

Leg 10. From Cardiff to Gothenburg

The Blue Ocean Strategy

04. Blue Ocean Strategy Evolution



Picture Source: <https://www.iebschool.com/blog/estrategia-teoria-oceano-azul-rojo-creacion-empresas/>

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OUTLINE. The Blue Ocean Strategy

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Jesus Renedo/Volvo Ocean Race

12 June 2018

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OUTLINE. The Blue Ocean Strategy



Jesus Renedo/Volvo Ocean Race

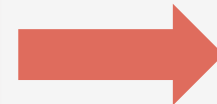


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The Blue Ocean Strategy Evolution

How did an article from HBR Magazine, Blue Ocean Strategy, evolve to become a global top-class strategy in less than 14 years...



The Power of one Book

More than 3.6 Million of copies sold. It is being published in a record-breaking 44 languages and is a bestseller across five continents

Leadership Hall of Fame Series Book, Fast and Company 2011

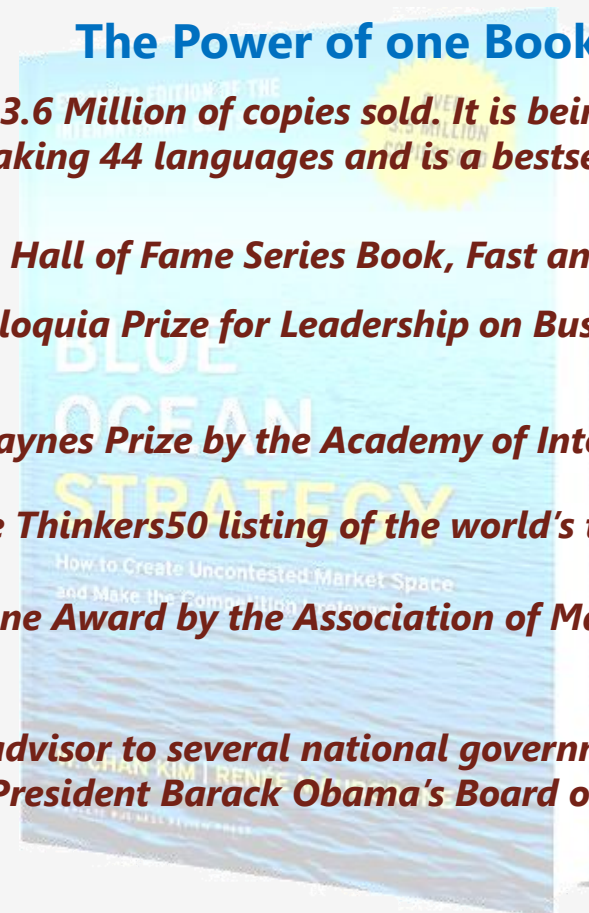
Nobels Colloquia Prize for Leadership on Business and Economic Thinking

Eldridge Haynes Prize by the Academy of International Business

Top 3 in the Thinkers50 listing of the world's top management gurus

Carl S. Sloane Award by the Association of Management Consulting Firms

Kim is an advisor to several national governments and Mauborgne served on President Barack Obama's Board of Advisors



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The Blue Ocean Strategy Evolution

What has made these books a premium reference when it comes to teaching strategy?

Used in over **2,800 universities** around the world

Blue ocean pedagogical materials, used in over 2,800 universities and in almost every country in the world, go beyond the standard case-based method.

