

# PURSUING BUSINESS EXCELLENCE — BLUE OCEAN STRATEGY

Houston Northwest Chamber of Commerce

Economic Outlook Forum 2018

Southwestern Energy

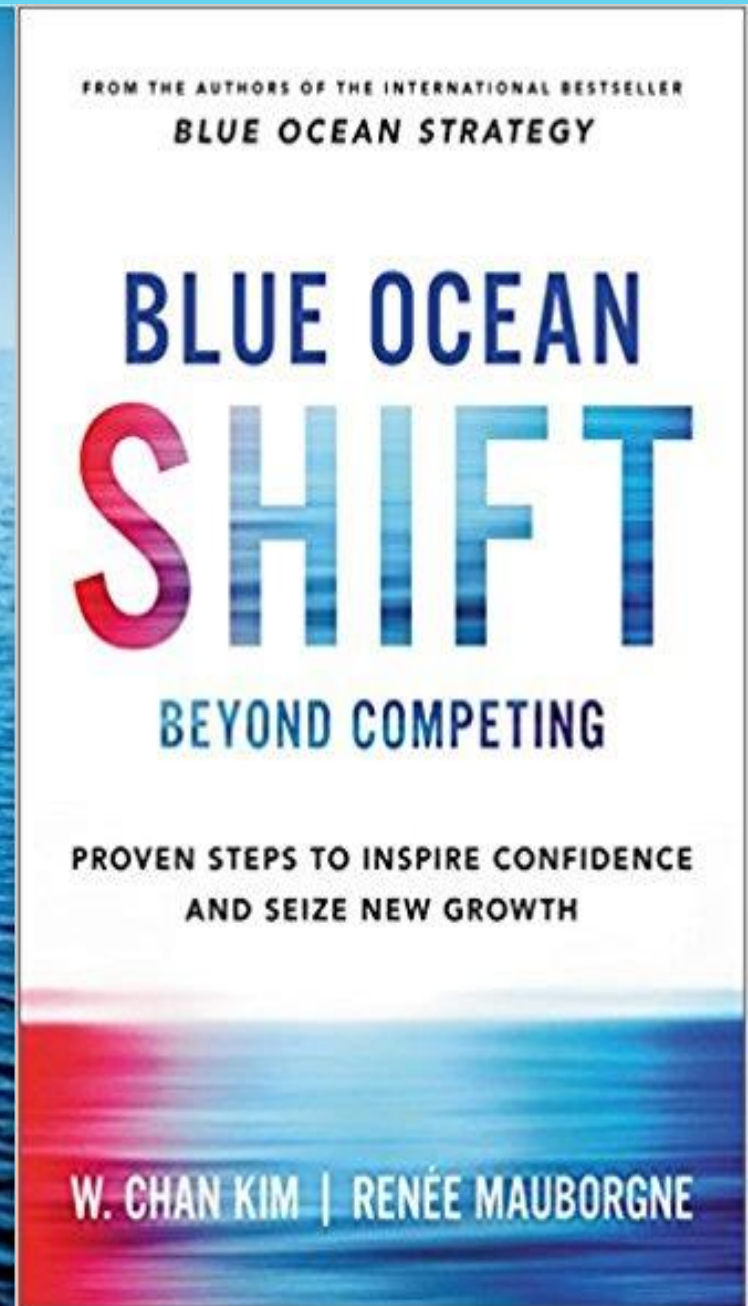
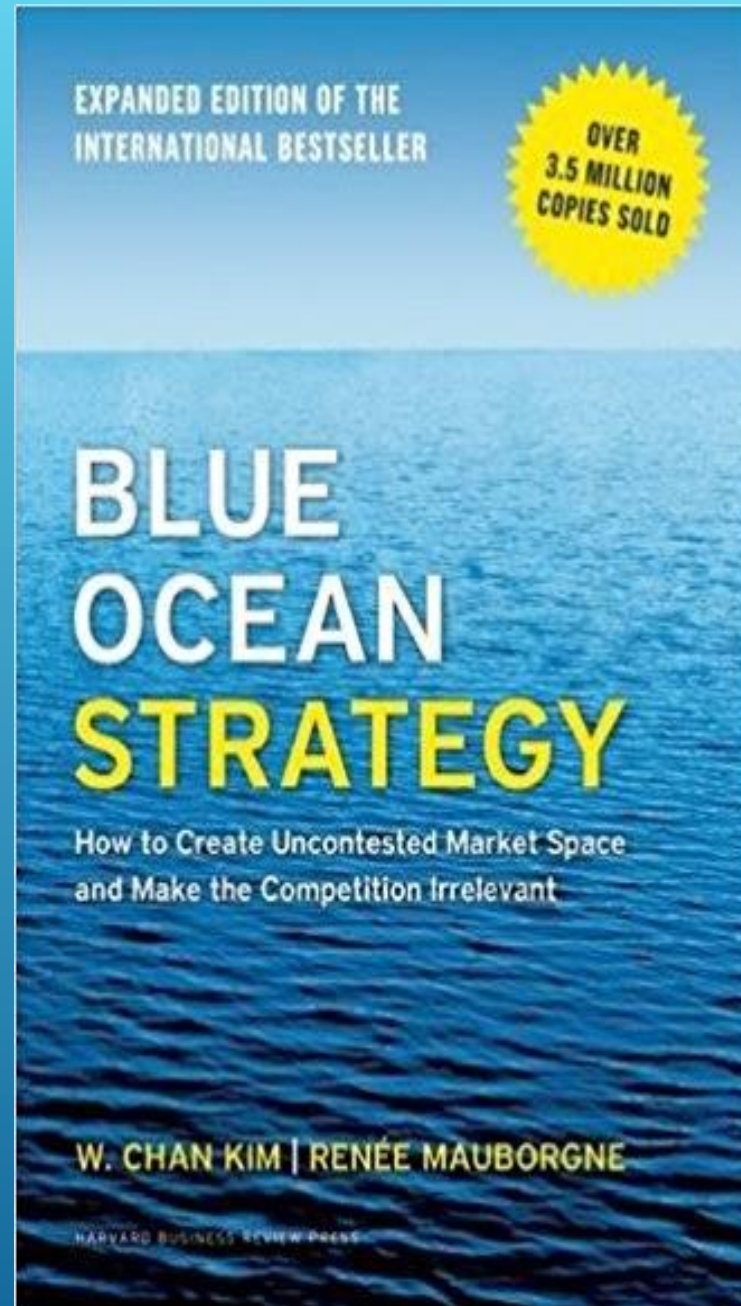


