Fostering Creativity

Strategies in the workplace

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Introduction

Creativity is a trait that most people would like to have and to be frank, one that everyone is capable of. Within the workplace, this sense of creativity can be crucial to the growth and success of a business. Ensuring that a working environment is conducive for this creativity to take place is of the utmost importance. Within the business world now there are many different management styles that all have their ways of fostering this creativity. Some are more effective than others and finding the correct strategy to use for your business is no easy task. Blue Ocean Strategy is a solid place to start for those wishing to explore new markets. The fashion that this style of management is outlined in is directly related to creativity. With a work environment that emphasizes creativity and thinking outside of the box, employees feel less anxious about bringing forth ideas. This report hopes to cover relevant information on the use and implementation of this strategy. Additionally, it will make attempts to address and solve the problems that are associated with its practice via recommendations. Not only that but this report hopes to give the reader a clear picture of what the blue ocean strategy is, and when it is most successful. An environment that places value on original ideas and techniques ultimately leads to more discussion of new ideas. This is further along the creation path than many other styles would allow. Employees in a workplace that operates in such a way would tend to have higher levels of satisfaction in their work as they feel that their voice and ideas matter to the company at large. By differentiating and reducing costs blue ocean strategists can make the most out of even the smallest opportunities.

Key Points:

- A high focus and value on innovation
- Identify areas of weakness that could be strengthened under a new theory
- To show the untapped potential of Blue Ocean markets
- Works against the competition by providing value and innovation for the customer
- Lowering costs while adding value through innovation
- Strength of the Blue Ocean Strategy is Key Success Factors (KSFs) regarding market spaces
- Weakness of the Blue Ocean strategy could appear during its implementation phase
- Logistics
- Re-engineering
- Research & Development

Ideas on fostering creativity

- P on the purpose of the company their goal may be creative solutions
- A performance analysis/ Core Competencies/
    - Help to identify the strategic capabilities of a company and areas that have more room for idea generation
- Establishing a 4-Actions Framework to learn more about prospective markets
- Reconstruct market boundaries
    - 6 different areas. Leads to market openings that force new thinking
- Big picture, Not only the financials

- Reach for future demand; not present
    - Soon-to-be/ Refusing/ Unexplored - levels of interest from consumers
- Get the sequence right
- activities at the company are innovation-based

Supervising	Unions	Non-Unions
Differences	-Workers can earn more when unionized	-The employer holds the majority of power -Flat hierarchy (owned by one family or group who owns a majority of shares
Similarities	-support innovative processes -strategic management practices	