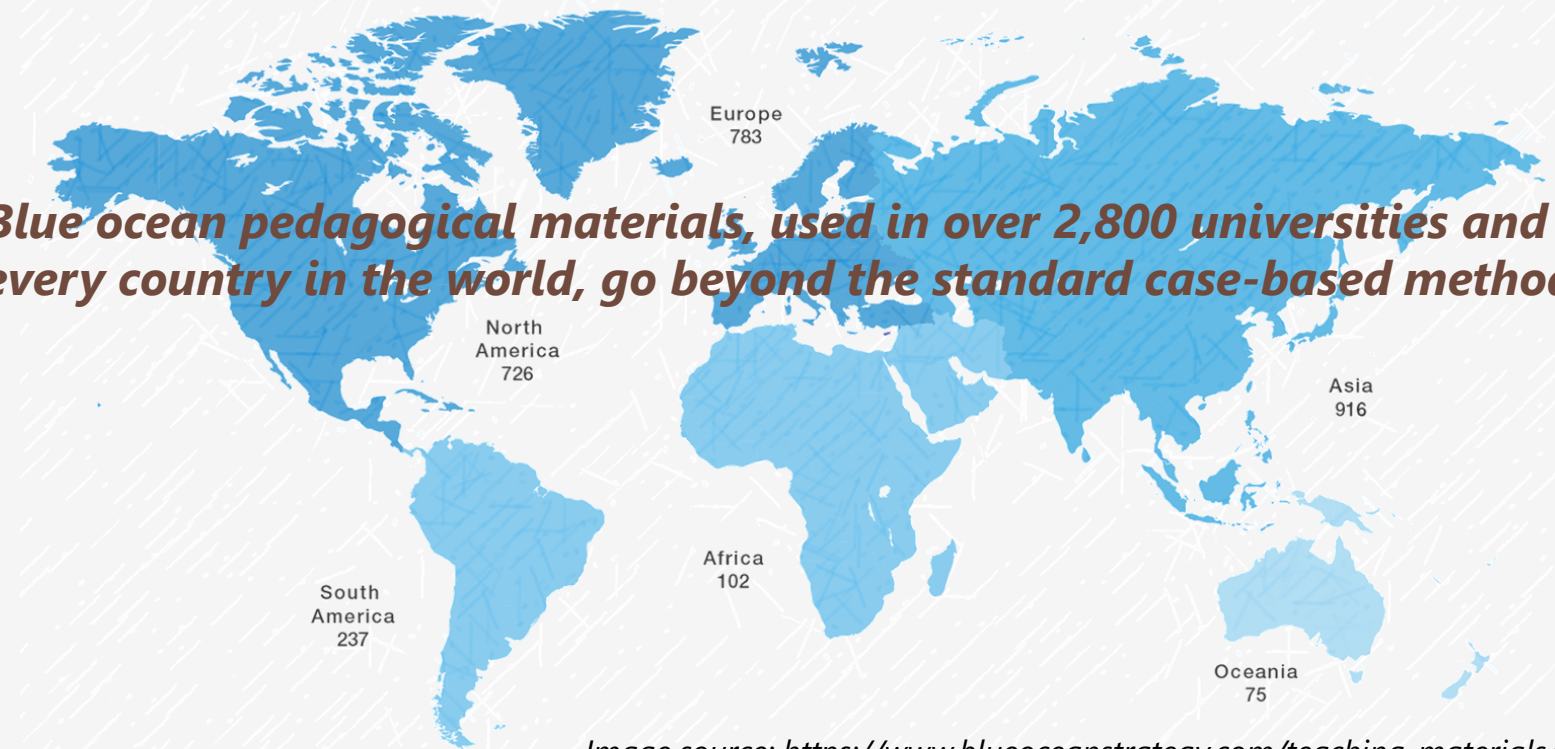


Image source: <https://www.blueoceanstrategy.com/teaching-materials/>



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Why do we have accredited firms which offer a guideline on how to navigate step by step from a Red Ocean to a Blue Ocean?...