## WHAT IS BLUE OCEAN STRATEGY?

A SYSTEMATIC METHOD OF CREATING NEW, PROFITABLE MARKETS WITHOUT COMPETITION - KNOWN AS "BLUE OCEANS."

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=8EXRNPY4RPE](https://www.youtube.com/watch?v=8ExRNPY4RPE)

WHERE DID IT  
ORIGINATE?



# FOCUS NOT ON COMPETITORS

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing markets.	Create uncontested market space.
Beat the competition.	Make the competition irrelevant.
Exploit existing demand.	Create and capture new demand.
Make the value-cost trade-off.	Break the value-cost trade-off.
Align the whole system of an organization's activities with its strategic choice of differentiation <i>or</i> low cost.	Align the whole system of an organization's activities with its strategic choice of differentiation <i>and</i> low cost.

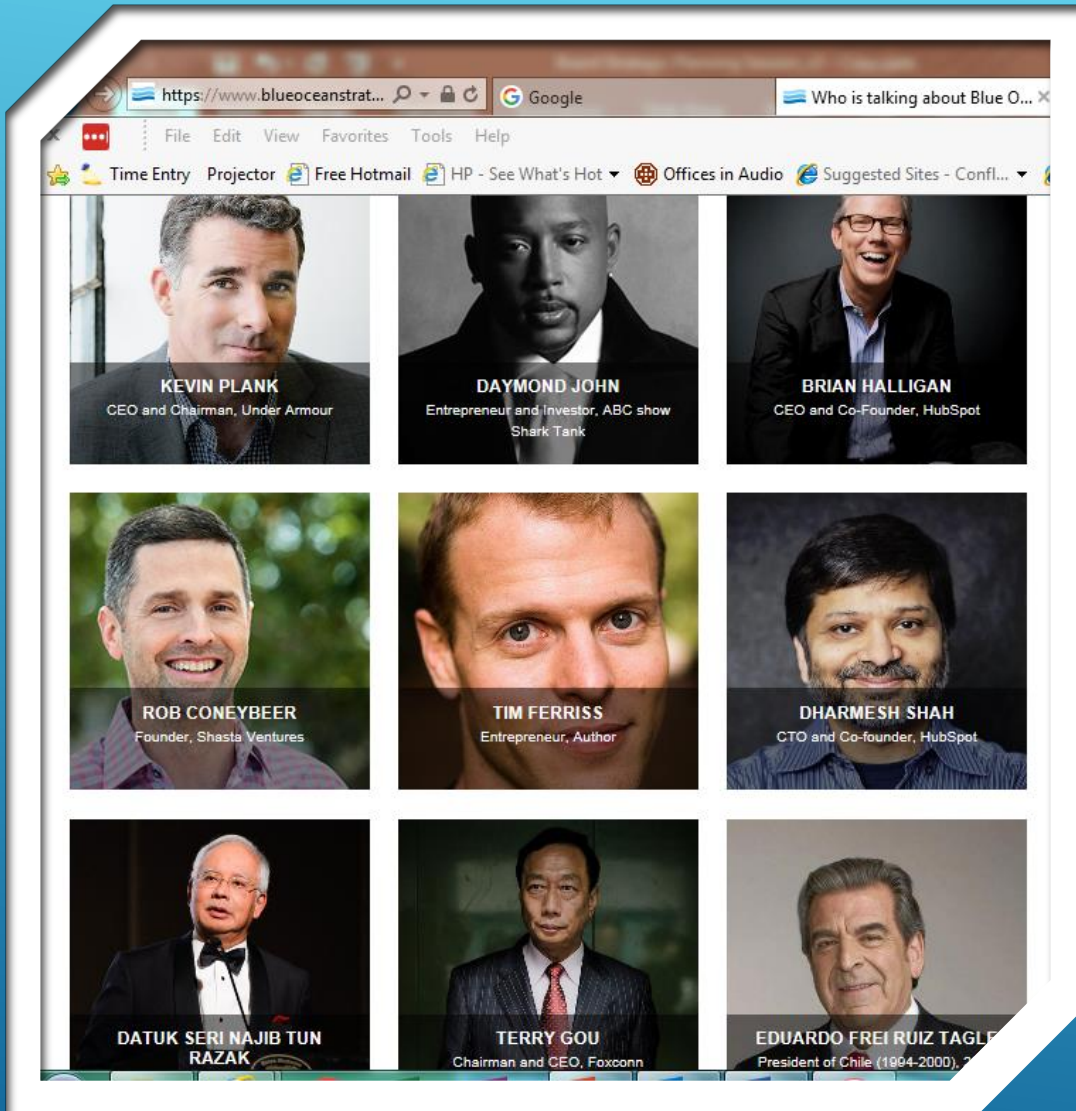
# ELIMINATE-REDUCE-RAISE-CREATE GRID: [YELLOW TAIL]

<p><b>Eliminate</b></p> <p>Enological terminology and distinctions</p> <p>Above-the-line marketing</p> <p>Aging qualities</p>	<p><b>Raise</b></p> <p>Price versus budget wines</p>
<p><b>Reduce</b></p> <p>Vineyard prestige and legacy</p> <p>Wine complexity</p> <p>Wine range</p>	<p><b>Create</b></p> <p>Easy drinking</p> <p>Ease of selection including retail store support</p> <p>Fun and adventure</p>



► Value innovators in fields as diverse as automotive, electronics, state and national governments, healthcare, entertainment, logistics, agriculture and vintners, apparel, software and game developers, entrepreneurs...

