

# Value Cycles for Development Outcomes

By Olivier Serrat

Development work is a knowledge-intensive process that is fed by knowledge services and knowledge solutions. Projects are the primary mechanism by which strategic change is brought about. Value cycles can maximize their potential through delivery platforms.

## Rationale

More and more, development work is understood to be a knowledge-intensive process that is fed by knowledge services and knowledge solutions. And, for the most, projects<sup>1</sup> (and programs) are the primary mechanism by which strategic change is brought about. Projects and knowledge are thus mutually dependent: to deliver development outcomes projects must be enriched by knowledge; and new knowledge (that should be captured and leveraged) must in turn be generated by projects. Projects are key vehicles that can support a wealth of opportunities for knowledge generation and sharing: virtuous knowledge cycles must be sought that maximize their potential through delivery platforms (including tools, methods, and approaches).



## Value Cycles

The value cycle<sup>2</sup> is a conceptual framework depicting how organizations can build a continuous momentum for creating value. Importantly, it integrates internal (comparative advantage, competitive advantage, and measures of organizational performance) and external perspectives (value proposition, customer perceived value, and market-based measures of performance). For effect, value cycles must be integrated in strategy—in the private (and public) sector, that is commonly articulated by a vision, governing objective,

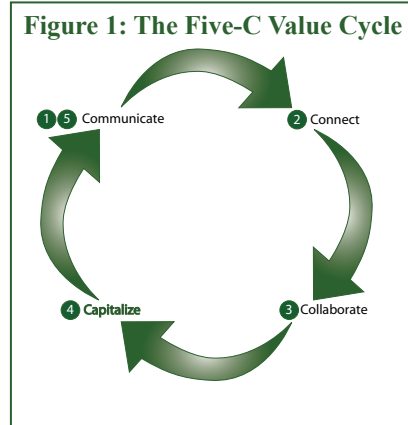
<sup>1</sup> By definition, a project is a finite endeavor—having specific start and completion dates—undertaken to deliver a particular impact and outcomes, with related outputs, inputs, and activities, usually to bring about beneficial change or added value. The finite characteristic of projects stands in contrast to processes: they are repetitive, permanent or semi-permanent, structured management, operational, or supporting activities to produce products or services.

<sup>2</sup> Value cycles are reminiscent of value chains, a concept from business management first described by Michael Porter in 1985. A value chain is a chain of activities. A product passes through all the activities that make up the chain in sequence and, at each activity, the product gains value. The chain is made dynamic by upgrading, value chain governance, the power exercised by firms in their relationships with each other, inter-firm cooperation and competition, and transfer of knowledge and learning within and between firms. The dynamic elements of the chain all play a role in determining its performance.

