



Book Review: Blue Ocean Strategy

how to create uncontested market space and
make the competition irrelevant

inspired by
W. Chan Kim/ Renée Mauborgne

Systemic Excellence Group

Independent Think Tank for Leading Practice

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Book Review: Blue Ocean Strategy

There are no companies that are permanently successful, temporary success however can be achieved. This view is expressed by W. Chan Kim and Renée Mauborgne in their book „Blue Ocean Strategy“. According to Kim and Mauborgne the ideal way to leave fierce competition and market share competitors (Red Ocean) behind, consists of creating a new market, a so called Blue Ocean, where competition and all its negative consequences become irrelevant for a company. The first step towards a Blue Ocean is to abstain from benchmarking¹. The benchmark perspective regularly leads to an incremental improvement of value for customers or the company; however, it does not provide a substantial advantage in the competition.

Turn competition irrelevant with the Blue Ocean Strategy

Kim and Mauborgne believe that only the combination of value creation and innovation leads to value innovation, the basis for a Blue Ocean. This approach can be used best, where costs can be cut and new value can be offered to customers at the same time. This is illustrated by the example of the Canadian circus group Cirque du Soleil, which succeeded in creating a new market according to the Blue Ocean principle by simultaneously renouncing expensive stars in the show ring (cost reduction) and consistently orientating towards an intellectual artistic interpretation of the show (increase in value).

Value Innovation = Value Creation + Innovation

The semantic proximity of value innovation to social innovation does not seem coincidental. From the perspective of systemic practice and sociologically system theoretical reflection, „Blue Ocean Strategy“ actually reads like instructions for social innovation. Social innovation describes a creative increase in the relationship of self-awareness and self-creation. Social innovation as a pro-active process of change takes place beyond re-active crisis management and active change or transformation management.

Value Innovation = Social Innovation

01_ The farewell to benchmarking describes a necessary reaction to the attempt of external referential corporate management. Benchmarking, Strategic Management and Best-Practice have become synonymous for good ideas, which cannot be converted into organizational practice. This is due to the fact that organizations often tick differently than the ones observed. In order to take into account the system theoretically postulated operative compactness of social systems, would mean to switch from external reference to self-reference.

A Blue Ocean

I Creating new markets (Blue Ocean)

Kim and Mauborgne's book is divided according to six principles which have been identified in their research. These are of importance in the formulation and execution of the „Blue Ocean“ strategy as they exert a positive influence on typical risk factors of strategies:

Blue Ocean Strategy
attenuates traditional
risk factors

- ___ The reconstruction of market boundaries reduces the search risk (chapter III).
- ___ The focusing on the big picture and not the on numbers reduces the planning risk (IV).
- ___ Reaching beyond existing demand decreases the scale risk (V).
- ___ Attention to the correct strategic sequence reduces the risk of the business model (VI).
- ___ By overcoming key organizational hurdles, the organizational risk is reduced (VII).
- ___ Finally the management risk is reduced by taking the feasibility of the strategy into account, by including all employees concerned from the beginning (VIII).

II Analysis tools

There are a lot of instruments available for strategy development in the competitive situations of a Red Ocean. Kim and Mauborgne take the credit for developing a toolbox for strategy development in a Blue Ocean, and so closing an important gap with their ten years' research. In order to create the above mentioned value innovation and so to take the first step towards the creation of a Blue Ocean, Kim and Mauborgne use the strategy canvas. A coordinate system representing the observed market as precisely as possible is marked on the strategy canvas. The factors in which the industry invests and which are competed for are marked on the abscissa. The level which is offered to the customer respectively is shown on the ordinate.

Use the strategy canvas

Connecting these points lead to a value curve which enables comparison of one's own product with alternatives. A strategic profile can be identified for the individual products.