Define Blue Ocean

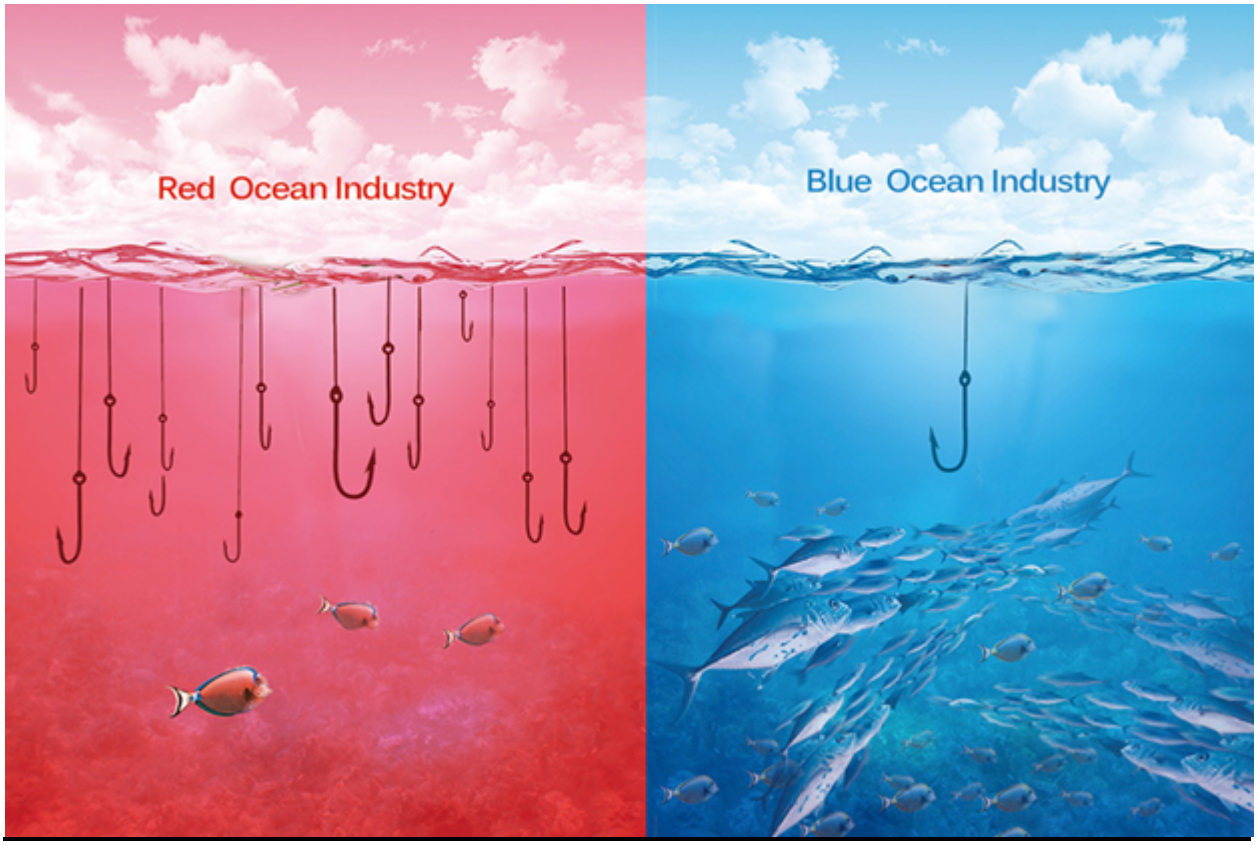
Blue Ocean Strategy is a marketing Strategy and the title of a book that was written in 2004 by two professors at INSEAD. Renee Mauborgne and W. Chan Kim have expanded the Blue Ocean Strategy with two new books that were published in 2015 and 2017 (Renee). However, for the terms of this research paper, we are focusing on the first book published in 2004 titled Blue Ocean Strategy.

The Blue Ocean Marketing strategy claims that by following this strategy that it will create a higher value for the company, the customers and its employees. It will also open new demand and make existing competition irrelevant/non-existent.

"Blue Oceans" is a marketplace that has little or no competition. Many companies choose to expand or innovate to enter a blue ocean market and uncontested competition. Innovators and entrepreneurs love the blue ocean market place. Blue ocean strategy has many advantages, such as first movers' advantages, cost advantages, in marketing with no competition, ability to set price and flexibility to take its offering in various directions (Young). In contrast, highly comparative market places are referred to as Red Ocean because of the fierce competition and "blood in the water".

