3 - A Critical Look At Blue Ocean Strategy

The Blue Ocean Paradox - Innovation Attracts Competitors...

Innovating a "Blue Ocean" market space is probably the best way to invite competition. The more attractive your "Blue Ocean" - the more competition it will attract. Call this the *Blue Ocean Paradox*. Does this mean enterprises should stop innovating? Of course not. The key to successful innovation is competition. The ability to know when to deploy offensive and defensive maneuvers is critical in order to gain full advantage of your innovation.

Listed below are several free articles, resources and blog postings offering a critical look at "Blue Ocean" strategy. We are also offering a free download of vSente's Campaign Planner which includes a comprehensive worksheet for assessing and determining potential competitive vulnerabilities of a blue ocean strategy. Click here to download your planner.

21 July 2007 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (3) | TrackBack (0)
Technorati Tags: Blue Ocean Strategy, marketing, strategy
Digg This | Save to del.icio.us

The Similarities Between Blue Ocean Strategy and Sun Tzu's Art of War...

Here is an interesting and perhaps eye-opening comparison for many marketers who favor Blue Ocean Strategy. Sun Tzu's *The Art of War* is understandably miscast by those who have not read it as a book about violence and bloodshed - when in reality *The Art of War* is really about winning without fighting. This from the preface of Thomas Cleary's translation:

> *The Art of War applies to competition and conflict in general... Its aim is invincibility, victory without battle, unassailable strength through understanding of physics, politics and psychology of conflict.*

I'm not suggesting that *The Art of War* equals Blue Ocean Strategy. The difference is that Sun Tzu understood the practical realities of invincibility and the need to defend and protect that which has been made unassailable.

If you're a fan of Blue Ocean Strategy then you should also read Sun Tzu's *Art of War*.

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competition.

19 July 2007 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (5) | TrackBack (0)
Technorati Tags: advertising, Blue Ocean Strategy, marketing, Sun Tzu, The Art of War
Digg This | Save to del.icio.us

New York University's Professor Red Burns: Competition Is Not Valued Here...

I can excuse New York University Professor Red Burns as an eccentric, out-of-touch, ivory tower academic. But I can't excuse New York Times contributing writer Denise Caruso's uncritical look at the work of Red Burns. So what's my problem? Writer Caruso's article in the New York Times today describing Professor Burns' approach to collaboration and innovation and specifically the following quote:

> “Competition is not valued here,” asserts Red Burns, who has run the program since 1983 (and whom I have known since the early 1990s). “Competitive people have energy, they’re interesting and so forth. But they’re so focused on the competition they fail to see what they’re doing. They just want ‘better, bigger, stronger, longer,’ and they miss the periphery. And that is where you find things you don’t even know are there.”

I'd have to say that the good Professor's characterization of "competitive people" is borderline ignorant, and her New York Times sanctioned platform irresponsible by not at least gently challenging Burns' assertions.

If Professor Burns spent time with "competitive people", she would find some of the most innovative folks around - for innovation and collaboration are powerful COMPETITIVE weapons that enable an enterprise to win - quite often *without* fighting.

Yes, I'm slightly aggravated by this. I'm aggravated by the ongoing demonization of competition. I'm aggravated by the uncritical look at theories like the Blue Ocean Strategy by influential business pundits and platforms.

And as always, I'm delighted to offer the good Professor and her enablers space here to elaborate or respond. As usual I pledge to print whatever they offer...

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

06 May 2007 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (1) | TrackBack (0)
Technorati Tags: Blue Ocean Strategy, Denise Caruso, Hybrid Vigor, Interactive Telecommunications Department, New York University, Red Burns
Digg This | Save to del.icio.us

Simon-Kucher & Partners - On "Peaceful Competition"

Selling Power has a short article up about Hermann Simon's, Frank Bilstein's, and Frank Luby's (Simon-Kucher & Partners Strategy and Marketing Consultants) new book - Manage for Profit, Not for Market Share - *Harvard Business School Press 2006* (psssssstttttt... you boys ever think about managing for PROFITABLE MARKET SHARE?)

