Blue Ocean Strategy

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Objectives

- Become familiar with concepts behind Blue Ocean Strategy
- Learn about open innovation
- Formulate ideas on how you might be able to apply these ideas to your own work

Introduction

- Companies have fought for competitive advantage, battled over market share, and struggled for differentiation since the conception of commerce.
- Yet in today's overcrowded industries, competing head-on results in nothing but a bloody "red ocean" of rivals fighting over a dwindling profit pool.
- And yet while most companies compete within such red oceans, , this "boiler-plate" strategy is increasingly unlikely to create profitable growth in the future.

Blue Ocean Strategy

- Some creative thinkers and consultants argue that tomorrow's leading companies will succeed not by battling competitors, but rather by creating "blue oceans" of uncontested market space ripe for growth.
- Blue Ocean Strategy provides a systematic approach to making the competition "irrelevant."
- The only way to beat the competition is to stop trying to beat the competition.
- Red oceans represent all the industries in existence today.
- Blue oceans denote all the industries not in existence today.

Value Innovation

- Within any given industry, every firm seeks to raise value & cut costs in order to enhance value innovation and outperform the competitors
- A successful strategy consists of "pulling ourself out" of the tough competition by venturing into unchartered "water" where no other competitors are present (yet)
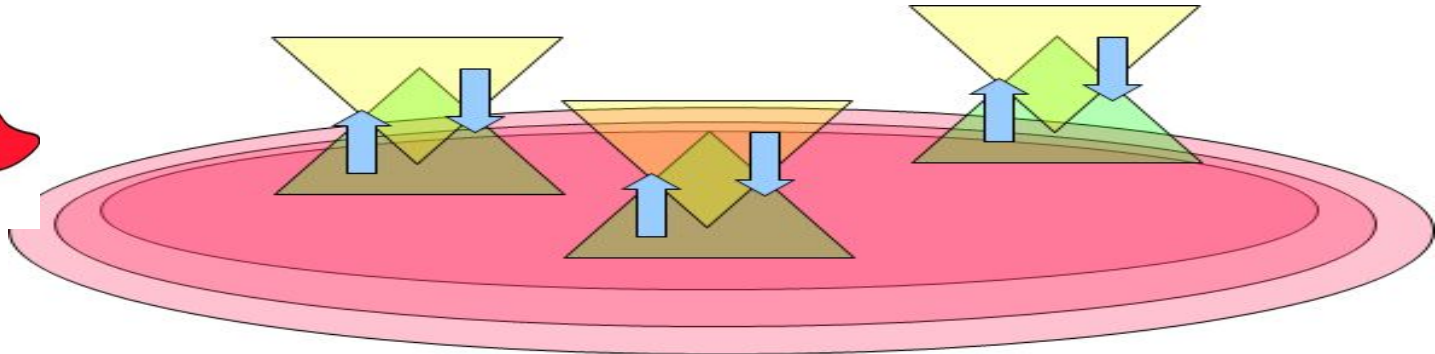
A comparison between red and blue oceans:

Red Oceans	Blue Oceans
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 firm value chain to the overall strategy (low cost or differentiation or focus)	Align the firm value chain to seeking both differentiation and low cost

Questions

Thank You