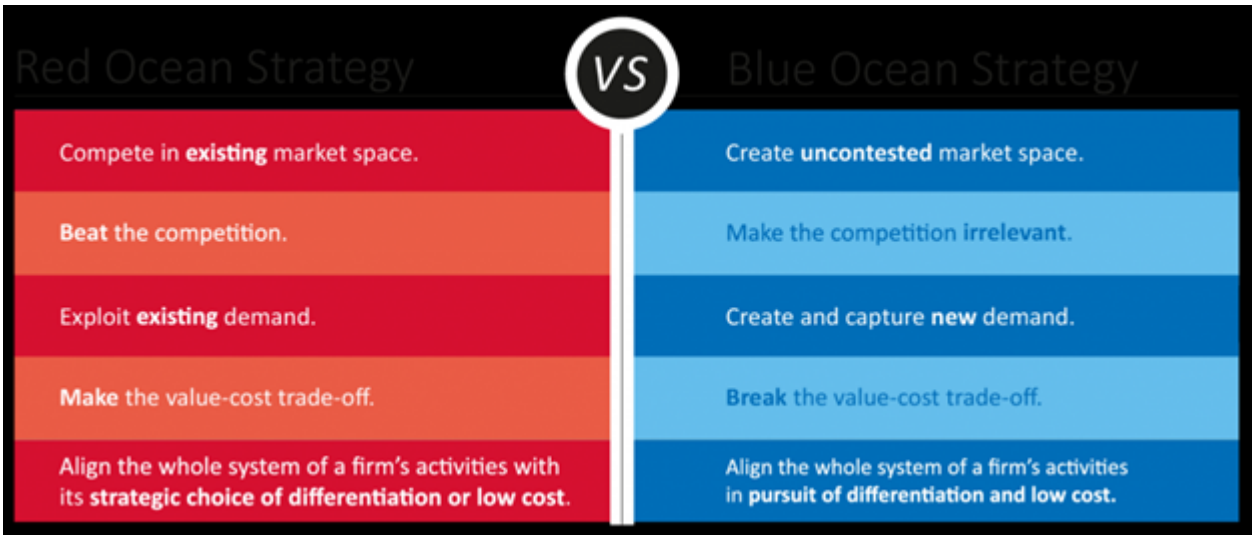
Red Vs. Blue Ocean

Two different marketing strategies that exist currently are the Blue Ocean and Red Ocean strategies. The main difference between the two strategies is the competition for the marketplace and/or share. To expand, the Red Ocean strategy is a highly competitive market place and they have coined the term "Red" due to the fierce competition and "blood in the water". The diagram below from Aike shows the difference in competition between the Red Ocean Strategy and the Blue Ocean Strategy.



To expand further, the blue ocean strategy creates an uncontested market space which allows for competition to be irrelevant. By doing this the company is focusing on non-customers, they create and capture new demand, and they break the value-cost trade-off. In comparison, the red ocean strategy is the opposite. Red ocean strategy is when a company competes in an existing market space and the goals are the beat the competition and focus on existing customers. Red ocean companies also exploit existing demand and make the value-cost trade-off. The value-cost trade-off is the belief that a company can create greater value to customers at a higher cost or create reasonable value at a lower cost. Therefore, the red ocean strategy achieves this, but the blue ocean strategy breaks this belief.

Finally, a firm using a red ocean strategy takes its firm's activates and makes a strategic choice to either differentiate or be a low-cost provider. In contrast, the blue ocean strategy takes a firm activates makes the strategic choice to do both differentiate and be a low-cost provider. The chart below captures these differences just explained in a way a visual representation. The chart was sourced from blueoceanstrategy.com.



Pros and Cons of a Blue Ocean Strategy

Union

Pros

As a result of blue ocean, integration management tends to hire lower managers who in return hire, even more, lower managers who then report up. Resulting in more individuals being employed and more communication traveling upwards. This means more eyes on aspects of the business and strategy, fewer things should be overlooked and missed. The likelihood of mistakes decreases with more eyes and people checking and relaying information. However, the message may manage to be lost in translation through each stage. This is also a negative for management since more individuals mean more costs and longer turn around time.

Con

In the event of a union strike or employee walkout, this can severely damage and jeopardize the strategy if these events were to happen during a blue ocean transition. Additionally with more management roles and increased employment comes more costs that would not benefit the focus on the new implementation of the strategy.

Non-Union

Pros

Some potential upsides to the blue ocean with non-unions are the appeal to a new unknown market. It is a fresh start where there are no competitors or competition as of yet. Additionally, the organization can utilize low markets and different strategies. Blue ocean has the allure of increased profitability.