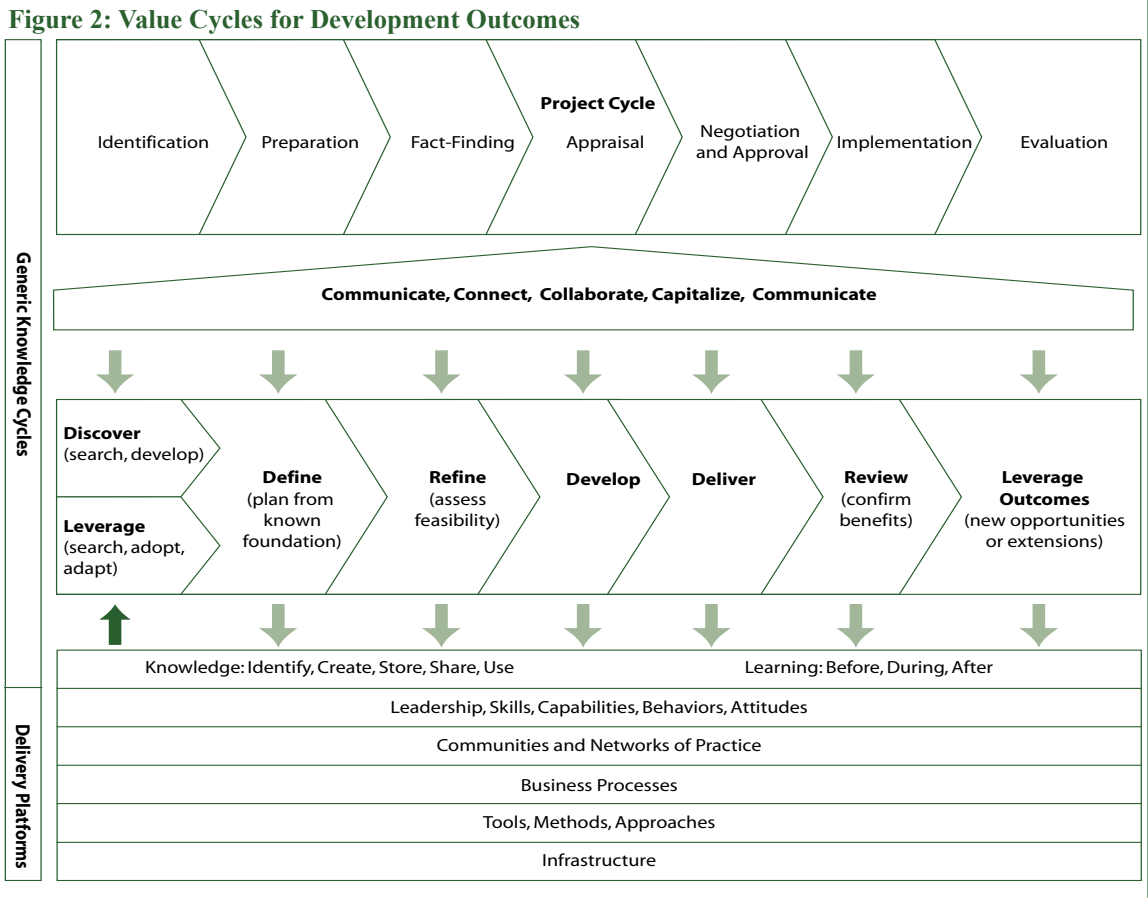
performance scorecard, priorities, sustainability commitments, culture, and purpose.

### The Five-C Value Cycle

A consistent value cycle needs to be occurring throughout all stages of the project cycle.<sup>3</sup> It should generate and communicate benefits while remaining aligned with the projected impact of the project. The Five-C Value Cycle offers an effective way to do enhance development outcomes. Communicating at the beginning of the cycle is specifically targeted at engaging stakeholders and resources. Once engaged, they are encouraged to connect and build relationships to ensure a high level of collaboration. As desired outputs are accomplished, the project team needs to ensure that they are capitalized—that is, the promised benefits are delivered to the intended beneficiaries. Successes are shared by communicating widely. (Shortcomings or failures are communicated too, respectfully, to derive lessons, highlight possible solutions, mitigate potential risks, and reduce future errors.)



Source: Arthur Shelley. 2009. *Being a Successful Knowledge Leader: What Knowledge Practitioners Need to Know to Make a Difference*. Ark Group.



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<sup>3</sup> In development agencies, in the case of lending products, the seven major stages are (i) identification, (ii) preparation, (iii) loan fact-finding, (iv) appraisal, (v) loan negotiation and board approval, (vi) implementation, and (vii) evaluation. "Processing" refers to work conducted from loan fact-finding to board approval.

### **Further Reading**

Arthur Shelley. 2009. *Being a Successful Knowledge Leader: What Knowledge Practitioners Need to Know to Make a Difference*. Ark Group

### **For further information**

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Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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Knowledge Solutions are handy, quick reference guides to tools, methods, and approaches that propel development forward and enhance its effects. They are offered as resources to ADB staff. They may also appeal to the development community and people having interest in knowledge and learning.

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