


BLUE OCEAN STRATEGY & INNOVATION

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Creating a Blue Ocean Innovation

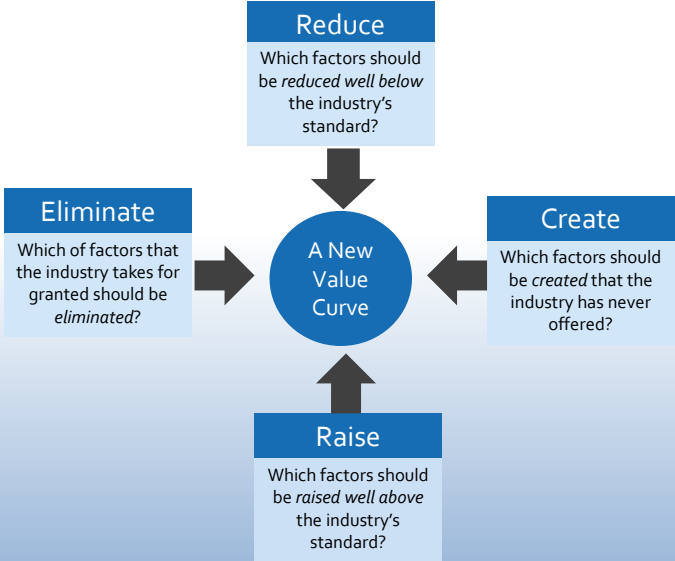


 Red versus blue

Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	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 a company's activities with its strategic choice of differentiation <i>or</i> low cost	Align the whole system of a company's activities in pursuit of differentiation <i>and</i> low cost

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 Four actions framework

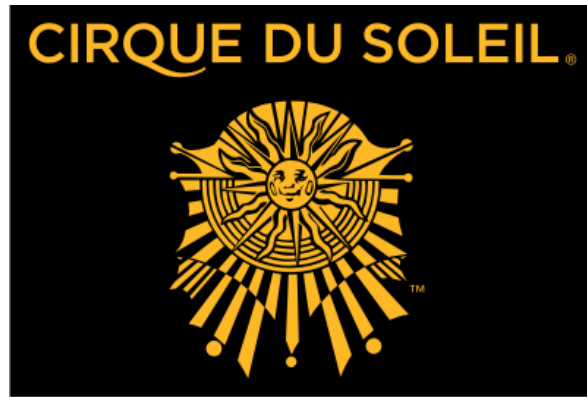


The diagram illustrates the Four Actions Framework for creating a new value curve. It consists of four action boxes surrounding a central circle labeled 'A New Value Curve':

- Reduce:** Which factors should be *reduced well below* the industry's standard?
- Create:** Which factors should be *created* that the industry has never offered?
- Raise:** Which factors should be *raised well above* the industry's standard?
- Eliminate:** Which of factors that the industry takes for granted should be *eliminated*?

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Case Study: Cirque du Soleil
a new form of live entertainment



What is Cirque du Soleil?

Opera?



Theater



Circus?



Broadway?



Ballet?

Eliminate-Raise-Reduce-Create Grid

<p>Eliminate</p> <p>Which of the factors that the “industry” takes for granted should be eliminated—factors that organizations have long competed on?</p>	<p>Raise</p> <p>Which factors should be raised well above the industry’s standard? How can you uncover and eliminate the compromises your “industry” forces customers to make?</p>
<p>Reduce</p> <p>What factors should be reduced well below the industry’s standard? Have products been overdesigned in the race to match and beat the competition—over-serving customers and increasing cost for no gain?</p>	<p>Create</p> <p>Which factors should be created that the industry has never offered? How can you discover entirely new sources of value for buyers and create new demand?</p>

Reflection

What did Cirque du Soleil Do?

1. Which of the factors that the “circus industry” takes for granted did they **eliminate**?
2. Which did they **reduce**?
3. Which did they **raise** well above standard?
4. Which factors did they **create** that have not existed before?

Case Study: Cirque du Soleil

- ✓ No animals, no stars
- ✓ Enchanting and more sophisticated clowns
- ✓ Retention of the symbolic and glamorous aspects of circus, such as the tent and the more breathtaking aspects, such as acrobats
- ✓ Creation of a hybrid between the circus and the theatre, borrowing from Broadway shows
- ✓ Original music score, driving the visual performance, lighting, and timing of the acts
- ✓ Abstract and spiritual dance, an idea derived from theater and ballet
- ✓ Incorporation of more comfort, sophistication, elegance and theatrical themes and plots (stories); this brought not only the richness of theatre but a whole new demographic of customers
- ✓ Multiple productions, giving people a reason to come to the circus more frequently
- ✓ New audiences and demographics

Case Study: Cirque du Soleil

The only way to beat the competition is to stop *trying* to beat the competition. Cirque du Soleil created uncontested new market space that made the competition irrelevant.



What if. . . . Application to LOMO

What is a potential blue ocean possibility for your outdoor ministry/camp?

1. Create uncontested market space.
2. Make the competition irrelevant.
3. Create and capture new demand.

Develop a Blue Ocean Strategy

<p>Eliminate</p> <p>Which of the factors that camps (outdoor ministry) takes for granted could be eliminated—factors that camps have long competed on?</p>	<p>Raise</p> <p>Which factors could be raised well above the “camp industry” standards? How can you uncover and eliminate the compromises your “industry” forces customers to make?</p>
<p>Reduce</p> <p>What factors could be reduced well below the “camp industry” standards? Have products been overdesigned in the race to match and beat the competition, e.g., over-serving customers and increasing cost for no gain?</p>	<p>Create</p> <p>Which factors could be created that the industry has never offered? How can you discover entirely new sources of value for buyers and create new demand?</p>

Innovation Design Process

Stanford School of Design