Cons

Every benefit is not without its negative. Integrating a blue ocean into a new market comes with its hurdles. Seeking customers and determining who to market to, and how, is a struggle for every blue ocean strategist. Customers have been surviving without the product all their lives, it is up to the company to be able to communicate exceptionally well why the product is necessary and how it will benefit the consumer. There are many more red ocean companies selling and distributing products and services customers are already familiar with. Blue ocean is riskier and

can be difficult to implement if implemented incorrectly, it can lead to loss of income. There are more costs involved including marketing to consumers and wages payable.

Criticism of Blue Ocean Strategy

Blue Ocean Strategy has many flaws and drawbacks that you should be aware of before you adopt this marketing strategy. Unfortunately, some people question the credibility of the strategy due to some of the criticism. Below are two of the main criticisms of Blue Ocean Strategy.

The first main criticism is that there is no documentation of companies that used the Blue Ocean Strategy and failed. The book goes into detail about examples of successful companies that used the blue ocean strategy but not examples of ones that used it and failed. Furthermore, there is no statistics or analysis to compare this strategy with another strategy. In comparison, the red ocean strategy has thousand or more examples of companies that failed using this marketing strategy.

The second criticism of the Blue Ocean Strategy is at some point another company will copy or even improve your successful model. Someone will observe a business and make improvements or changes to differentiate themselves and be more successful. Furthermore, breaking into a new market space is extremely expensive because of all the logistics and hoops you may have to jump thru to be successful. But companies that follow at a slightly later time into the market, typically have less of a challenge initially. For example, Uber was the first company to enter the ridesharing market and had to deal with rules and regulations set out by different municipal or provincial governments, they had to gain acceptance and acquire a market for drivers and passengers, as this was never done before when they were founded in 2009. Lyft, on the other hand, was founded in 2012 and they were able to “piggyback” and benefit from all of the leg work that Uber accomplished in the “early years” and save tremendously financially and break into the

market easier. The successful use of the Blue Ocean Strategy will give a company only a limited, relatively peaceful, time, before a competitor will be in your market space.

Due to these two flaws or drawbacks, lots would argue that Blue Ocean strategy is nothing special and is only another way to create a short-term competitive advantage over others. At some point, the blue ocean will turn red.

S.W.O.T. Analysis

Strength ● First mover advantage ● Lack of/irrelevant competition ● Companies can create a monopoly within their Blue Ocean	**Weakness** ● Uncertainty with unknown market spaces ● New markets may not be profitable ● Too innovative/too different ● Positive results may take a long time

Opportunity
● New untapped markets ("Value Innovation")
  ○ Extra demand
● Avoid participating in zero-sum games (Red Oceans)
● Large potential profits
	Threat
	● Red Ocean competitors may enter your Blue Ocean
	  ○ Companies create a temporary monopoly with their Blue Ocean
	  ○ The former Blue Ocean now becomes a Red Ocean

The Blue Ocean strategy, will it may seem enticing, it comes with various upsides and downsides. With our SWOT analysis, we will be providing a general overview of the strengths, weaknesses, opportunities, and threats of the Blue Ocean Strategy.

To understand the Blue Ocean strategy, we must first understand the Red Ocean Strategy. In the 2004 book titled Blue Ocean Strategy, written by W Chan Kim and Renée Mauborgne, the book

describes the Red Ocean Strategy as current industries in known market spaces who are competing against one another in cutthroat competition, likened to shark-infested waters. The Blue Ocean Strategy, on the other hand, is characterized as non-existent industries with an unknown market space, lacking any form of competition, likened to a vast and deep unexplored ocean.

Due to the nature of the Blue Ocean Strategy, its strengths can be quite enticing as companies utilizing the strategy will be the only competitor in their respective market space. As companies transition into a Blue Ocean, they are effectively utilizing the first-mover advantage since they would be providing something new that their competitors currently do not provide thereby claiming untapped market space. Furthermore, as a company claims untapped market space, they are effectively creating a monopoly with their Blue Ocean as they are currently the only provider of their new product or service. Moreover, since a company has a monopoly over their Blue Ocean, there will be no competitors to compete against them, therefore, the company will be uncontested within their untapped market space.

