

BLUE OCEAN STRATEGY

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History and Background

- Founded by Prof W.Chan Kim and Renee Mauborgne
- Data from 150 strategic move, with more than 30 industries involve over 100 years
- Aim to not compete in existing market but rather create a new market space (Blue Ocean)
- BOS pursuit of differentiation and low cost



History and Background

The design and selection of the NBOs initiatives are based on two (2) key principles:

(1) delivering high income through economic growth and integrated development; and

(2) enhancing public happiness through greater security as well as social inclusion to close the social distance between various groups in society.



Red Ocean Strategy VS Blue Ocean Strategy

RED OCEAN STRATEGY	BLUE OCEAN STRATEGY
Compete in existing market space	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Align the whole system of a firm's activities with its strategic choice of differentiation or low cost	Align the whole system of a firm's activities in pursuit of differentiation and low cost



Principle of Blue Ocean Strategy

Formulation Principles

1. Reach beyond existing demand
2. Reconstruct market boundaries
3. Focus on the big picture, not the numbers
4. Get the strategic sequence right

Execution Principles

5. Overcome key organizational hurdles
6. Build execution into strategy




Blue Ocean Strategy Tools

- Strategy Canvas
- Eliminate – Reduce – Raise – Create (ERRC)



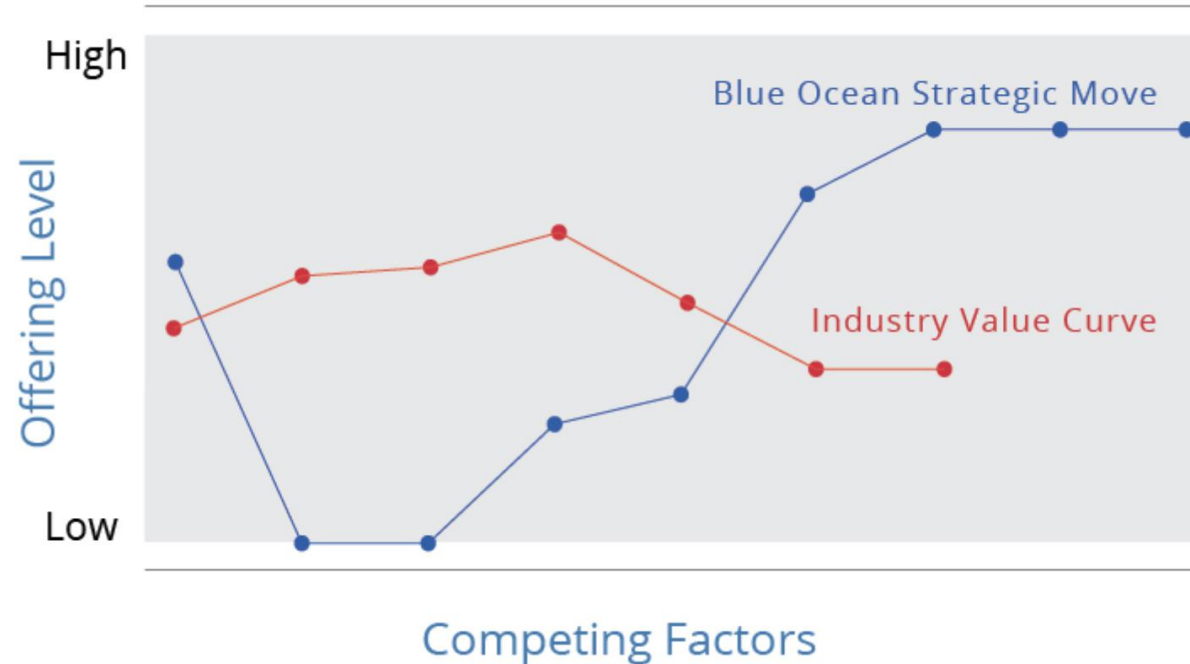
ERRC

<p>Eliminate</p>  <p>Front desk and concierge service</p> <p>Bellhops and doormen</p> <p>Full service restaurants and room service</p> <p>Lobby</p>	<p>Raise</p>  <p>Sleeping environment</p> <p>Prime location</p> <p>Free movies on demand, phone-calls at VoIP rates, free instant high-speed internet & lots of plugs for guests' gadgets</p>
<p>Reduce</p>  <p>Guest room types</p> <p>Room size</p> <p>Price compared to luxury hotels</p>	<p>Create</p>  <p>Kiosks for 3-minute self check-in</p> <p>Communal living environment with 24/7 bar, pantry & iMacs</p> <p>Multi-tasking "ambassadors"</p>

Eliminate	Raise
Which factors that the industry has long competed on should be eliminated ?	Which factors should be raised well above the industry's standard?
Reduce	Create
Which factors should be reduced well below the industry's standard?	Which factors should be created that the industry has never offered?