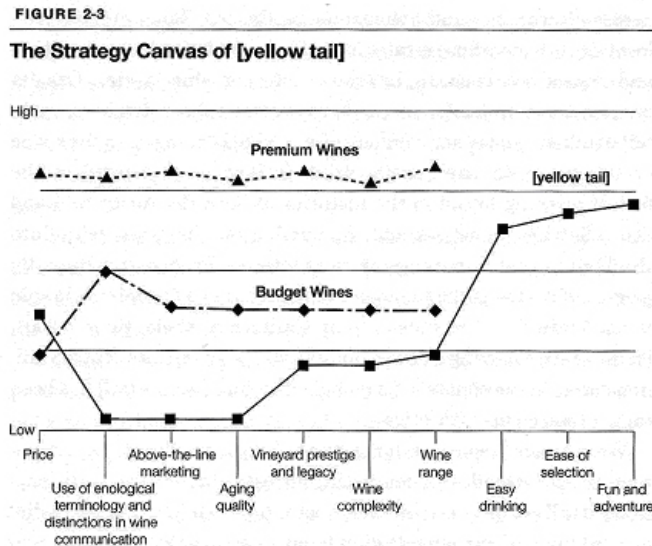


Illustration 1:
Strategy Canvas,
Kim/Mauborgne, p. 32

Kim and Mauborgne illustrate how the wine market is split into two main groups, premium wines and budget wines. Within these groups all wines show an identical strategic profile. A fundamental change here is only possible through changing one's focus towards possible alternatives and by moving away from existing customers towards new potential customers. If this does not happen, one remains caught within one's market segment and despite a differentiation strategy one is generally not noticed by the customers.

Create uncontested
market space

According to Kim and Mauborgne the key for added value for customers lies in a four-action-framework², where the following four questions are asked:

- ___ Which to date self-evident factors should be eliminated?
- ___ Which factors should be reduced significantly?
- ___ Which factors should be expanded significantly?
- ___ Which factors unknown in the market till now should be newly-created?

This way an entirely new product, that differentiates itself on the one hand and can be produced at a lower cost on the other hand, can be created by consistent thought and application. The classic trade-off between value and cost is being breached and a Blue Ocean can be created. In this context an excellent strategy stands out due to three characteristics. The newly created value curve on the strategy canvas has:

Create and capture new
demand

02_ Conceptionally the Four-Action-Framework aims for change using the differences of: starting | stopping and increasing | reducing. Here it would be system theoretically important to introduce the position of the constant. On the one hand, in order not to create a blind spot, on the other hand to take into account the system theoretical knowledge that nothing can remain the same in social systems without further use of resources. Even problems require constant updating.

- ___ Firstly a clear focus on the essential key factors of competition.
- ___ Secondly, the development of the curve is significantly different from the ones of the competitors.
- ___ Thirdly, there is a catchy advertising message for the newly-created strategy profile (e.g.: Southwest Airlines: The speed of an airplane at a price of a car journey - whenever you want to travel.)

According to Kim and Mauborgne value curves can literally be read. Depending on the development, one finds companies in the Red Ocean, those with strategic contradictions or with operational blindness, and those, who are able to successfully differentiate themselves in the Blue Ocean.

Exit the Red Ocean

B Strategy Development

III The Reconstruction of Market Boundaries

In order to break from the competition and create a Blue Ocean, market boundaries must be reconstructed. Six starting-points could be identified by the two authors for this venture. Thereby six general assumptions can be challenged on which the strategies of most companies are based and which hold them prisoner of the classic competition scheme.

Six paths to reconstruct market boundaries

— The first path suggests engaging with alternative industries. This way one avoids definitions which resemble those of competitors, which automatically leads to an unhealthy benchmark perspective³. However, if one looks at these alternative industries, either substitutes (different form but the same functionality or use) or alternatives (different form and functionality but the same purpose) impose themselves. Customers frequently choose unconsciously between different alternatives when making purchasing decisions. Every vendor has to realize, that this choice frequently exceeds classic market limits. It is precisely at these gateways where the lever for value innovation can be found (e.g.: Southwest Airlines compared their product with the alternative of a car journey).

1st path:
Avoid benchmark perspectives

— The second path recommends occupying one-self with all strategic groups within one's own industry, in order to prevent that manufacturers of luxury cars for example only occupy themselves with their rivals in this market segment and endeavor to be better than these competitors. By using the bird's-eye view, it is sometimes possible to combine the advantages of two strategic groups with each other and to create a completely new market.

2nd path:
adopt the bird's-eye view

— Thirdly, Kim and Mauborgne recommend imagining the whole customer chain since buyers, users and influencers are not always identical. To imagine alternatives for communicating the product, i.e. to choose a different focus to the one the industry has concentrated on to date is the key thought experiment here.

