



Office Hours



Welcome to Office Hours

- A relaxed, informal mentoring program
- Held every Monday at Noon Pacific Time
- The recording will be available online for a few days
- All recordings will be archived in our member's area



The Reasons

- Being a successful small business owner can be a great experience!
- But it's tough - you need Education, Training, Tools, and Team to be successful
- I want you to get to know me
- I care – I want you to succeed!



Agenda

- In depth discussion of a business success principle
- Closing remarks, special offers, and invitation for next weeks session
- Open Q&A



Join Us!

- Facebook Brilliant Business Group
- <https://www.facebook.com/groups/BrilliantBusiness/>
- Make comments, ask questions, share insights and “takeaways”
- “Like” my business page on Facebook



Today's Topic:

The Blue Ocean Strategy – How to Stand Out from the Crowd!

Based on the book *The Blue Ocean Strategy – How to Create Uncontested Market Space and Make the Competition Irrelevant*

by Dr. Chan Kim
and Renee Mauborgne (2005)



The Key Performance Areas



The Key Performance Areas



Agenda

- Basic Oceanography
- The Six Principles
- Value Innovation
- The Four Actions Framework
- The Strategy Canvas
- Characteristics of a Good Strategy
- The Bottom Line



Approaches to Competition

- Better / Higher Quality
- Faster
- Cheaper
- Different



Basic Oceanography

- In the business universe there are two sorts of oceans:
Red Oceans and Blue Oceans
- Red Oceans represent highly competitive and established industries
- Blue Oceans denote new industries, where there is no competition



Basic Oceanography

- In the Red Oceans game:
 - Rules are known
 - Participants try to outperform each other
- In the Blue Oceans game:
 - Untapped market space
 - No competition, No rules
 - Focus on demand creation
 - Opportunity for highly profitable growth



Basic Oceanography

- The best way to beat the competition is to “stop trying to beat the competition”!
- The best way to win the game is to not play the game (by their rules)



The Six Principles

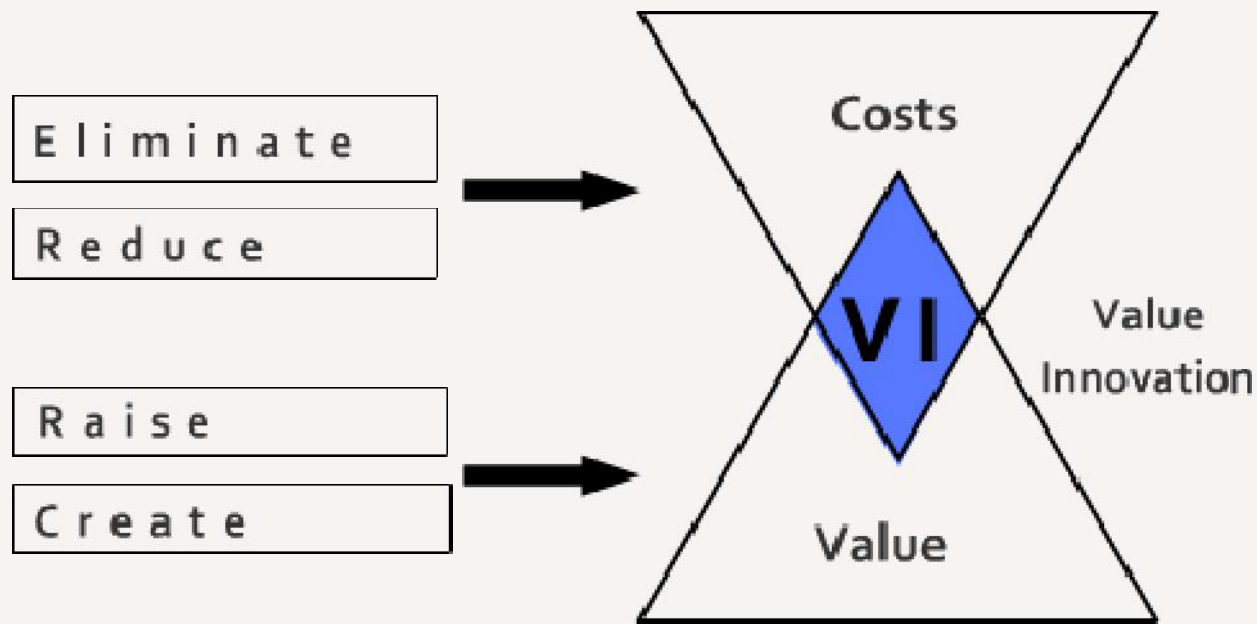
- Reconstruct market boundaries
- Focus on the big picture, not the numbers
- Reach beyond existing demand
- Get the sequence right