## WHO'S TALKING ABOUT BLUE OCEAN STRATEGY?



## Five Steps to Creating a Blue Ocean Strategy

Step One: Get Started	
Action(s)	Purpose and Tool(s) Where Applicable
Choosing the Right Place to Start	<ul style="list-style-type: none"> <li>Scoping the Initiative</li> <li>Pioneer-migrator-settler map helps assess product/service offerings according to how much innovative value they offer buyers and hence how strategically vulnerable or healthy your portfolio is.</li> </ul>
Constructing the Right Blue Ocean Team	Engaging those who will play key roles in bringing a new offering to market and selecting a leader.
Step Two: Understand Where You Are Now	
Action(s)	Purpose and Tool(s) Where Applicable
Getting Clear About the Current State of Play	<ul style="list-style-type: none"> <li>Developing an objective view of your organization's current state of play in the industry</li> <li>Strategy canvas – one simple picture that captures your overall strategy, gets everyone on the same page and provides a commonly agreed-upon baseline to assess new ideas against.</li> </ul>
Step Three: Imagine Where You Could Be	
Action(s)	Purpose and Tool(s) Where Applicable
Uncovering the Hidden Pain Points That Limit the Size of Your Industry	<ul style="list-style-type: none"> <li>Painting a clear, big-picture view of the ways in which the underlying assumptions and boundaries that define the industry also limit its appeal and size by causing "pain points."</li> <li>Buyer utility map – captures the full range of experiences buyers have in using your industry's offering; reveals the problems it has failed to address and thus, uncovers hidden opportunities to provide exceptional utility.</li> </ul>
Discovering an Ocean of Noncustomers	<ul style="list-style-type: none"> <li>Understanding precisely who noncustomers are and why they don't patronize your industry.</li> <li>Three tiers of noncustomers – broadens vision to see the total demand landscape, including soon-to-be noncustomers, refusing noncustomers and unexplored noncustomers.</li> </ul>
Step Four: Find How You Get There	
Action(s)	Purpose and Tool(s) Where Applicable
Reconstructing Market Boundaries – Systematically	<ul style="list-style-type: none"> <li>Shifting from broadening perspectives and imagining what could be to generating practical, real-world, blue ocean options.</li> <li>Six Paths Framework – provides six systematic ways to shift the lens you use in looking at the market universe and open up a new value-cost frontier. Explains, path by path, how to uncover plausible blue ocean opportunities by looking across an industry's self-imposed boundaries, instead of remaining stuck in them.</li> </ul>
Developing Alternative Blue Ocean Opportunities	<ul style="list-style-type: none"> <li>Distilling the team's insights and observations into well-formulated blue ocean strategic options.</li> <li>Four actions framework – asks four key questions to help you challenge an industry's strategic logic and business model to arrive at blue ocean moves that break the trade-off between differentiation and low cost.</li> </ul>
Step Five: Make Your Move	
Action(s)	Purpose and Tool(s) Where Applicable
Selecting Your Blue Ocean Move and Conducting Rapid Market Tests	<ul style="list-style-type: none"> <li>Presenting up to six potentially viable blue ocean opportunities.</li> <li>Blue ocean fair – presents opportunities, each captured on a one-page, to-be strategy canvas, a compelling tagline that is true to the offering and speaks to the market, a single-page, eliminate-reduce-raise-create grid and an outline of the economic benefits offered by each.</li> <li>Rapid market tests – confirms potential using an actual market prototype of selected strategy.</li> </ul>
Finalizing and Launching Your Blue Ocean Move	Laying out the big picture: the economic logic that shows how the value and cost sides of your move interact and come together to develop a leap in value for buyers in a way that generates strong, profitable growth for you. It provides a roadmap that guides and aligns the team while the move is operationalized.

The steps and tools develop a new level of awareness and openness while building collective confidence

# FIVE STEPS AND TOOLS CREATING A BLUE OCEAN STRATEGY

- ▶ Blog
- ▶ Books: *Blue Ocean Strategy* and *Blue Ocean Shift*
- ▶ Case studies
- ▶ Digital workspace (subscription) to collaborate virtually anywhere
- ▶ e-library with over 2000 management and academic articles
- ▶ Mobile apps for iPad illustrating use of tools
- ▶ Newsletter
- ▶ Teaching materials for academics
- ▶ Training and certification
- ▶ YouTube channel

## WHAT SUPPORT RESOURCES ARE AVAILABLE TO US?

[www.blueoceanstrategy.com](http://www.blueoceanstrategy.com)

<https://centres.insead.edu/blue-ocean-strategy/>



QUESTIONS?