3rd path:
Imagine your alternatives

03_ The devaluation of benchmarking in the „Blue Ocean Strategy“ aims at a marginalization of a Me-Too-Strategy. It is always a good idea to orientate oneself toward the best of a discipline, until one catches up. Benchmarking can be an important driver for professionalism. In order to create a Blue Ocean, it is paramount to maintain this perspective, to avoid following exactly what the best of the discipline do and then establish a unique discipline according to one's own guidelines where one can be the best.

- Fourthly, complementary products and services should be taken into consideration. The burning question here is, which complete package are the customers looking for, when deciding in favor of a certain product. The answer can be found easily when considering everything that happens before, during and after the use of the product. Sore points are quickly found. Answering the question which complementary products and services can cure these sore points, brings one an important step further, according to Kim and Mauborgne.

4th path:
Cure the sore points (Look across complementary products)
- Fifthly, one should analyze the fundamental orientation of one's own industry. Even if all other competitors emphasize the use of the product and so follow a functional approach, this does not mean that this is the only way possible. For example the product could be given a unique more emotional touch, thus adding emotional value. (Swatch was very successful in this direction. The Body Shop took exact opposite approach.)

5th path:
Rethink your emphasis
- Sixthly, temporal horizons frequently converge in strategy wordings of companies of the same industry in a similar point. Kim and Mauborgne point out that only a few companies forecast the influence which external trends exert on their business model. Not every trend is of interest here. Only if it is decisive for the success of one's own business model and irreversible in its nature following a clear flight path, the company must deal with it. (The best example of it is Apple which was the first company to react to illegal music exchanges and offered a suitable answer with its iPod-iTunes concept.)

6th path:
Forecast decisive trends

IV Focusing on the Big Picture, Not the Numbers

Compiling a strategy canvas is a disciplining exercise enabling managers not to get lost in a data cemetery but to get an overview of the big picture using the three characteristics of a strategy canvas. This process is not an easy one within a top management team. Each team member manages his section quite well, however, with only a limited knowledge of the big picture. Kim and Mauborgne suggest a four step process providing a remedy for this problem:

Four steps in order to get the big picture

- The first step is to visualize. By discursively trying to design a strategy canvas of one's own company and the competitors, it becomes possible to agree on a common status quo and building on this to identify a common need for change.

Step 1:
Identify your change needs
- This leads up to the second step, the visual discovery phase. In this stage one team shall go into the field and establish the six paths for creating new markets (Blue Ocean). This capacity should never be out sourced! In the conversation with lost and potential customers, new customers as well as customers of the competition, existing impressions can be analyzed, new knowledge gained as well as the advantages of alternative products considered. According to Kim and Mauborgne the company is now in a position to decide which factors should be eliminated, created or changed.

Step 2:
Decide on important factors
- In a third step a visual strategy fair is organized. The strategy walls drawn up from the knowledge gained in the second step, which show a possible target state, are now presented to the interlocutors of step 2. Their feedback is now included into the construction of the optimized target strategy. That way the company understands which factors of the strategy canvas are vital and which ones are not.

Step 3:
Optimise your target strategy

___ In a last step the strategy must now be communicated company-wide so that it is easily comprehensible for each employee. The new strategy can become a scale for investment decisions and can shorten a variety of decision-making processes effectively. Another possibility of visualizing strategy at the highest company level appropriately is a PMS portfolio. Business segments can be divided functionally using a 2x3 matrix into pioneers, migrants and settlers as well as temporally into today and tomorrow. With this the growth potential of the business segment portfolio can be clarified. It is advisable to strive for a well balanced mix (Kim and Mauborgne).

Step 4:
Make your change visible

The authors emphasize finally that frequently appearing weaknesses of strategic planning can be avoided by the creative strategy acquirement process via canvas. Instead of top-down or bottom-up decisions a participative perspective gains acceptance. The process is discursive and not controlled by documentation. The creative component instead of a purely analytical procedure is striking. Or in the words of the chapter: it is all about the big picture and not the numbers.

