

blue ocean strategy ...

value innovation and high growth ...

	Conventional Logic	Value Innovation
Industry assumptions	Industry's conditions are given	Industry's conditions can be shaped.
Strategic focus	A company should build competitive advantages. The aim is to beat the Competition.	A company should pursue a quantum leap in value to dominate the market.
Customers	A company should retain and expand its customer base through further segmentation and customization. It should show the differences in what customers want.	A value innovator targets the mass of buyers and willingly lets some existing customers go.
Assets and Capabilities	A company should leverage its assets and capabilities.	A company must not be constrained by what it already has. It must ask, What would we do if we were starting anew?
Product and service offering	An industry's traditional boundaries define the products and services offered. The goal is to maximize the value of those offerings.	A company should offer a new value proposition beyond its industry's traditional offerings.

Kim, W. C. and Mauborgne, R. (2004 (1997)) Value Innovation: the strategic logic of high-growth, *Harvard Business Review*, July–August.

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	Conventional Logic	Value Innovation Logic
Industry assumptions	Industry's conditions are given.	Industry's conditions can be shaped.
Strategic focus	A company should build competitive advantages. The aim is to beat the Competition.	Competition is not the benchmark. A company should pursue a quantum leap in value to dominate the market.
Customers	A company should retain and expand its customer base through further segmentation and customization. It should focus on the differences in what customers value.	A value innovator targets the mass of buyers and willingly lets some existing customers go. It focuses on the key commonalities in what customers value.
Assets and Capabilities	A company should leverage its existing assets and capabilities.	A company must not be constrained by what it already has. It must ask, What would we do if we were starting anew?
Product and service offering	An industry's traditional boundaries determine the products and services a company offers. The goal is to maximize the value of those offerings.	A value innovator thinks in terms of the total solution customers seek, even if it takes the company beyond its industry's traditional offerings.

Kim, W. C. and Mauborgne, R. (2004 (1997)) Value Innovation: the strategic logic of high-growth, *Harvard Business Review*, July–August.

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		Red Ocean Strategy	Blue Ocean Strategy
New Value Configurations	Industry assumptions	Compete in existing market spaces	Create uncontested market spaces
Business Model Canvas	Strategic focus	Beat the competition	make the competition irrelevant.
Customer Segments	Customers	Exploit existing demand	Create and capture new demand
Resources and Activities	Assets and Capabilities	Make the value-cost trade-off	Break the value-cost trade-off
Value Proposition	Product and service offering	Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of the firm's activities in pursuit of differentiation and low cost

Kim, W. C. and Mauborgne, R. (2004) Blue Ocean Strategy, *Harvard Business Review*, October.

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Business Model. Hypothesis-driven

		Implementation-driven
New Product Process	Get out of the office and test hypothesis.	Prepare offering for market following a linear, step-by-step plan.
Engineering	Agile Development. Build the product iteratively and incrementally.	Agile or Waterfall Development. Build the product iteratively, or fully specify the product before building it.
Organization	Customer and Agile Development Teams. Hire for learning, nimbleness, and speed.	Departments by Function. Hire for experience and [proven] ability to execute.
Financial Reporting	Metrics that Matter. Customer acquisition cost, lifetime customer value, churn, viral-ness.	Accounting. Income statement, balance sheet, cash-flow statement.
Failure	Executed. Fix by iterating on ideas and pivoting away from ones that don't work.	Execution. Fix by firing executives, [or career progress is severely hindered].
Speed	Rapid. Operates on good-enough data.	Measures [typically slower]. Operates on complete data.
[Compensation]	[Stare ownership.]	[Companywide practices.]

	Lean	Traditional
Strategy	Business Model. Hypothesis-driven.	Business Plan. Implementation-driven.
New-Product Process	Customer Development. Get out of the office and test hypothesis.	Product Management. Prepare offering for market following a linear, step-by-step plan.
Engineering	Agile Development. Build the product iteratively and incrementally.	Agile or Waterfall Development. Build the product iteratively, or fully specify the product before building it.
Organization	Customer and Agile Development Teams. Hire for learning, nimbleness, and speed.	Departments by Function. Hire for experience and [proven] ability to execute.
Financial Reporting	Metrics that Matter. Customer acquisition cost, lifetime customer value, churn, viral-ness.	Accounting. Income statement, balance sheet, cash-flow statement.
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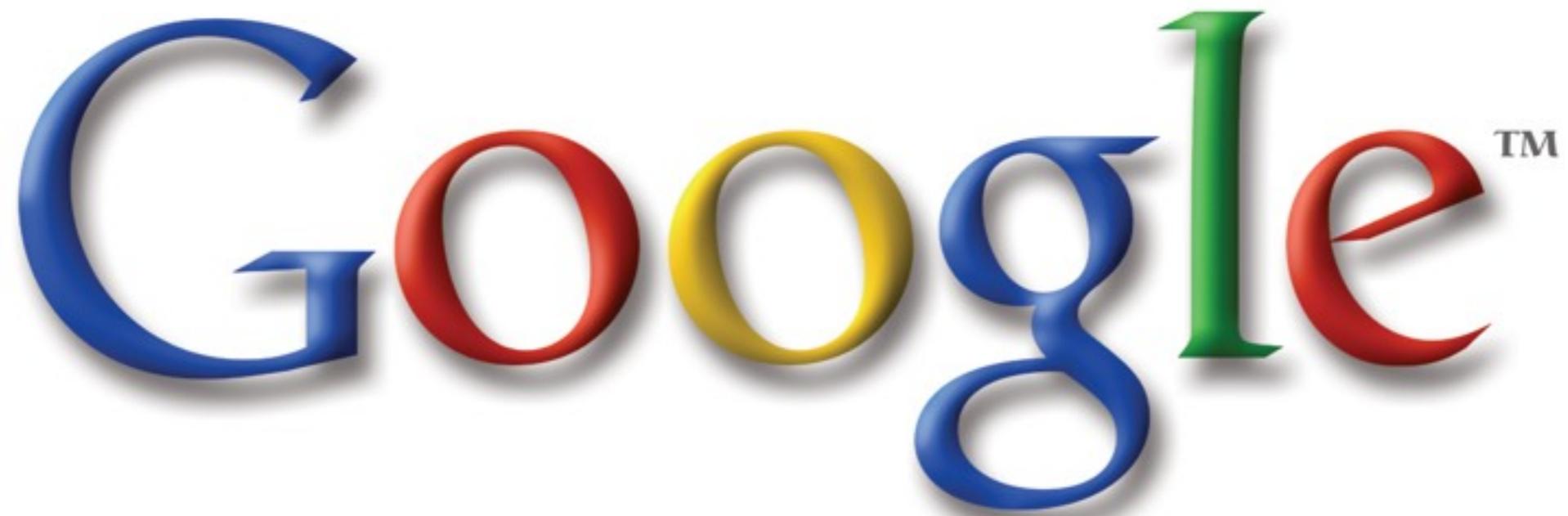


