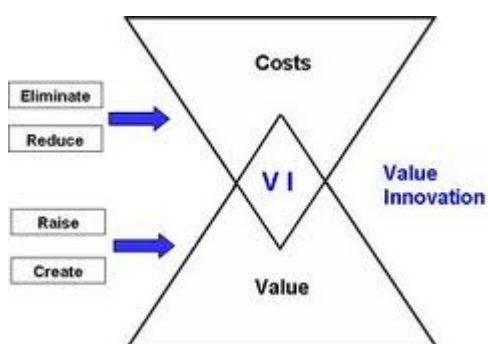


Can you find value in a blue ocean?

In last week's blog I discussed what it means to create value, and mentioned that simply asking your customers what they want is a viable way to determine value opportunities. When your customers don't know what they want, an alternative is to use the [Blue Ocean Strategy](#) (BOS).

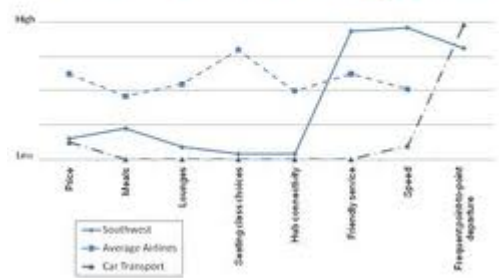


The cornerstone of the BOS is what they call Value Innovation. It stems from the idea that by combining value and innovation you can make the competition virtually irrelevant. This is done by simultaneously driving cost down and

buyer value up. Take a look at the chart. The point where they meet in the middle is spot where value innovation is created.

It may not make much sense yet, but stay with me. Start with increasing buyer value by introducing offers not seen before in the industry. At the same time, identify factors that the industry currently competes on and see how you can either reduce or eliminate costs associated with those factors. To track this, use what BOS calls a Strategy Canvas. Along the X-axis you plot the factors that the industry competes on, and along the Y-axis you track the value received from those competing factors. See Southwest's Strategy Canvas below.

Southwest Airlines Strategy Canvas



Once you know the factors that the industry “currently” competes on, you dive into what BOS calls the [Four Actions Framework](#), which consists of these four questions:

- 1) Which of the factors that the industry takes for granted should be eliminated?
- 2) Which factors should be reduced well below the industry standard?
- 3) Which factors should be raised well above the industry’s standard?
- 4) Which factors should be created that the industry has never offered?

The first two questions assist in reducing cost, and the last two are meant to help generate value.

By doing this exercise and taking it seriously, you have the potential to break the mold and create something new and special. Think about historical breakaways, like Ford’s [Model-T car](#) for the masses back in 1908, [CNN’s](#) 24/7 news in 1980, [Starbucks](#) coffee – a higher price but higher quality or [Cirques du Soleil’s](#) Broadway performance/circus, using people instead of animals.

The book offers several examples and explanations, so if you’re serious about breaking the mold, it’s a great way to

open your mind to the endless possibilities you can find in the vast blue ocean.

I have had my eyes on a blue ocean opportunity for a long time. As a software company, every new product we create that fills a void has BOS potential. Soon we'll be launching a tool for requirements gathering called [SluceIt.com](https://www.sluceit.com), as well as a company meeting software tool that helps to create an environment of execution around goals.