V Reaching beyond existing demand

To avoid scale risks - that is the risk of designing a market too small - when creating new markets (Blue Ocean), companies should fully exploit the complete demand potential, by avoiding the two typical mistakes in strategy design: firstly focusing on existing customers, and secondly an ongoing segmentation to do justice to customer wishes (Kim and Mauborgne). Through a shift in focus, away from existing customers, these mistakes are avoided. According to Kim and Mauborgne, non-customers can be subdivided into three subgroups according to their distance from the market.

Shift to future customers

___ The first group is the group of future customers, who are only waiting to enter the market. Looking into this group in order to finding out what they need to enter the market, contains a variety of possibilities to create additional demand.

___ The second group consists, of customers which have taken the conscious decision not to become customers. This may be due to the unattractiveness of the offer or with a lack of resources from their part (time, money). If a company has found the reasons for this decision, it can start working on winning over these customers and so to develop additional demand.

___ Finally there is a third group of customers which has not taken note yet or has not yet been in the focus of the company. Kim and Mauborgne regard this as the greatest potential. (The long held false assumption, that tooth whitening is only a market for dentists and not for tooth care companies, prevented the creation of a Blue Ocean.)

Moreover Kim and Mauborgne recommend to lookout for things that the three groups have in common. This way the reach of the measures to be used can be increased, newly created markets become even larger.

VI Getting the strategic sequence right

This measure reduces the risk of the practiced business model considerably. Kim and Mauborgne present a 4-step-model which shall be explained in the following:

1. The starting point hereby is customer benefit. The leading question here is: Does the customer have the remarkable advantage of my business idea? A quick no for example, can indicate a purely technology driven innovation, which may not be mistaken for value innovation. The tool suggested by Kim and Mauborgne for the identification of the buyer utility is a 6x6-matrix. The different utility dimensions of the buyer (customer productivity, simplicity, convenience, risk, fun, environmental friendliness) are listed vertically, the product life cycle (purchase, delivery, use, supplements, maintenance, disposal) is listed horizontally. In combination there are 36 starting-points at which companies can influence buyer utility. Moreover, effective levers hide in the question, which are the greatest hindrances in the respective utility dimensions.

Offer a remarkable advantage

FIGURE 6-2

The Buyer Utility Map

		The Six Stages of the Buyer Experience Cycle					
		1. Purchase	2. Delivery	3. Use	4. Supplements	5. Maintenance	6. Disposal
The Six Utility Levers	Customer productivity						
	Simplicity						
	Convenience						
	Risk						
	Fun and image						
	Environmental friendliness						

Illustration 2:
Buyer utility Map,
Kim/Mauborgne, p. 121

2. The second step consists of strategic pricing. Kim and Mauborgne ask the question: Which price must a product have in order to reach the mass of the target buyers? Two reasons can be mentioned for abstaining from the strategy of maximum absorption of buying power. In our knowledge driven economy, the highest expenditure occurs in product development and not during the production process. Therefore an increase in volume will create more profit. The first CD of Windows XP costs billions of dollars, however from the second CD onwards only the insignificantly low cost of materials arise. A second reason is found in so-called network externalities. The buyer utility of service companies like the on-line auctioneers eBay is narrowly correlated with the number of users of the service. For suppliers of such network goods, arise all-or-nothing-options. Either I sell infinitely much suddenly or nothing at all. Knowledge driven products which are based on not patentable ideas can be easily imitated. The meaning of the price therefore increases still further. The easiest way to increase brand reputation is through a low price, which stops imitators from free-riding.

Get the price right!

In their book Kim and Mauborgne present a 2-step-tool which helps firstly to identify the right price corridor and secondly to choose an adequate level:

___ In the first step it is possible to identify goods and services within one's own industry (same form, same function) and outside of it. These goods can be distinguished in two ways. Either they have a different form but the same function (Ford's Model-T vs. horse coach) or they differ in form and function, but have the same aim however (a circus, a bar or a restaurant visit can all have the same aim: to spend a beautiful evening). If one combines price and volume in a graphic, then one can see where the mass of the potential customers lie and their disposition to pay. This is the price corridor where products should be offered.

___ The second step of the model shows which price level one should opt for.

___ If the product of the company is patented, has exclusive properties or has production capacities such as expensive factories that can not easily be copied, then the product can be priced at a high level.