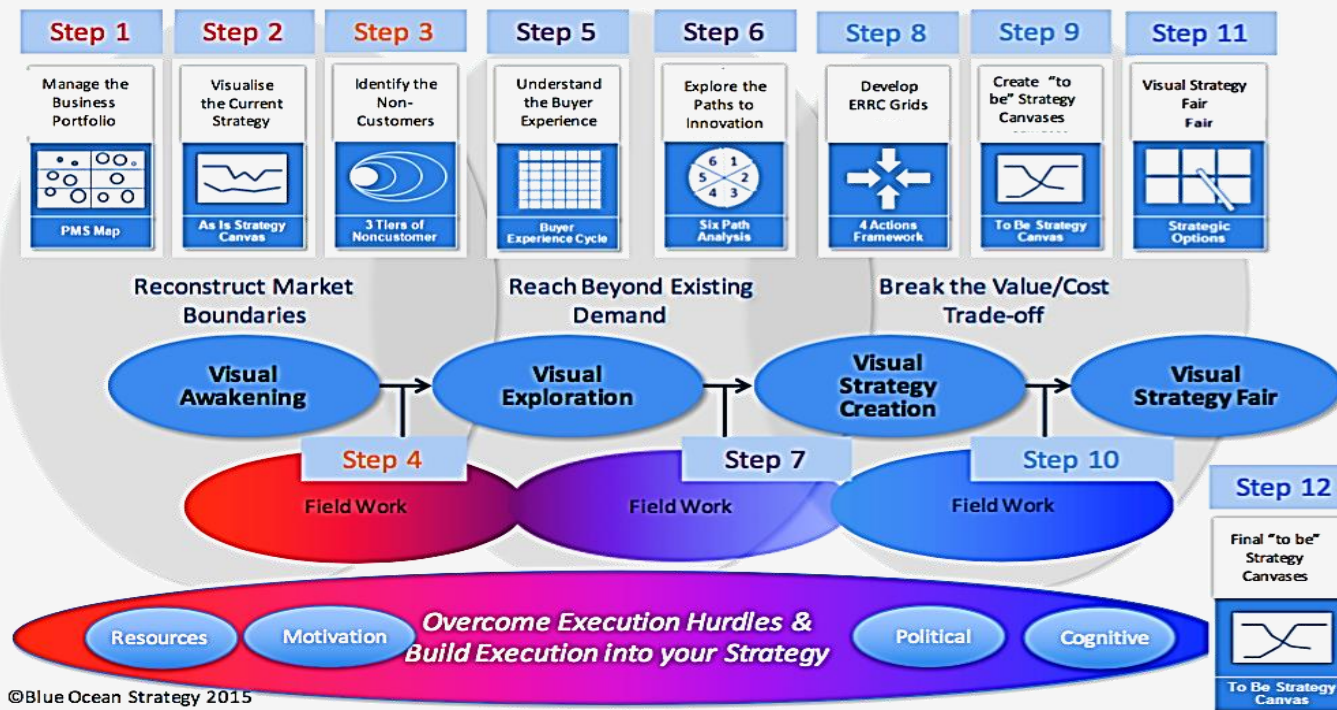


Susan Kehoe is accredited to use Blue Ocean Strategy® frameworks and tools. She is the founder of Strategy to Performance Consulting Group, Australia. She has shared with us the next steps to navigate from a Red Ocean to a Blue Ocean.

<http://www.strategytoperform.com/about-us.html>



12 Steps to Navigate a Red Ocean to your Blue Ocean



©Blue Ocean Strategy 2015
 Source: *Blue Ocean Strategy*, Harvard Business Press. All Blue Ocean Strategy® analytical tools and frameworks © Kim and Mauborgne. All Rights Reserved.



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The Blue Ocean Strategy Evolution

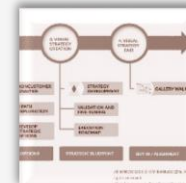
Let's remind ourselves what makes the Blue Ocean Strategy so appealing?

According to the authors, the Blue Ocean Strategy has been so successful because of their 8 core principles:

Based in a decade-long study of more than 150 strategic moves spanning more than 30 industries over 100 years



1. It's grounded in data



5. It provides a step-by-step process

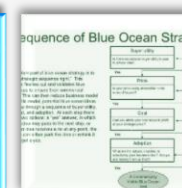
It provides a clear four-step and fair process to break away from the competition and create a blue ocean of strong profitable growth

Based in Value Innovation, on the simultaneous pursuit of differentiation and low cost. It is an "and-and," not an "either-or" strategy.

2. It pursues differentiation and low cost



6. It maximizes opportunity while minimizing risk

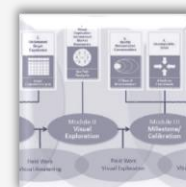


It provides a robust mechanism to mitigate risks and increase the odds of success. A key framework here is the Blue Ocean Idea Index.

It doesn't aim to out-perform the competition. It aims to make the competition irrelevant (not here, not there) by reconstructing industry boundaries.



3. It creates uncontested market space

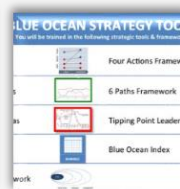


7. It builds execution into strategy

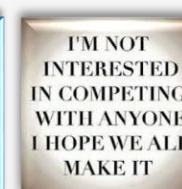
It builds execution into strategy from the start through the practice of fair process in the making and rolling out of strategy.

It is built on common strategic which help to develop underlying analytic frameworks, tools and methodologies to systematically link innovation to value and reconstruct industry boundaries.

4. It empowers you through tools and frameworks



8. It shows you how to create a win-win outcome



It shows how to align the three strategy propositions – value, profit, and people – to ensure your organization is aligned around your new strategy. For a win-win outcome for buyers, the company, and for employees and stakeholders.