Despite the enticing strengths of the Blue Ocean Strategy, the strategy also comes with its crippling weaknesses. While breaking into an unknown Blue Ocean may yield positive results, these results may take a long time to come into fruition as in a Blue Ocean, a company would be providing a wholly new product or service that may be too different or too innovative for consumers to take interest and overtime consumers may learn to grasp the company's innovation. Furthermore, the uncertainty of unknown market spaces can be detrimental to a Blue Ocean's success as there is no telling how consumers would react to a company's innovation.

Within a Red Ocean strategy, all of the competitors participating within the same market are effectively playing a zero-sum game, where one competitor will benefit while others lose. A company may enter a Blue Ocean to exit the hostile zero-sum game environment in the Red Ocean

and begin exploring untapped markets. While a company explores untapped markets within the Blue Ocean, the company must embrace value innovation which is the pursuit of differential and low cost to provide value to its customers, the company and its employees. By embracing value innovation, companies operating within the Blue Ocean will realize extra untapped consumer demand that they can formulate their Blue Ocean strategy around and if implemented properly, the strategy could yield large potential profits.

The biggest threat to a Blue Ocean strategy is former competitors from the Red Ocean beginning to transition into your Blue Ocean. While a company utilizing the Blue Ocean Strategy may be able to hold a monopoly over the market space for a period of time, former competitors from the Red Ocean may see the potential benefits and profits of your Blue Ocean and begin to enter and compete within your Blue Ocean, effectively turning the Blue Ocean into a Red Ocean and eliminating your monopoly over the market space.

Strategic Business Plan

Business plans are a necessity for a company's growth and success, furthermore, they can provide a company with useful tools to track their growth and to prepare for changes within market spaces that they are operating in. A strategic business plan, while similar to business plans, are "a written document that pairs the objectives of a company with the needs of the marketplace." (Scott, n.d.).

Some key aspects of strategic business plans are to "optimize market research and to attain optimum market share for your business." (Scott, n.d.) and it "allows businesses to focus on a particular niche in the marketplace, which makes sales, advertising and customer management more effective." (Scott, n.d.). These aspects of strategic business plans tie in with Blue Ocean strategies as both strategies focus on niche (small or uncharted) marketplaces in which there is a large potential for growth.

Strategic business plans include an executive summary, marketing analysis, and financial statements, furthermore, strategic plans go in-depth on how a company will achieve its goals. Additionally, business plans also include market research, industry trends and competitor analysis, all three of these aspects tie into Blue Ocean strategies as the aspects help in identifying viable and uncontended markets. In writing and completing a successful strategic business plan, companies can effectively implement their plan to breaking into unknown and uncontested Blue Oceans, since the strategic business plan helped in identifying potential markets that competitors are not currently operating in.

Examples of a successful Blue Ocean Implementation

There are examples of blue ocean strategy all around us. Without a blue ocean strategy, many of the products and services we currently enjoy may not have existed. Had it not been for revolutionary minds seeking new ways to get a foot up on their competitors by differentiating themselves and offering a lower-cost product, some of these products and services may have been different. Below are a few successful examples of blue ocean strategy products and services.

Ford Model-T 1908

In 1908 the Ford Motor Company started producing the Ford Model-T making automobiles accessible for the masses. Before the Model-T owning a vehicle was incredibly out of reach for the average American. The automobile was seen as a luxury item that was both unreliable and extremely expensive. Ford changed all that by producing a reliable, easy to fix and well-priced automobile so every American could afford one. Effectively changing the automobile industry forever (Blue Ocean Systems, 2017)

How Henry Ford did it:

Identified a need for everyday Americans and marketed accordingly. Offered extremely standard vehicles with interchangeable parts and limited options to keep costs down. Simplified the production line to streamline production and limit costs. Each employee produced the same part, effectively cutting labor hours by 60%. As the Model-T increased in production the cost to consumers dropped from $850 a per car in 1908 to $240 per car in 1924 (Blue Ocean Systems, 2017)

The Ford Model-T changed transportation as we know it, taking Americans away from the horse-drawn carriage, but also enabled a new normal of affordable and reliable economically sustainable means of transportation.