___ If the product has however high fixed and marginal variable costs, if its attractiveness is based on network externalities and the cost structure benefits from steep scale yields, it should be priced at a low level.

___ Should the product not belong to either group, a mid price level should be chosen.

3. Reaching the aimed costs only takes third place according to Kim and Mauborgne. The approach used here can only be: price minus costs. Three main levers are at a company's disposal:

Reach for the target costs

___ Firstly, business processes can be more streamlined in design or more innovative use can be made of cost reducers.

___ Secondly, there is the possibility of cooperation based on partnership, more precisely from strategies such as outsourcing up to strategic acquisitions.

___ Thirdly, the dominating pricing model within the industry can also be changed: rent out, lease, use of jointly acquired goods or payment with one's own shares respectively, are conceivable at times. There are no limits for pricing innovations.

4. As a last step remains the putting into action of the strategy, which has to be carried out in close consultation with the companies' stakeholders: Employees, business partners and the public are often afraid of changes. The company must face these fears. All three stakeholders should be involved in the discussion as early and as openly as possible. Otherwise the company will be confronted with considerable resistance which can wreck any strategy.

Keep your stakeholders in mind

C Executing the Strategy

VII Overcoming Key Organizational Hurdles

After creating a sustainable “Blue Ocean Strategy”, it has to be implemented. There are four internal organizational hurdles which the management has to deal with, according to Kim and Mauborgne. The consciousness of the employees, restricted resources, motivation and power games. The authors argue against the conventional view that the bigger the intended changes, the more resources and time they will take. Instead they support the concept of „tipping point leadership“⁴. A fundamental change can therefore be introduced in any organization, as soon as the views and energies are accepted by a critical mass of people, taking the character of an epidemic. Fundamental thereby are factors, whose disproportional influence on the above mentioned organizational hurdles will be explained in the following:

Tipping Point leadership
in action

— Break through cognitive hurdles

All stakeholders concerned need to be made aware about the necessity of the upcoming change. For example, it is effective to confront the employees with the brutal reality. This can change the status quo quickly. A direct meeting with dissatisfied customers can quickly make it clear, what the real problem consists of, of who's existence one would like to convince one's environment.

Confront the brutal facts

— Deal with a lack of resources creatively

There are three kinds of activities in the previous activity portfolio which can be disproportionally influenced. Hot spots, cold spots and barter deals.

Jump the resource hurdle

— Hot spots are activities which need little resources but have a high performance output.

— Cold spots work exactly the other way round. It is therefore vital to move resources from cold spots to hot spots.

— Barter deals are ideal for resources, which are not used at the moment and which can be swapped for alternatives that are required urgently.

04_ See Gladwell, Malcolm (2000): The Tipping Point - How little things can make a big difference, edition 2002, Back Bay Books, New York/Boston. In his book Gladwell describes the cybernetic, system theoretical phenomenon, that there are sensitive points within complex systems that decide the further development of the system. What happens here in crucial, irrespective of its insignificance, measured for example on the complexity of a social system.

Moving resources has a great influence on the progression of the curve on the strategy canvas.

— Motivational help for adequate change behavior of the employees

Instead of starting resource intensive motivation campaigns to initiate transformation processes in the company, Kim and Mauborgne recommend to concentrate the resources on three single actions. First the relevant multipliers in the company should be identified. Their actions will be made public according to transparency, inclusion and fair method. Within a short time Kim and Mauborgne observed the evolvement of a performance culture with impressive results. Moreover, the intellectual and emotional respect which managers show for their employees is mirrored in the fair method which regulates the participation of all persons affected. Finally the overall result demanded of the strategy gets broken down in small partial results. Every employee gets a clearly defined aim for which he is responsible and who's attainment is realistic. Therefore the responsibility for achieving the target is delegated to where it belongs: into the organization.⁵

Leverage your angels,
silence your devils

— Overcoming power games

In connection with this, it is important according to Kim and Mauborgne not to succumb to the temptation, to fight alone. As a tipping point leader, one should form a coalition as soon as possible instead of fighting alone. First a consigliere should be integrated into the management team. This is a politically capable insider, well respected within the organization. He is aware of sensitive issues and can identify those employees who will support the concept and those who will oppose it. In a second step these as such identified opponents will be isolated by forming a coalition with the supporters. As soon as this has been achieved, the silent mass will also move in the specified direction. With this opinion Kim and Mauborgne go against traditional views of organizational processes of change. It requires a high level of resources to move the mass of employees. However this is available in the fewest cases. Therefore the lever through the extremes (supporters and opponents) seems necessarily powerful.