Their book advocates a curious strategy. Read the following as they describe their notion of *peaceful competitors*:

> *Peaceful competitors instead "build an entire strategy around preserving or increasing profit," say the authors. "They refuse to see themselves locked in a zero-sum competition for market share, which fosters a 'kill or be killed' mentality. They would rather be different than be the ultimate 'winner.'" In other words – and here's the tough part for many managers to swallow – when a competitor threatens your position by offering lower prices for a similar product, your first move should not automatically be to jump in to undercut him. In many cases, it is far wiser simply to walk away.*

So if an upstart competitor goes into your best account and undercuts your price you walk away? You don't fight for the account? Sounds very Blue Ocean.

The authors miss the fact that you don't choose your competitors or their tactics. And that your competitors and customers will have a lot to say about the effectiveness of "your strategy built around preserving or increasing profit". So while you're out trying to find this special little niche, your competition will be in their trying to shoot your ass off. See in the life of every firm there comes a time when it is necessary to kill or be killed.

But what's really curious about this curious strategy, coming from this well regarded strategy firm, is the opportunity for a well placed competitor to use this tactic against the SKP client. In other words, if you find out your largest competitor has retained SKP to develop their pricing strategy - wait six months (it always takes these guys six months to figure out what's going on), then go out and begin implementing selective discounts for your competitor's key accounts. You'll own the market in short order and can then return the

pricing back to more profitable levels once you've scared off the *peaceful competitor*. SKP will even help you do this. They publish their client list. See if any of their clients are in your industry.

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

07 March 2007 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (2) | TrackBack (0)
Technorati Tags: Frank Bilstein, Frank Luby, Harvard Business School Press, Hermann Simon, Manage for Profit Not for Market Share, Simon-Kucher & Partners
Digg This | Save to del.icio.us

BLUE OCEAN STRATEGY - IS CIRQUE DU SOLEIL REALLY A BLUE OCEAN?

I had an excellent comment on the Blue Ocean Strategy from Jim Ninivaggi of the Maremma Group. With his permission I have elevated his comment to a posting so more folks might read it. Bottom line with Jim is he questions whether many of the case studies in Blue Ocean even qualify as blue oceans as defined by the authors. Jim is a seasoned sales pro who has been-there-done-that many times so I think you'll find his viewpoint quite provocative:

> I've now read Blue Ocean Strategy twice, and have come away with the belief that many of the examples used in the book are not truly "blue ocean" as defined by the authors.
>
> The most glaring example of this is the Cirque du Soleil case study. They do not "create a new market" as the book describes, but rather creating a new, compelling product for an existing market.
>
> Cirque du Soleil does not compete with the traditional circus. People who go to the circus I would put into a marketplace of "family entertainment". These are parents who take their families to things like the movies, arcades, Ice Capades, theme parks, family-themed theater (The Lion King on Broadway), etc. Cirque du Soliel is not a typical alternative for this marketplace -- and therefor building the entire case study on a side-by-side comparison of traditional circus vs. Cirque du Soliel was distracting beyond measure and had me wondering if the authors realized how they diluted their own concepts.
>
> The marketplace Cirque du Soleil does compete in is what I'll call "adults who go out". These are adults who attend the movies, theater, cabaret, concert events, cultural exhibits, etc. Using the concept of "circus for adults" , Cirque du Soliel simply created a compelling and unique alternative to meet existing demand -- not create new demand. Simply put, a tourist to New York city might opt to attend Cirque du Soleil (if they are in town) over attending a Broadway show. Not true "blue ocean" as defined by the authors.

What do you think?

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

09 January 2007 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (8) | TrackBack (0)
Technorati Tags: Advertising, Blue Ocean Strategy, Marketing, Sales
Digg This | Save to del.icio.us

MORE FROM HARDBALL AUTHOR GEORGE STALK

Received a quick note the other day from George Stalk about Curveball. We blogged Curveball a while back. I wish the publishers at HBR would figure out how to market George and Hardball. They keep getting it wrong. They keep thinking the audience for Hardball is the same audience that bought Blue Ocean. It's not. George has some great things to say - be nice if more got the word.

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

15 November 2006 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (0) | TrackBack (0)
Digg This | Save to del.icio.us

MORE BLUE OCEAN DEBUNKING: You don't want no competition, what you want is bad competition...

More Blue Ocean debunking. This time via venture capitalist Ron Garret in his "Top Ten Geek Business Myths"

> Myth #10: Having no competition is a good thing.
>
> Reality: If you have no competition the most likely reason for that is that there's no money to be made. There are six billion people on this planet, and it's very unlikely that every last of them will have left a lucrative market niche completely unexploited.
>
> The good news is that it is very likely that your competition sucks. The vast majority of businesses are not run very well. They make shoddy products. They treat their customers and their employees like shit. It's not hard to find market opportunities where you can go in and kick the competition's ass. You don't want *no* competition, what you want is *bad* competition. And there's plenty of that out there.