Itunes 2003

In the early 1990's illegal file-sharing programs such as Limewire, Napster and Kazaa were enabling users to illegally download music and other forms of digital media. By 2003 nearly two billion illegal files were being traded every month. With the rise in popularity of the MP3 player and apples new hit iPod, Apple knew they could capitalize on the missing piece of the market.

Apple created an agreement with five of the world's largest music producing companies. iTunes offered a user-friendly, legal and flexible way for people to download songs. An especially important feature was allowing people to purchase individual songs instead of entire albums. This feature also allowed artists and music companies to set prices accordingly (Blue Ocean Systems, 2017).

How Apple did it:

Identified a way to solve a problem. Music companies were losing money to illegal downloading and users of the illegal file-sharing programs didn't like using them since they are illegal. Apple found a way to make all parties happy while streamlining the system. Satisfying the music industry while simultaneously satisfying the consumer with a logically affordable and easy way to listen and download music.

Other Blue Ocean successes

- Cirque du Soleil (Entertainment)
- Bloomberg (Financial Information Provider)
- Phillips (Home Appliances)
- Canon (Personal printers and photocopiers)

Recommendations

Blue ocean strategy is one that should not be pursued at random. This strategy has pitfalls like the ones outlined previously. It is a strategy that requires new original ideas that have yet to be introduced. Blue ocean strategy places extreme emphasis on this idea and requires that other areas of the business be reshaped to facilitate its success. With such a vast array of workplaces and the cultures that go along with them, managers should strive to find the best strategy for their respective environments. Within a non-union environment, blue ocean tends to thrive. This is because of the need to reduce costs to increase differentiation. In a non-union environment where workers are not subject to union dues, this might not be seen as such a big deal. Employees might be ok with taking home a little less money in the short-term if it means long-term success within a new market. With a union present, the situation can become a little murkier. With a union body representing the staff, the potential for backlash could be much higher. Cutting costs, including labor, is something that unions fight hard against. Many make strong efforts to realize even higher pay for their members. With a strategy that places so much emphasis on the cutting of costs, union workplaces face the potential of strikes or walkouts. While it is somewhat common for us to hear about success stories using the blue ocean strategy, there are underlying reasons as to why. Within the structure of the blue ocean strategy lies one of its biggest pitfalls. We do not hear about the failures because they did just that. Fail. A business that does not fine-tune its use of the blue ocean strategy runs the risk of cutting too many costs while not differentiating enough. This will ultimately lead to the failure of the company and its absence from our thoughts. Those businesses that get it right, really get it right. As mentioned before, when a company has the right mix of lowering costs and new ideas, they reap massive benefits. We recommend that any businesses

choosing to follow this strategy perform an analysis of their own company and where its strengths and weaknesses are. Where they can cut costs they should, and where differentiation is needed, research should be done.

Conclusion

The blue ocean strategy is one that can bring massive benefits while also bringing the risk of complete failure. Balancing the needs of the company with the needs of those who work there, has long been a challenge for managers. This strategy has ways of streamlining processes and generating more creative ideas but not without consequences if followed blindly. Managers should be certain they have an original, scalable idea, capable of longevity. If such conditions are not present then alternative options should be considered. The importance of cutting costs while promoting differentiation prevents blue ocean strategy from being the first choice for businesses where unions are present. These firms would have a hard time convincing their workforce and unions that cutting their costs is the best way of being successful. This strategy is powerful in the right circumstances and potentially a certain failure within other circumstances. To get the most out of this strategy you must get the timing and the preparation right. Put it this way, if you were going to be dropped in the middle of the pacfic ocean, a literal blue ocean: you would want to be prepared.

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