- Overcome key organizational hurdles
- Build execution into strategy



Value Innovation

- Simultaneous pursuit of differentiation and lower cost
- Align innovation with utility, cost, and price



The Blue Ocean Questions

- Which factors should be **created** that the industry has never offered?
- Which of the factors that the industry takes for granted should be totally **eliminated**?
- Which factors should be **raised well above** the industry's standard?
- Which factors should be **reduced well below** the industry's standard?



The Four Actions Framework

Create	Raise
Eliminate	Reduce



Example – Yellow Tail Wine

- Reduced number of flavors
- Reduced the price
- Eliminated the sophisticated terminology and the complexity
- Raised marketing investment



Strategy Canvas

- Determine principal comparison factors
- Map major competitors



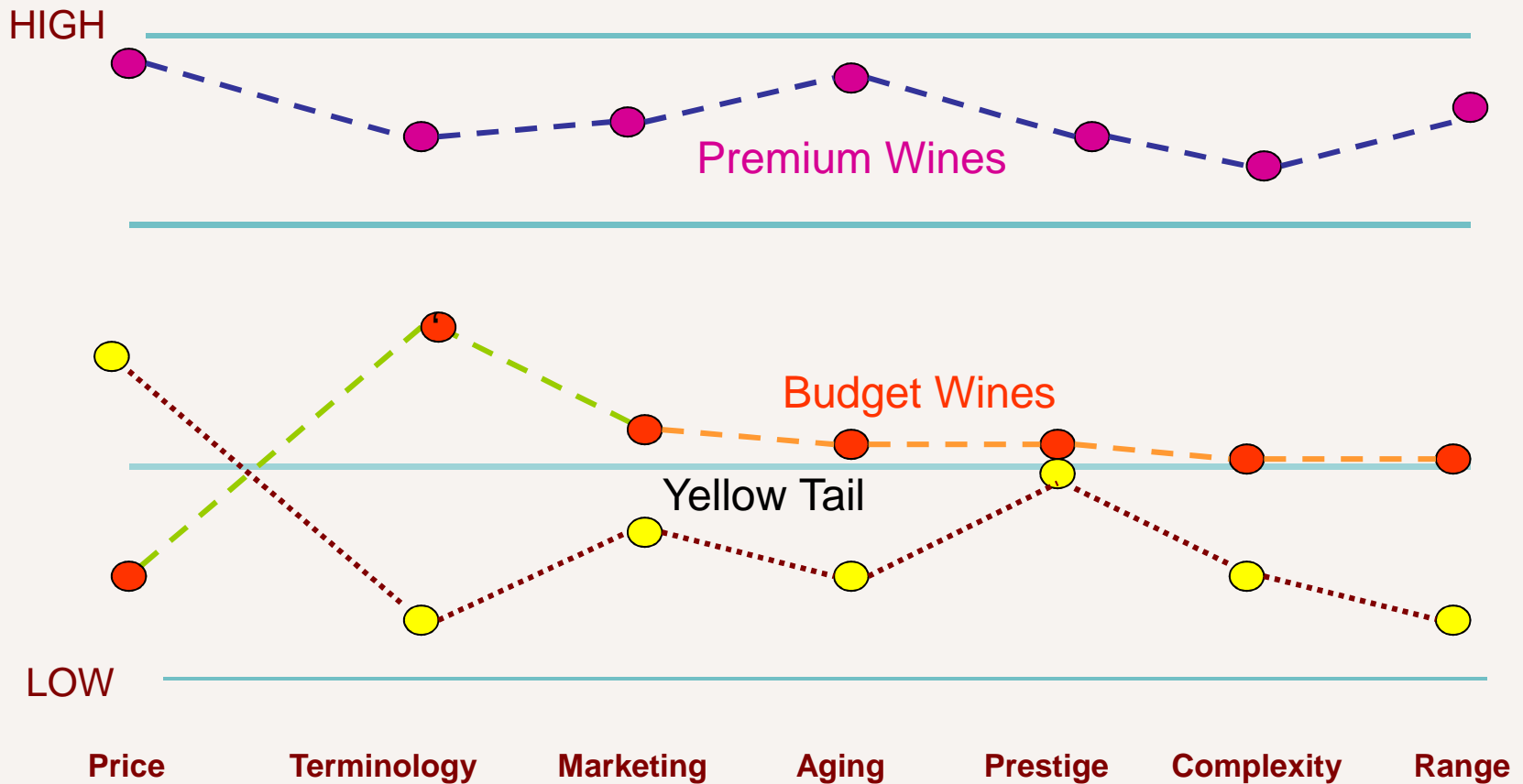
The Wine Industry Factors

- Price
- Images and use of esoteric terminology
- High marketing
- Aging quality of the wine
- The prestige of the Vineyard and its legacy
- Complexity of the wine's taste
- A diverse range of wines to cover all varieties of grapes and consumer preferences



Strategy Canvas

US Wine Industry in late 1990's



Yellowtail Grid

<p>Create</p> <ul style="list-style-type: none">• Ease of Selection• Easy Drinking	<p>Raise</p> <ul style="list-style-type: none">• Price vs budget wines• Retail store involvement
<p>Eliminate</p> <ul style="list-style-type: none">• Terminology• Aging• Sophisticated Marketing	<p>Reduce</p> <ul style="list-style-type: none">• Wine complexity• Range• Vineyard prestige



Example – Cirque du Soleil

- Created a merger of theater and circus
- Created multiple themed shows
- Created permanent venues
- Eliminated three rings
- Eliminated animals
- Raised level of artistry, lighting, and staging
- Lowered their costs



Cirque du Soleil Grid

<p style="text-align: center;">Create</p> <ul style="list-style-type: none">• Themes• Artistry• Refined environment	<p style="text-align: center;">Raise</p> <ul style="list-style-type: none">• Venue• Price
<p style="text-align: center;">Eliminate</p> <ul style="list-style-type: none">• Star performers• Animals• Aisle concessions	<p style="text-align: center;">Reduce</p> <ul style="list-style-type: none">• Rings• Humor• Thrill



Characteristics of a Good Strategy

- Focus
 - Only a few competitive factors
- Divergence
 - Benchmark competitors, then be completely different
