model</i>	<i>Corporate Organization</i>
<i>September 2020</i>	<i>Storytelling Scripts</i>	<i>Leadership Communication</i>
<i>October 2020</i>	<i>Strategic Bets Framework</i>	<i>Strategic Decision-Making</i>
<i>November 2020</i>	<i>Rebound Model of Resilience</i>	<i>Organizational Resilience</i>
<i>December 2020</i>	<i>4C Leadership Capabilities</i>	<i>Leadership Competences</i>
<i>January 2021</i>	<i>Digital Product Model Dial</i>	<i>Digital Strategy</i>
<i>February 2021</i>	<i>Digital Distribution Model Dial</i>	<i>Digital Strategy</i>
<i>March 2021</i>	<i>Empowerment Cycle</i>	<i>Employee Empowerment</i>
<i>April 2021</i>	<i>Innovation Box</i>	<i>Innovation Approaches</i>
<i>May 2021</i>	<i>Knowledge Sharing Bridges</i>	<i>Best Practice Sharing</i>
<i>June 2021</i>	<i>Followership Cycle</i>	<i>Leader-Follower Interaction</i>
<i>July 2021</i>	<i>Everest Model of Change</i>	<i>Change Management</i>
<i>August 2021</i>	<i>Fruits & Nuts Matrix</i>	<i>Priority-Setting</i>
<i>September 2021</i>	<i>Powerhouse Framework</i>	<i>People & Organization Strategy</i>
<i>October 2021</i>	<i>Strategy Hourglass</i>	<i>Strategy-Making Steps</i>
<i>November 2021</i>	<i>Disciplined Dialogue Model</i>	<i>Interpersonal Communication</i>
<i>December 2021</i>	<i>Team Building Cycle</i>	<i>Team Building Process</i>
<i>January 2022</i>	<i>Market System Map</i>	<i>External Analysis Framework</i>
<i>February 2022</i>	<i>Strategic Alignment Model</i>	<i>Business Level Strategy</i>
<i>March 2022</i>	<i>Creativity X-Factor</i>	<i>Creativity Enhancement</i>
<i>April 2022</i>	<i>Organizational System Map</i>	<i>Organizational Analysis</i>
<i>May 2022</i>	<i>Corporate Value Creation Model</i>	<i>Corporate Level Strategy</i>

June 2022	Change Manager's Toolbox	Change Methodologies
July 2022	Sustainable You Model	Personal Sustainability
August 2022	Value Proposition Dial	Business Level Strategy
September 2022	The Tree of Power	Organizational Power
October 2022	Psychological Safety Compass	Team Dynamics
November 2022	Strategic Action Modes	Strategy Process
December 2022	Corporate Management Styles	HQ Management
January 2023	Thinking Directions Framework	Reasoning Skills
February 2023	5I Innovation Pipeline	Innovation Process
March 2023	Resistance to Change Typology	Change Management
April 2023	Ambition Radar Screen	Motivation Analysis
May 2023	Corporate Strategy Framework	Corporate Strategy
June 2023	Cultural Fabric Model	Organizational Culture
July 2023	New Pyramid Principle	Presentation Approaches
August 2023	Activity System Dial	Value Creation Analysis
September 2023	Customer-Centricity Circle	Organizational Design
October 2023	Status Snakes & Ladders	Leadership Branding
November 2023	Dynamic Business Paradigm	Competitive Advantage
December 2023	Dynamic Organization Paradigm	Human-centered Organization
January 2024	Duty of Care Feedback Criteria	Feedback Method
February 2024	Stakeholder Heat Map	Stakeholder Management
March 2024	Best Practice Sharing Framework	Sharing Methods
April 2024	New Learning Curve	Personal Learning
May 2024	Partnership Distance Model	Interorganizational Relations
June 2024	Embedded Identity Model	Personal Awareness
July 2024	Interpersonal Interaction Levels	Communication Approaches
August 2024	BOLD Vision Framework	Organizational Vision
September 2024	Meaningful Mission Framework	Organizational Mission