

Exchange

A monthly e-mail newsletter for Executive MBA Council members

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Smoother Sailing

2006 Executive MBA Conference features diverse professional development opportunities

If you had the choice between sailing into a beautiful and open blue ocean with no competitors or a red ocean with its crowded and competitive shark-invested waters, it might not take you too long to make your choice.

Many organizations, including Executive MBA Programs are now seeking to navigate such a course. At the 2006 Executive MBA Council Conference, you can gain insights and direction in applying the powerful blue ocean strategy, created by Professors Chan Kim and Renée Mauborgne from INSEAD, to support smoother sailing and even greater success for your program.

Set for Oct. 21-24 in Baltimore, Maryland, the conference features diverse professional development opportunities, including a plenary session on blue ocean strategy by Ralph G. Trombetta, a senior blue ocean strategy expert in the global Value Innovation Network that Kim and Mauborgne founded.

Trombetta, assistant professor at Fordham University in New York City and founder of the consulting firm Value Innovation Associates (www.viassociates.com), also will lead a program leadership clinic to help directors and administrators gain some hands-on experience.

Trombetta first met Kim and Mauborgne, authors of *Blue Ocean Strategy*, six years ago, as they shared their ideas and research with a group of business consultants. The concept of the blue ocean strategy, which involves reconstructing market boundaries to create new demand, caught his attention.

Tools for the journey

Trombetta worked for large organizations including IBM and the Renaissance Strategy Group before establishing his own consulting firm around blue ocean strategy and value innovation in 2003. A frequent speaker on the topic at industry conferences, Trombetta has taught executives in the U.S., Europe, Asia, and Latin America how to apply the key concepts of blue ocean strategy as an executive educator and management consultant. Trombetta received his MBA degree, with distinction, from the Stern School of Business at New York University (www.viassociates.com/trombetta.php).

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“Blue ocean strategy is about creating uncontested marketing space by shifting the focus from competitors to alternatives and from customers to non-customers,” says Trombetta. “Blue ocean strategy is about market creation not optimization. What this means is challenging the conventional wisdom within an industry and changing the rules of the game.”

What can a blue ocean mean to an organization?

Kim and Mauborgne studied business launches in 108 companies to determine the factors that contributed to high growth. Only 14 percent of the launches focused on creating new markets, yet they generated a whopping 38 percent of total revenues and 61 percent of total profits.

Organizations do need to invest in mature core markets—the red ocean—but what explains why they are investing so little in blue ocean strategies?

Many executives stay in the red ocean because they can see and understand it, according to the authors’ research. The executives that they interviewed all agreed about the importance of innovation, but they want to minimize risks. While they understand analyzing industries and managing risks in the red ocean, they are less sure about what to do in the blue ocean. Blue ocean strategy aims to provide a comprehensive set of tools and analytical frameworks to help executives go beyond competing in the red ocean.

Kim and Mauborgne’s book includes examples of organizations that maximized blue ocean strategies, including Starbucks, which “turned the declining coffee industry on its head by shifting its focus from commodity coffee sales to the emotional atmosphere and the social experience within their cafes,” says Trombetta.

Cirque du Soleil also applied blue ocean strategy and value innovation thinking.

“Cirque du Soleil’s success is that it did not win by taking customers from the declining circus industry,” Trombetta says. “Rather, they created uncontested market space that appealed to a whole new group of customers—adults and corporate clients—by looking outside the boundaries of traditional circus to other forms of sophisticated entertainment like theater and opera.”

In addition to delivering a plenary session, Trombetta will conduct two repeat sessions of a clinic for program leaders who want to gain some hands-on experience in applying key blue ocean strategy implementation tools, such as the strategy canvas and six paths framework, to their programs.

“While it is always risky to try something new, the tools and frameworks of blue ocean strategy and value innovation can help you to systematically reduce risk while searching for new value” says Trombetta. “It’s a very rich area to explore.”