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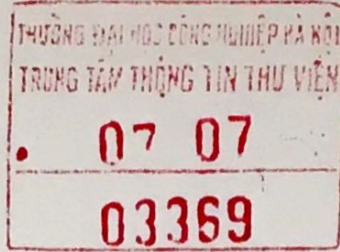
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BLUE OCEAN STRATEGY

**How to Create Uncontested Market Space
and Make the Competition Irrelevant**

W. CHAN KIM | RENÉE MAUBORGNE

HARVARD BUSINESS REVIEW PRESS



Blue Ocean Strategy

*How to Create Uncontested Market Space
and Make the Competition Irrelevant*

W. Chan Kim

Renée Mauborgne



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Help! My Ocean Is Turning Red

HELP! MY OCEAN IS TURNING RED” captures the sentiment echoed so frequently by managers around the world. More and more people, whether managers of companies, heads of nonprofits, or leaders of government, find themselves up against an ocean of bloody competition and want to get out. Maybe your business is seeing its margins shrink. Maybe competition is getting more intense, driving commoditization of your offering and rising costs. Maybe you know you are going to announce that salary increases won’t be coming. That’s not a situation any one of us wants to face. And yet that’s a situation that so many do face.

How can you address this challenge? The lessons, tools, and frameworks of *Blue Ocean Strategy* will help you to meet this challenge, whatever industry or economic sector you are in. It shows how you can get out of a red ocean of bloody competition and into a blue ocean of uncontested market space characterized by new demand and strong profitable growth.

When we wrote *Blue Ocean Strategy*, we used the metaphor of red and blue oceans because red oceans seemed to capture the reality that organizations increasingly face, while blue oceans

captured the endless possibility that organizations could create, as industry history has borne out since its inception. Today, ten years later, more than 3.5 million copies of the book have been sold. It has become a bestseller across five continents. It has been translated into a record-breaking forty-three languages. And the term “blue ocean” has entered the business vernacular. Over four thousand articles and blog posts on blue ocean strategy have come out, with new articles continuing to appear daily worldwide.

The stories they contain are fascinating. There are articles from small business owners and individuals across the globe that discuss how the book fundamentally changed their perspectives on life and took their professional successes to all new levels. In other articles, executives speak of how blue ocean strategy provided the insight to take their business out of the red ocean and create all new demand. And yet other articles detail how government leaders have applied blue ocean strategy to achieve high impact at low cost with rapid execution in areas of social importance ranging from enhancing the quality of rural and urban lives, to strengthening internal and external securities, to breaking down ministerial and regional silos.¹

As we have reached out to organizations that have applied the ideas and have worked with many directly since the publication of the original edition of *Blue Ocean Strategy*, we have learned a lot by watching the journey people have made with these ideas. Their most pressing questions in executing their blue ocean strategies are: How do we align all of our activities around our blue ocean strategy? What do we do when our blue ocean has become red? How can we avoid the strong gravitational pulls of “red ocean thinking”—we call them “red ocean traps”—even as we’re pursuing a blue ocean strategy? These are the very questions that have motivated this expanded edition. In this new preface, we first outline what’s new here. We then briefly summarize the key points that define and distinguish blue ocean strategy and address why we believe blue ocean strategy is more needed and relevant than ever before.

What's New in This Expanded Edition?

This edition adds two new chapters and expands a third. Here are the highlights that show the gist of managers' key challenges and trouble spots and how we address them.

Alignment: What it means, why it's essential, and how to achieve it. A challenge we have been told about and have seen organizations struggle with is how they can align their system of activities—including a potential web of external partners—to create a sustainable blue ocean strategy in practice. Is there a simple yet comprehensive method to ensure that the key components of an organization, from value to profit to people, are aligned to support the strategic shift blue ocean strategy requires? This is important as companies all too often focus on certain dimensions of their organizations, paying less heed to other dimensions that must support the strategy to make it a sustainable success. In recognition, this expanded edition expressly explores the issue of alignment in the context of blue oceans. We present cases of success and failure in alignment to show not only how it is achieved in action but also how it can be missed. Chapter 9 addresses this alignment challenge.

Renewal: When and how to renew blue oceans over time. All companies rise and fall based on the strategic moves they make or don't make. A challenge organizations face is how to renew blue oceans over time, as every blue ocean will eventually be imitated and turn red. Understanding the process of renewal is key to ensure that the creation of blue oceans is not a one-off occurrence but can be institutionalized as a repeatable process in an organization. In this expanded edition, we tackle how leaders can turn the creation of blue oceans from a static achievement into a dynamic renewal process both at the business level and at the corporate level for multibusiness firms. Here we articulate the dynamic renewal process for creating sustainable economic performance both for a single business that has reached for a blue ocean and for a multibusiness organization that has to balance both red and blue