

# Value Stream (Definition)

## WHAT IS A VALUE STREAM?

### Definition

A Value Stream is defined by a consistent set of products manufactured on a given industrial asset.

Example: Vanillin Saint Fons Chimie codification: VDP04

Vanillin Baton Rouge codification: VDP33

The Value Stream codification is unique at worldwide level.

The Value Streams are defined by the Entreprise Industrial Directors. The VS list & codification are maintained by the Manufacturing Direction.

### Management rules

- A Value Stream must be included in one Cash Generating Unit (CGU) and only one to ensure consistency with Finance indicators.
- A Value Stream belongs to a single production site. But, if the CGU is worldwide (for ex.: CGU Diphenols Silcea), and if the VS products are in a different plant's stock than its production plant, the VS can be defined in more than one controlling area.
- Each Value Stream belongs to a Value Stream Technology (TVS), defined by the Entreprise Industrial Directors. The TVS is specified in the VS code => for ex.: in VDP04, DP means Diphenols

### Structure

- The VS is available in the profit centers standard hierarchy in every controlling area.  
The standard hierarchy in each controlling area has 6 levels:  
Level 1: Controlling area, for ex. Z006 for Europe.  
Level 2: Entreprise, for ex. SL SILCEA (ZFR3-Z0004)  
Level 3: Business Unit, for ex. DIPHENOLS – SLDIP (ZFR3-E0108)  
Level 4: CGU, for ex. CGU Diphénols SLCGU816 (ZFR3 – C0816)  
Level 5: Value Stream, for ex. SFCDP004 Saint-Fons Chimie vanillin (ZFR3-VDP04)  
Level 6: Profit Center, for ex. Vanillin\_SFC (7681-I1046)
- A Profit Center (CDP) can belong to only one Value Stream.
- Each Value Stream code is equal to the last 5 characters of level 5 of the standard hierarchy
- The same VS can be available in several controlling areas (for the stocks).
- The VS is defined by:
  - o the articles linked to the relevant plant profit centers and,
  - o the direct production cost centers linked to the profit centers associated to the VS and to the major market

### Accounting Rules & description:

- Definition & usage of a profit center: see Costing general documentation. The profit center is used mainly to represent the intersection of a market, a VS and a plant.
- How to choose the right profit center for an article (link between material and VS) : see specific document Rules for assignment VS-Material"
- Link between the direct production cost center and the VS:
- The cost center must be linked to the relevant profit center according the major market & value stream.



1. direct production cost center is, in most cases, linked to a single Value Stream. If it is belonging to several VS, it must be labeled "multivs" in the Name4 address field of the cost center (list of "multivs" cost centers available in specific query "cost center by VS" in BW)

### User validation

- Check standard profit centers hierarchy per controlling area (RCS transaction KCH6N)
- Check the list of articles linked to the profit centers by plant (specific query "list of material by VS" in BW)
- Check the direct production cost centers allocation to the VS in the PROD plant (and the label « multivs ») (specific query "cost centers by VS" in BW)