- Compelling Tag Line
 - Truthful, simple, compelling



Compelling Tag Lines

- “A dramatic mix of circus arts and street entertainment”
- “A fun and simple wine to be enjoyed every day”
- “You are now free to move about the country”



Southwest Airlines Grid

<p>Create</p> <ul style="list-style-type: none">• New boarding procedures• Service procedures• Fun!	<p>Raise</p> <ul style="list-style-type: none">• Frequency of flights• Friendly service• Check in speed• Union relations
<p>Eliminate</p> <ul style="list-style-type: none">• Seat assignments• Frills, meals, lounges	<p>Reduce</p> <ul style="list-style-type: none">• Price• Formality• Models of aircraft• Turnaround time



Bottom Line

- You don't have to compete head-on
- Look to innovate, raise value, and lower costs simultaneously
- Focus on a few factors
- Look to Eliminate, Reduce, Raise, and Create...
- ... to the point of making the competition **"Irrelevant"**!



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Homework / Exercise

- Think about ways in which you can make the competition irrelevant
- Get a Strategy Coach for support
- Invite someone to these calls!



Open Q & A – in a minute

- Comments and questions on the topic of the day
- Any other issues
- Tell me what your biggest “take-aways” are and what insights you gained from this presentation
- Tell me what you are going to focus on



My Distinctions

- I don't want a lot of your money. I just want you to get the support you need, can use, and can afford
- I don't want you to jump into the deep end before you learn to swim
- I don't believe that Belief and Persistence will guarantee success



Our Support Services

- Education
- Training
- Consulting
- Coaching



Sign up for a Free Coaching Session!

- We'll look at what you are doing and the roadblocks you are experiencing, and help you overcome them
- The value could be enormous!
- Email Stephanie@PaulHoyt.com



Purchase My CEO Training Program

- www.BeyondBusinessSurvival.com
- “What You Need to Know When You’re the CEO!”



Next Office Hours: August 25th

- Topic is: Tribal Leadership
- Let me know what topics you would like for me to address: www.PaulsSurvey.com
- Do your homework!



Open Q & A

- Comments & questions on the topic of the day
- Any other issues
- Your take-aways and insights
- Survey: www.PaulsSurvey.com

Contact Me at paul@paulhoyt.com

call or text: 415.997.8001

www.SchedulePaul.com





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