VIII Making the strategy feasible

To gain the confidence and dedication of the employees, who are employed lower down in the organization and to guarantee their cooperation, companies must pay attention to the feasibility of the strategy from the beginning. This is only possible through a fair method, according to Kim and Mauborgne. This consists of several elements:

- From a formal perspective there should be process justice. Only when everybody involved is convinced that there are the same rules for everyone, then everyone can also be convinced to commit himself, to cooperate willingly and in the case of doubt to leave personal interest behind for the common good.

Seek for a win-win outcome for everybody

05_ The chain of thought formulated here for motivation, leading from Tipping-Point-Leadership via Fair Process to Local Autonomy describes empirically what systemic organizational development and management cybernetics have anticipated theoretically. The Viable System Model Stafford Beers can be read here as a blueprint. (See: Beer, Stafford (1985): Diagnosing the System for Organizations, Wiley, Chichester.)

___ Another element, consisting of commitment, explanation and clarity of anticipation, is the 3- E-Process.

___ Engagement underlines the participative character of the method which increases the shared points of view, according to Kim and Mauborgne.

Build a culture of trust and voluntary cooperation

___ Explanation stands for the informative character of the method. All involved shall know which aims are intended. The aspect of the feedback also takes effect here.

___ Expectation clarity stands for the fact that after specifying the strategy the rules are known to everybody involved. Everybody is aware by which results he will be measured and what the possible consequences in the case of deviations will be. Responsibilities are given, the probability of political games decreases.

___ A Third aspect is recognition⁶:

___ People seek recognition at an emotional level. They do not like being regarded as human resources, cost factor or labor but as human beings. People want to be perceived with respect and dignity, independently of their present hierarchical order in the organization. People are only then prepared to commit themselves fully to a cause.

Create a culture of mutual respect

___ Recognition at an intellectual level is also decisive. On the one hand people are hoping that their ideas are taken seriously and thought through, on the other hand that the opponent also explains his own ideas. Only if this condition is given, people are prepared to share their knowledge.

___ A last aspect is the unity of strategy wording and strategy execution. Confidence, dedication and willing cooperation can be achieved only when this happens together in the form of a fair method. Employees are only prepared to accept short-term disadvantages for themselves, when they are convinced by themselves to be an important part in the creation of a strong company.

Be congruent and fair

IX Sustainability and Renewal

Any successful newly created market (Blue Ocean), will sooner or later attract new competitors and change color thus to red (Red Ocean). At first however, every Blue Ocean has a number of market entry barriers which provide it with sustainability automatically:

Blue Ocean automatically creates barriers to imitation

___ From a conventional strategical perspective, value innovation makes little sense at first. Things which others do not take seriously protect them from imitation automatically (e.g. CNN).

___ Brand image can also be an effective admission barrier. The Body Shop made a name for itself due to the weaknesses of the cosmetics industry inherent in the system. These could have only imitated the concept by giving up their identity to date.

06_ Kim and Mauborgne discuss the systemic aspect of appreciation under the heading of recognition, as it is for example formulated in the methodology of the Appreciate Inquiry. Cooperrider, David L./Srivastva, Suresh (1999): Appreciative Management and Leadership - The Power of Positive Thought an Action in Organizations. Williams Custom Publishing, Euclid, Ohio.

- ___ Such a barrier can also be found in a monopoly. The first mega plex cinema in Brussels has been preventing the appearance of a competitor for a long time purely due to its size.
- ___ Patents or concessions also prevent imitation.
- ___ Fast cost advantages which arise from a high sales volume prevent the imitation of third parties. The best example of it is Wal-Mart.
- ___ Network externalities also represent a heavy market entry barrier. Every new eBay customer makes it less attractive for fellow auctioneers to create an alternative auction house.
- ___ The prospect of fundamentally changing the previous business model seems unattractive for many companies. Only some manage the difficult processes to accomplish such a change.
- ___ Finally, fast acquired customer loyalty seems a deterrent to imitators too. Even with marketing budgets worth a few million, customers can not be easily persuaded to change to imitators. Moreover, from a systemic perspective it can be said that it is a complex process which cannot simply be imitated just like that.