Strategy CANVAS



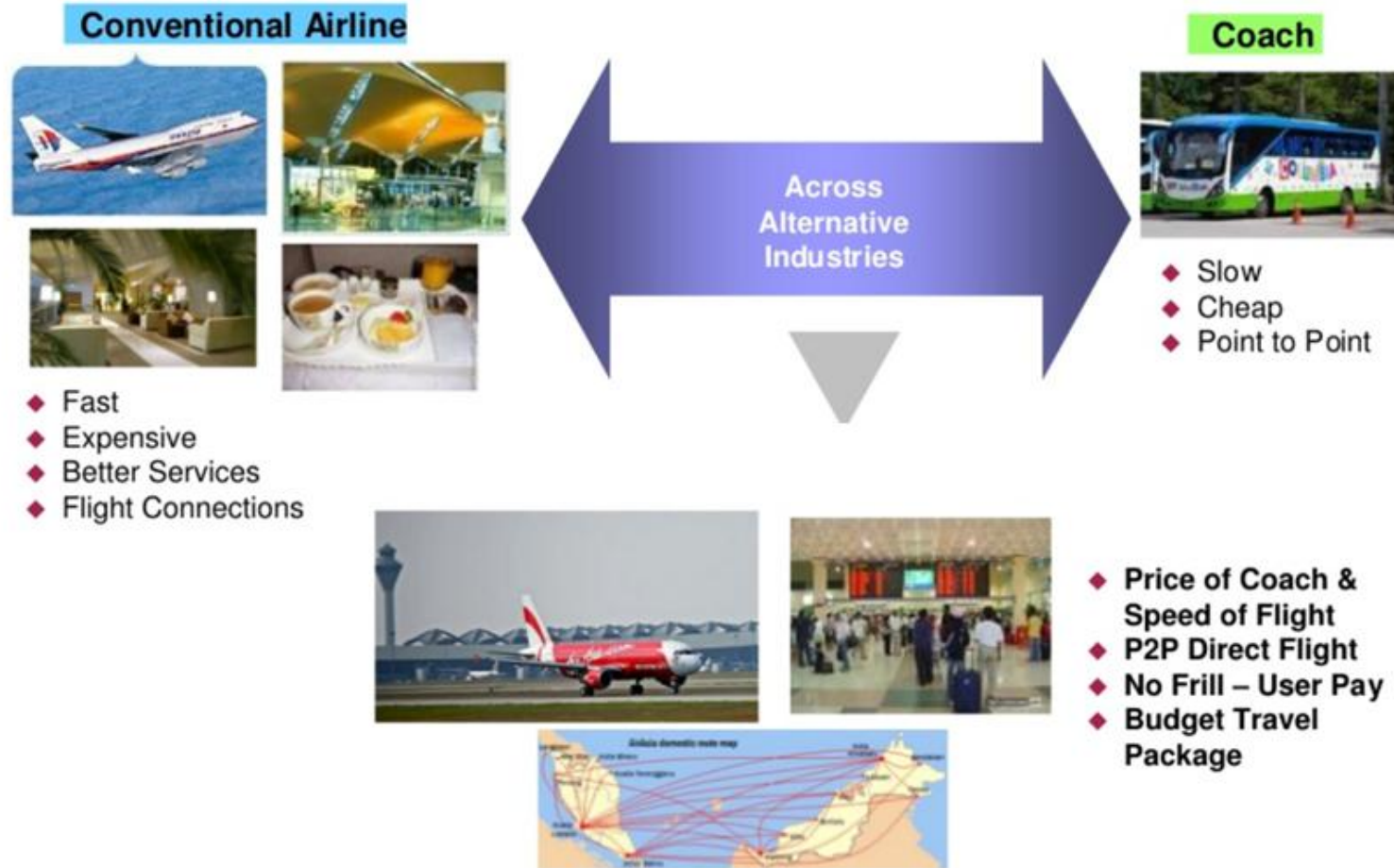
The horizontal axis on the strategy canvas captures the range of factors that an industry competes on and invests in, while the vertical axis captures the offering level that buyers receive across all of these key competing factors.