<https://www.blueoceanstrategy.com/blog/8-core-principles-of-blue-ocean-strategy/>

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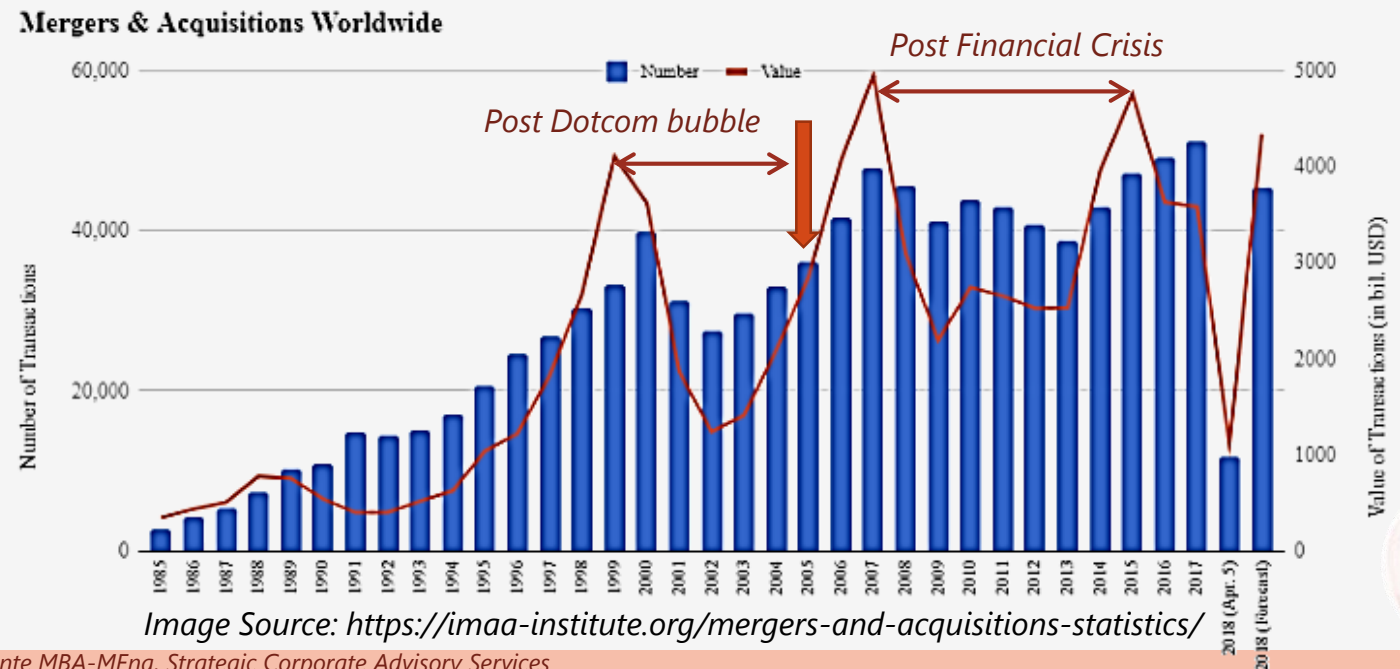
The Blue Ocean Strategy Evolution

Let's see why the Blue Ocean Strategy has evolved to BE one of the most recognized ways to do strategy nowadays?

- **The Blue Ocean Strategy was the right thing, at the right moment, at the right place.**
- By the year 1999-2000 the end of the dot.com bubble caused equity markets to collapse.
- Previous to the book publishing date (2005), there was a period of 5 years where the M&A activity dropped significantly.
- The business world was in need for a new way of value innovation thinking. Something new different to Porter's competitive strategy.
- It was the right thing, at the right time, conceived at the right place (INSEAD).

Number & Value of M&A Worldwide

In 2017, companies announced over 50'600 transactions with a total value of more than 3.5 trillion USD (2.9 trillion EUR/ 2.5 trillion GBP). Compared to 2016, the numbers of deals grew only marginally by 2.9% while the value declined by 2.00%.