The question now poses itself: When is the right time to tackle a new value innovation. Kim and Mauborgne suggest doing this only when one's own value curve converges with the one of the competition. However, as long as the value curve shows focus, differentiability and a clear advertising message this should cease. The current income should if possible be enlarged, deepened and stretched. This can happen by optimization of the underlying business processes and through geographical expansions. The Blue Ocean should be swum through in its entirety.

Try to swim the entire
Blue Ocean

Models, Methods and Instruments

From a systemic perspective „Blue Ocean Strategy“ reads like the instructions to organizational excellence. The four steps outlining strategy development, succeed in describing an incremental process of self-creation. Self-awareness is done in negation, in alternatives, the focus is on what one is not (yet). The process of putting strategy into action is also described in detail. Under the heading of tipping-point-leadership and fair-process a description of what systemic process moderation stands for: an operative focus on the realities and conditions of social systems. The original value of Blue Ocean Strategy can be found in the four chapters discussing strategy development. It is impressive, how Kim and Mauborgne radically blow up the ruling paradigm of Red Ocean contest. It is attempted to identify all levers trying to attach themselves to the system and to make these utilizable according to the Blue Ocean.

— The reconstruction of market boundaries (III) may be regarded as the most creative exercise aiming to exceed market boundaries systematically and to design markets creatively in a new way:

1. Look across alternative industries: Substitutes (different form, same function, same utility) and alternatives (different function, same purpose)
2. Look across strategic groups within industries: Groups determined by price and performance
3. Look across the chain of buyers: purchasers, influencers, users.
4. Look across complementary product and service offering: before, during and after product use
5. Look across functional or emotional appeals to buyers: rational or emotional
6. Look across times: monitor external trends

___ Focusing on the big picture and not the numbers (IV) is creating a new, worthwhile self-image of the organization:

1. Visual awaking: See what is, recognise yourself!
2. Visual exploration: Make yourself see more!
3. Visual Strategy Fail: From could be via feedback to should be
4. Visual Communication: Distribute the new picture

___ Reaching beyond existing demand (V) is an additional explorative intellectual game to expand target groups:

1. On the edge of the market, lacking a little bit of encouragement to become customers.
2. Market objectors, who are consciously not entering in the market.
3. Unrecognized consumers, who know nothing at all about a market supply

___ Getting the strategic sequence right (VI) is then the last explorative intellectual game, which taking into account customer benefit, is about working out the new pricing and costing structure:

1. Buyer utility Map - Investigating customer benefit
2. Price Structure - Exploring price sensitivity and scale reactions
3. Cost Structure - Dare to introduce cost innovation beyond cost cutting

On the whole it remains difficult to find a suitable entry level for the instructions of „Blue Ocean Strategy“.

It seems that starting from a level of Organizational Mastery as for example laid out in „Good to Great“⁷ is helpful.

From Organisational Mas-
tery to Organisational
Excellence

07_ See: Collins, Jim C. (2001): Good to Great: why some companies make the leap ... and others don't, HarperCollins, New York or Book Review „Good to Great“ by Systemic Excellence Group.

Reference

Book Reviews:

Book reviews are intended to analyse best selling management literature systematically. The seminal working hypothesis is that a large part of the success of such books can be attributed to the fact, that they answer one of their time's urgent questions satisfactorily for a large audience. The theses put forward seem to work. The Systemic Excellence Group provides an explanation taken from systemic practice and from sociological, system theoretical reflection. Furthermore we would like to translate models, methods and instruments into their practical usability.

Credits

English: Kim, W. Chan/Mauborgne, Renée (2005): Blue Ocean Strategy - How to Create Uncontested Market Space and Make the Competition Irrelevant, Harvard Business School Press, Boston, MAS

German: Kim, W. Chan/Mauborgne, Renée (2005): Der Blaue Ozean als Strategie. Wie man neue Märkte schafft, wo es keine Konkurrenz gibt, Hanser Wirtschaft, München

Contact

Should you have any questions regarding book reviews and for further support implementing the listed models, methods and instruments:

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