Ron's myth's are similar in tone to the Guru Red Manifesto.

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

05 October 2006 in 2 - The Importance of Market Share, 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (2) | TrackBack (0)
Digg This | Save to del.icio.us

MORE FROM GEORGE STALK ON PLAYING HARDBALL: DOES YOUR COMPANY HAVE THE STRATEGIC BACKBONE TO DOMINATE ITS MARKET?

George Stalk, Jr., and several others via Harvard Business Review are offering Hardball Strategies, 2nd Edition - a collection of articles based upon George Stalk's and Rob Lachenaur's original Hardball: Are You Playing to Play or Playing to Win. This is an example of a "curveball" strategy from George:

> U.S. cleaning-chemical company Ecolab knew that small, independent customers--though willing to payhigher prices--were costlier to serve, and thus not profitable in the long term. But rival Diversey yearned for the healthy sales revenue promised by such customers. To help Diversey "win" these customers. Ecolab priced its bids to small independents high enough to lose to Diversey but low enough to keep downward pressure on Diversey's net margin. Meanwhile, Ecolab priced aggressively to win big chain accounts--cheap to serve and thus profitable. Diversey lost 15% on U.S. sales, while Ecolab enjoyed a 20% return.

This is a great case study. The collection of articles are $16 bucks and change but well worth it. Every CMO interested in competitive marketing should read this collection. We've blogged at length about George and Hardball - you can read our collection of posts here. And don't forget to read the Blue Ocean collection. Hardball and Blue Ocean are bookends.

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

26 September 2006 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (0) | TrackBack (0)
Digg This | Save to del.icio.us

IS GOOGLE DROWNING IN A BLUE OCEAN?

Steve Rubel is spot-on with his comments about Googles (in)ability to innovate. In this post Micro Persuasion: The Google Anarchy today Steve offers:

> Fortune magazine has a lengthy cover story on the chaotic way Google runs. What's clear from the piece is that Google is desperately working hard to find its next hit because it's really only had one - search. Even Eric Schmidt notes that Google's most die-hard fans can't remember all of their products. Most folks I know use one, Google.com.

Sounds to me like Google may be flailing away in their own Blue Ocean. And while they're at it, attracting all sorts of sharks and other predators.

Download vSente's Free Campaign Planner to learn more about how we help marketing managers battle larger competitors.

25 September 2006 in 3 - A Critical Look At Blue Ocean Strategy | Permalink | Comments (6) | TrackBack (0)
Digg This | Save to del.icio.us

MORE DEBUNKING OF BLUE OCEAN STRATEGY- THIS TIME IN BUSINESS WEEK...

I have been on the bleeding edge of innovation many times throughout my 25+ year career. Which is why I have found the thesis of Kim & Mauborgne's Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant to be wrong. Simply wrong. As a frequent critic of Blue Ocean Strategy my primary issue is in the title premise of creating "uncontested" markets and making the competition "irrelevant".

I have made money off of innovation and lost money. My first real brush with innovation was back in 1982 when I co-founded an early artificial intelligence pioneer in partnership with a University of Illinois computer scientist. This early experience dealing with the vagaries of Carnegie Mellon AI experts and the realities of cash flow from a venture funded start-up was to later be replicated many times over. My experience taught me two things about innovation: 1) execution trumps innovation and, 2) Innovation is fleeting.

Most ironically I learned that the best way to attract competition was through innovation. And I have learned that the most potent weapon in my competitive arsenal is innovation... but it is a fleeting advantage, and I have to execute like a banshee in order to develop it, launch it, extend it and better it. Which is why I approach Blue Ocean with a healthy dose of skepticism and caution.

Business Week several weeks back had a good article on the essence of competition and some good comments on innovation and the Blue Ocean Strategy. The article concludes with an observation by Joe Kraus, founder and chief executive of Web collaboration software startup JotSpot:

> The truth is, there's no final winner in the global game of corporate competition. "All winning does is let you compete against a whole new set of better-funded competitors," ... "Competition never ends."

We've written extensively on Blue Ocean. You can click here to read our collection of postings/articles.