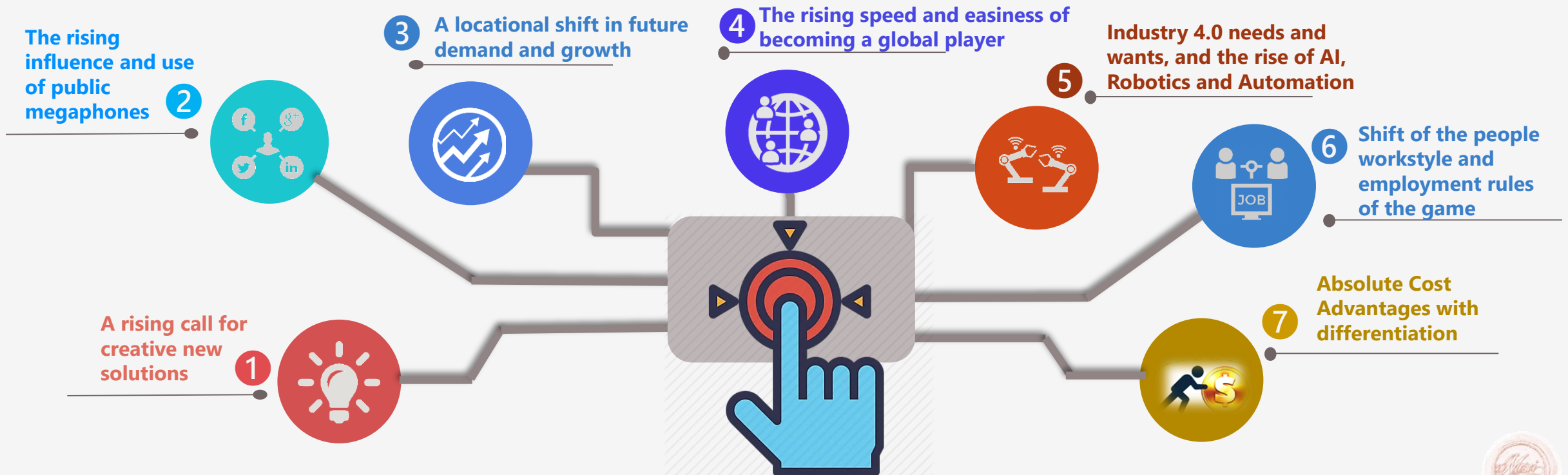
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The Blue Ocean Strategy Evolution

The idea of leveraging blue oceans has been the perfect response to a shifting world which was looking for answers beyond the brick-mortar competitive landscape...

Kim and Mauborgne have identified 4 trends to create blue oceans (from 1 to 4), and we have added three more (from 5 to 7):



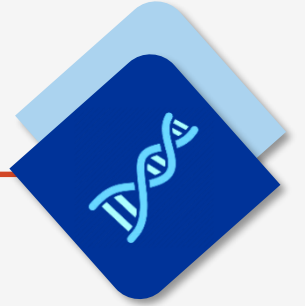
<https://www.blueoceanstrategy.com/blog/four-trends-that-make-blue-ocean-strategy-indispensable/>

12 June 2018

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The idea of non-disruptive creation was introduced instead of disruptive innovation...

- Kim and Mauborgne introduced the concept of: Non disruptive creation as where one's gain doesn't have to come at the expense of others.
- "Given the legacy of the competitive strategy, very often entrepreneurs and business owners, associated market creation with disruption or creative destruction, focusing on displacing existing players and markets by bringing in a superior product. However, Kim and Mauborgne research showed that many new markets have been created without disrupting existing ones".
- "The opportunities for no disruptive creation loom large, and entrepreneurs would be unwise not to take them into account as well".



<https://www.blueoceanstrategy.com/blog/what-is-nondisruptive-creation/>



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Even though the Blue Ocean Strategy can be applied to different type of business (technological or not), the concept of non-disruptive creation can the seed for the Blue Ocean Strategy to evolve for a balanced and ethical way of strategy thinking in the future...