how do you create
blue oceans?

blue oceans are created and discovered over time.

how do we create ...

how do we create ...

The image shows the Google logo in its classic multi-colored font. The letters are 'G', 'O', 'O', 'g', 'l', 'e' with a trademark symbol. The colors are blue, red, yellow, blue, green, and red respectively. The logo is centered on a white background.

Google™

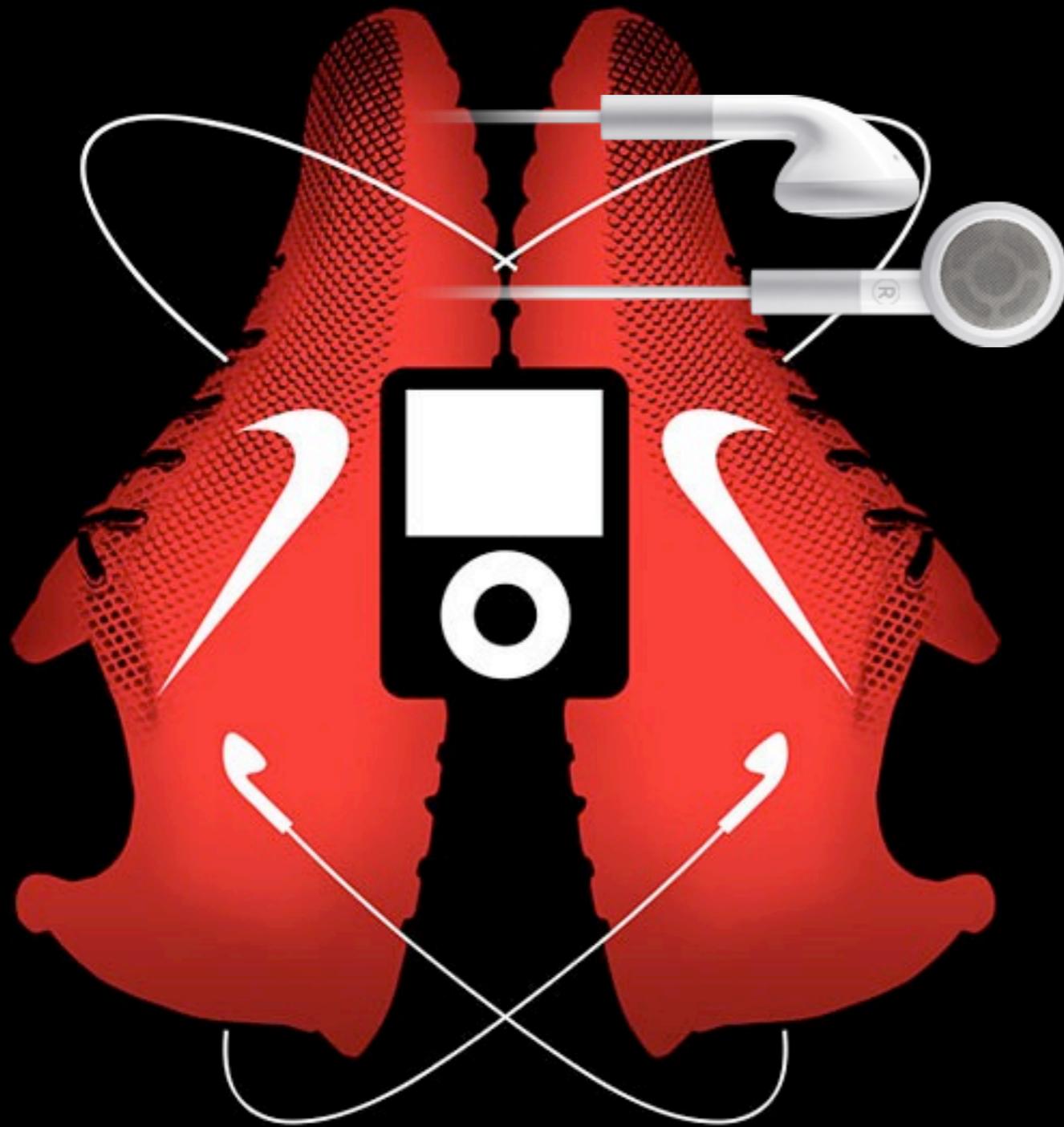
how do we create ...



how do we create ...

wii™

how do we create ...



how do we create ...



vision is not only
a founding idea
but necessarily the
resolution to ensure
its realization

Jonathan Ive (2005)