



BLUE OCEAN

&

**Answers to
frequently asked
questions about
blue ocean
strategy & blue
ocean shift**




HOW IS A BLUE OCEAN STRATEGIST DIFFERENT FROM A RED OCEAN STRATEGIST?

Chan Kim & Renée Mauborgne: There are four defining characteristics that separate the mind of a blue ocean strategist from a red ocean one. They determine the questions you ask and what you see and don't see, which makes your perspective important. The four characteristics revolve around the assumptions people make regarding industry structure, competition, customers, and value and cost. Let's zoom in on one, industry conditions, to show you how these two perspectives differ and play out.

When executives develop strategy, they nearly always begin by analyzing the environment: Is the industry growing, stagnant, or shrinking? Are raw material prices rising or falling? Are competitors building new plants, launching major new product lines, laying off hundreds, or hiring new talent? And so on. This view of strategy is deterministic in that: (1) it treats an organization's strategic options as limited by the environment; and (2) it bounds executives' imaginations by the industry's current conditions. That's the mindset of a red ocean strategist. This mindset keeps your strategy anchored in the existing industry conditions.

A blue ocean strategist, by contrast, does not take industry conditions as given. Rather they set out to reshape them in their favor. What a blue ocean strategist recognizes, and most of us often forget, is that while industry conditions exist, individual firms created them. And just as individual firms created them, individual firms can shape them too. They are as fluid as our imaginations.



Blue ocean strategists, therefore, ask fundamentally different sets of questions that enable them to challenge long-held assumptions and artificial boundaries that red ocean strategists may unknowingly be imposing upon themselves. In that sense, adopting the perspective of the blue ocean strategist is like looking up at the night sky at the single constellation your industry has long been focused on and then turning your head to see the vast expanse of the universe that hadn't been in your field of vision before. It expands your horizons and shifts your understanding of where opportunity resides.

Blue Ocean Shift explains the other three characteristics that revolve around the assumptions people make regarding competition, customers, and value and cost, and shows how they separate the mind of a blue ocean strategist from a red ocean one

IN A NUTSHELL, WHAT IS BLUE OCEAN SHIFT ALL ABOUT?

Chan Kim & Renée Mauborgne: Blue Ocean Shift addresses a key challenge facing virtually every organization today: How to move yourself, your team and your organization from competing to creating. Or, from cutthroat markets to wide open new markets in a way your people own and drive the process.

Think about it. What industry today doesn't face intense competition? Take retail. It's getting decimated. The competition is fierce. It's tough. It's rough. It's what we refer to as a bloody red ocean.

But the successful companies, they're not in those red oceans. They're moving into and creating new markets. What we think of as blue oceans.

The question is: How can all of us do that too? **Blue Ocean Shift** lays out the path anyone can follow to get there, using proven steps.


WHAT'S THE STORY BEHIND BLUE OCEAN SHIFT?

Chan Kim & Renée Mauborgne: If Blue Ocean Strategy is the what, Blue Ocean Shift is the process of change to move from the red to the blue ocean. Soon after our first book came out, a tidal wave of interest we hadn't expected grew as companies, governments, nonprofits and even individuals started to look at their world through the lens of red and blue oceans. Suddenly people the world over were identifying themselves as in a red ocean with a call to action to get out and create blue oceans.

This raised the conversation and questions to a whole new level: from "what is blue ocean strategy?" to "how can I shift my organization from red to blue oceans?" Established companies were unsure of how to start the process of moving to blue waters, which would often require getting the members of their team to buy into a concept that directly conflicted with the long-established rules of their industries. Entrepreneurs were looking for concrete steps and a systematic process they could follow to create and capture blue oceans at minimal risk.

Hence, what people were keenly interested to understand were the dynamics of actual transformation. What does it take to change, to move an organization – be it corporate, an upstart, government, a non-profit, even an individual from the red ocean to the blue. Achieving that requires a shift. Not just in strategy. But also in mindset and culture.

To address this challenge head-on we spent the last decade analyzing and comparing the successes and failures of blue ocean projects across the globe that have sprung out of the movement we began to go beyond competing and create new frontiers of opportunity, growth and jobs.



Analyzing a variety of sectors from business- to-customer and business-to-business, to public, nonprofit, and governments – including what worked and what didn't - we developed a concise understanding of the process of new market creation and growth that unlocks people's creativity as much as their confidence to act. Blue Ocean Shift is the result. Brimming with battle-tested lessons, in it you'll learn what works, what doesn't, and how to avoid the potential pitfalls along the way.

WHAT'S ONE THING THAT SURPRISED YOU IN YOUR DECADE OF NEW RESEARCH BEHIND BLUE OCEAN SHIFT?

Chan Kim & Renee Mauborgne: One thing that surprised us again and again is how much we systematically underestimate how creative and capable all people can be when they are actually given tools and a process that can teach them how to unlock their creativity, draw it out and direct it to new growth opportunities. Random brainstorming does not cut it. Human beings whether on the shop floor or the CEO are much more creative and capable than most of us realize or give ourselves credit for. It's just a matter of drawing that out and channeling people's creativity to growth opportunities which is what Blue Ocean Shift does.



WHAT IS HUMANNESS AND WHAT MAKES IT SO IMPORTANT TO MAKING A SHIFT?

Chan Kim & Renée Mauborgne: In our study of organizations, we found that the process leading to a successful blue ocean shift must recognize people, acknowledge their fears, their insecurities, their need to be treated with dignity, and their desire to matter. This is what we call humanness. We regard humanness as a key component to making a successful shift, and in fact to any transformational change for it succeed.

Humanness builds psychological understanding into the blue ocean shift process so that people are willing to engage fully at every step - even when they are hesitant, may not trust one another, or are skeptical of their ability to succeed on the transformation journey. The blue ocean shift process accomplishes this not by demanding that anyone change but by easing people's fears and building their confidence step-by-step so they own and drive the process and are open to learn and free their imaginations from what is to imagine what could be. The good news is, as you will learn in Blue Ocean Shift, our research found that the three ways to build humanness are accessible to all and reproducible in any organization.



WHAT ARE THE FIVE STEPS TO MAKING A BLUE OCEAN SHIFT?

Chan Kim & Renée Mauborgne: First get started. Choose the right place to start and construct the right team. Second, understand where you are now. Get clear on the current state of play. Third, imagine where you could be. Uncover what limits the size of your industry and discover the ocean of noncustomers you can unlock. Fourth, find how you get there. Reconstruct market boundaries systematically and develop blue ocean opportunities. And fifth, make your move. Select your blue ocean move, conduct rapid market tests, and launch your move.

Blue Ocean Shift's humanistic, teachable and systematic five-step process makes market creation accessible to everyone, not just highly creative people or natural-born entrepreneurs.

BLUE OCEAN STRATEGY

Recognized as one of the most iconic and impactful strategy books ever written, Blue Ocean Strategy argues that cutthroat competition results in nothing but a bloody red ocean of rivals fighting over a shrinking profit pool. Embraced by organizations and industries worldwide, Blue Ocean Strategy is a global phenomenon that has sold over 4 million copies. It is being published in a record-breaking 46 languages and is a bestseller across five continents. First published in 2005, it was updated and expanded with fresh content in 2015.



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BLUE OCEAN SHIFT

Blue Ocean Shift is the essential follow-up to Blue Ocean Strategy. Blue Ocean Shift is a New York Times, #1 Wall Street Journal and an USA Today bestseller. Only two years out, and Blue Ocean Shift is already being published in over 30 languages. Drawing on more than a decade of new research, Blue Ocean Shift is the definitive guide to help you move beyond competing, inspire your people's confidence, and seize new growth.