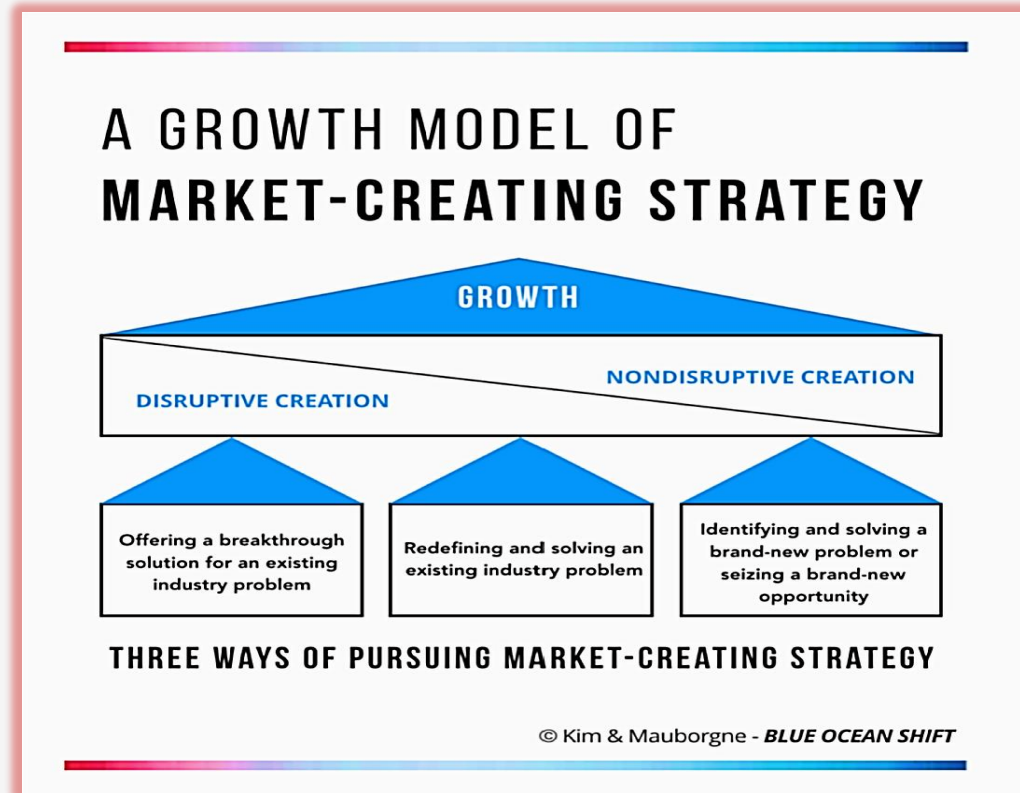


Image Source:
<https://twitter.com/BlueOceanStrtgy>



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The Blue Ocean Strategy Evolution

The “speed” and the complexity of automation, robotics, and artificial intelligence future businesses has to slow down until the societies are ready.

- Beyond the idea of non-disruptive creation, the “Blue Ocean Strategy with ethics at the core” can help to build up an integral mental mindset required to create new fair and balanced market spaces
- In addition, the blue ocean (strategy-shift) needs to evolve to solve difficult problems such as half of the global population living with less than 2 dollars a day.
- How to use the Blue Ocean Strategy for education, learning & improving the quality of life of the people?...



Image Source:
<https://twitter.com/BlueOceanStrtg>

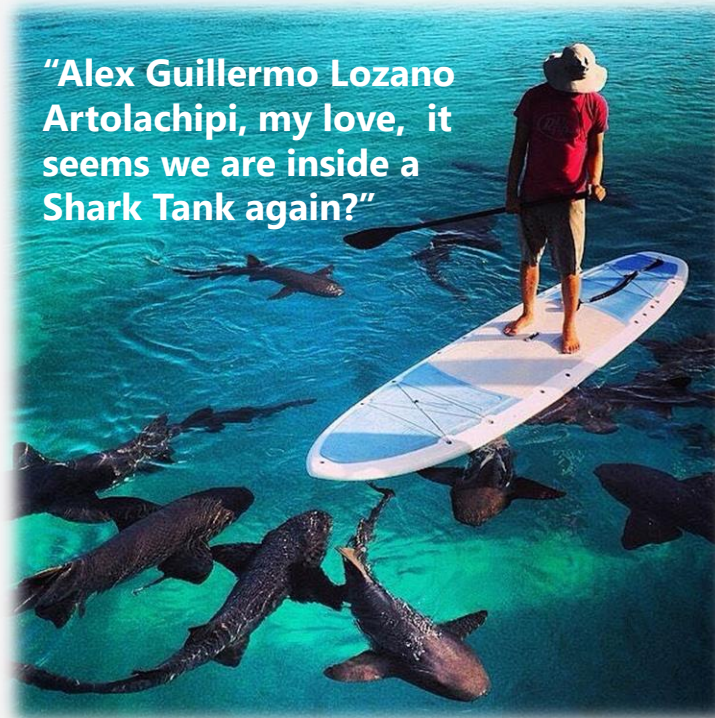


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On our next post, we will move forward to the next subject Blue Ocean Strategy Limitations...



Thank you!