The strategy canvas serves two purposes:

- It captures the current state of play in the known market space, which allows users to clearly see the factors that an industry competes on and invests in, what buyers receive, and what the strategic profiles of the major players are.
- It propels users to action by reorienting their focus from competitors to alternatives and from customers to noncustomers of the industry and allows you to visualize how a blue ocean strategic move breaks away from the existing red ocean reality.



BOS Examples



Air Asia

Eliminate

- Price Competition
- Seat Selection
- Free Food & Beverages
- Air Ticket
- VIP Lounge
- Flight Connection

Raise

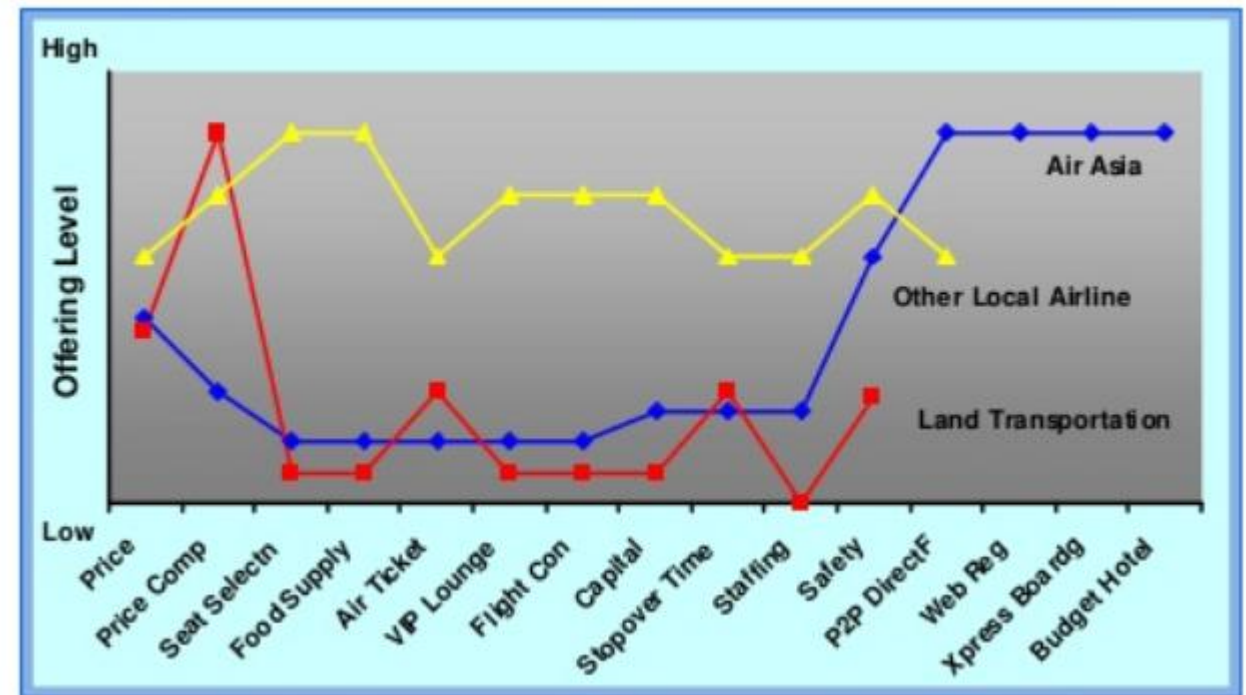
- Quality of Safety
- Point to Point Direct Flight

Reduce

- Air Fare
- Capital
- Stopover time
- Staffing (ground and air)

Create

- Web Registration
- Express Boarding
- Budget Hotel



Urban Transformation Centre (UTC)



The UTC initiative is part of the National Blue Ocean Strategy (NBOS) which was introduced by the government to enhance the quality of its services to the people through strategic partnerships with the private sector.



What Should JKR do?



ELIMINATE	RAISE
<ul style="list-style-type: none">➤➤➤	<ul style="list-style-type: none">➤➤➤
REDUCE	CREATE
<ul style="list-style-type: none">➤➤➤	<ul style="list-style-type: none">➤➤➤

Please feel free to complete the table above and send it to csling@jkr.gov.my



THANK YOU

An illustration showing six people working together to paint the words 'THANK YOU' in large, bold, orange letters on a white background. The scene is set against a teal background at the top and bottom. The people are using various methods: one woman stands on the ground painting the 'T', another woman stands on a ladder painting the 'A', a man stands on the ground painting the 'N', another man stands on a ladder painting the 'K', a woman stands on the ground painting the 'Y', and a man is suspended by a rope painting the 'U'. The overall theme is teamwork and gratitude.