Index

Accenture, 134
adoption hurdles, 119
advertising, outdoor, 107–109
airlines
  NetJets, 50–52, 135
  Southwest, 35, 38–41, 131, 187
  Virgin Atlantic Airways, 126
Altair 8800, 200
alternative industries, 49–55
ALTO, 130
American Multi-Cinema, Inc. (AMC), 206, 207, 208
analysis, units of, 9–12
  company as, 9–10
  industry as, 10
  strategic move as, 10–12
analytical tools/frameworks, 23–44
  blue ocean idea (BOI) index, 139–143
  buyer utility map, 121, 125
  eliminate-reduce-raise-create grid, 35–37
  four actions framework, 29–35
  pioneer-migrator-settler map, 96–98
  price corridor of the mass, 127–131
  six paths framework, 47–48, 79
  strategy canvas, 25–28, 37–44
  value curve, 27
angels, 166, 167–168
Apple Computer, Inc., 76–78, 200–201
assumptions, 48–49, 91
  buyer utility and, 120
atomization, 164–165
attitudes, 171–184
automobile industry, 193–197
  Chrysler in, 196–197
  Ford Model T in, 124–125, 129, 132, 193–194
  General Motors in, 194–195
  Japanese cars in, 195–196
Barnes & Noble, 69
benchmarks, 12, 27–28
Berkshire Hathaway, 50
Big Bertha golf club, 102–103
big picture, the, 81–99
  focusing on, 82–83
Blockbuster, 135
Bloomberg, 63–64, 88, 130
Bloomberg, Michael, 88
blue ocean idea (BOI) index, 139–143
blue oceans
  automobile industry as, 193–197
  computer industry as, 197–203
  creating, 3–22
  definition of, 4
  effects of creating, 7–8
  history of, 5–7, 191–208
### Index

blue oceans *continued*
- imperative of creating, 8
- maximizing the size of, 101–114
- movie theater industry as, 203–208
- as new market space, 4–5
- strategy in, 19–22
- sustainability of, 185–190
- units of analysis with, 9–12
- value innovation to create, 12–18

The Body Shop, 70, 186, 189

Borders, 69

Boston Police District 4, 155

boundaries
- industry, 4–5
- market, 47–80
- reconstructing, 47–80

brands
- building, 127
- buzz about, 187
- image conflict in, 186
- lack of differentiation and, 8
- loyalty to, 187
- strategic pricing and, 127

Bratton, Bill, 148–150

*Built to Last* (Collins, Porras), 9–10

business model
- Casella Wines, 34
- risk of, 21
- strategic sequence and, 117–143

buyers/customers. *See also* noncustomers
- alternatives/substitutes in choices of, 49–55
- chain of buyers in, 61–65
- commonalities among, 102–103, 106, 109, 114–115
- conduct of, 209
- expectations of, 70
- experience cycle of, 122, 123
- functional/emotional appeals to, 69–75
- influencers, 61
- maximizing demand and, 101
- meeting with disgruntled, 154–155
- productivity of, 122
- purchasers, 61
- strategic pricing and, 127–131
- targeting, 61–65, 114–115
- users, 61
- visual exploration and, 88–89

buyer utility, 118, 119, 120–125
- assessing, 139–143
- buyer experience cycle and, 122, 123

levers of, 122, 124–125
- map for, 121, 125
- buyer value elements, 212

Callaway Golf, 102–103
Canon, 64
Cappgemini, 134
Casella Wines, 28, 31–35, 189
CD-i, 120, 140–143
Cemex, 71–74
chain of buyers, 61–65
Champion Enterprises, 60–61
change
- attitudes/behavior and, 171–184
- conventional wisdom on, 168–169
- fair process and, 172–184
- political hurdles to, 165–168
- seeing the need for, 147, 151–155
- visual awakening and, 84–87

Charles Schwab, 75
choice, wine industry and, 33–34
Chrysler, 196–197
circuses
- Cirque du Soleil, 3–4, 13–16, 18, 36–37, 40–41, 212
- Ringling Bros. and Barnum & Bailey, 3, 4, 40

Cirque du Soleil, 3–4, 212
eliminate-reduce-raise-create grid and, 18, 36–37
price corridor of the mass and, 129
strategic profile of, 40–41
value-cost trade-off and, 13–16
Cisco Systems, 78
CNN, 78–79, 97, 186
cognitive hurdles, 147, 151–155
cold spots, 156–157, 158
Collins, Jim, 9–10
commoditization, 8
communication
- through statistics, 152
- visual, 93–94
Compaq, 10, 201–202
compelling taglines. *See taglines, compelling*
competition. *See also* strategy canvas
- assessing, 83
- benchmarking and, 12
- endurance of, 189–190
- functional/emotional appeal and, 69–75
- reconstructionist view of, 17–18, 211–212
- red oceans versus blue oceans and, 4–5
strategic pricing and, 130–131
strategic thinking and, 6–7
structuralist view of, 17
value innovation versus, 188–190
wine industry, 25
computer industry, 197–203
direct sales in, 202–203
personal computers in, 199–200
servers in, 201–202
tabulating machines in, 197–199
consiglieres, 166
consolidation, wine industry, 24
cost-plus pricing, 131, 140
cost structures, 30
imitation barriers and, 186–187
strategic sequence and, 119
Creative Destruction (Foster, Kaplan), 9–10
CTR, 198–199
culture, organizational, 169, 171–184
Curves, 56–59, 127
customer productivity, 122
customers. See buyers/customers
Davis, Harry, 204
defense aerospace industry, 110–114
Dell Computer Corporation, 202–203
demand
creating, 30–35
maximizing, 101–114
technological advances and, 8
wine industry, 24–25
devils, 166, 167–168
Digital Equipment Corporation (DEC), 200
Dinkins, David, 148
Direct Line Group, 74–75
disproportionate influence factors, 150–151
atomization, 164–165
cognitive hurdles and, 152–155
kingpins, 162–164
motivation and, 161–165
resources and, 156–161
distribution, 133–134
divergence, 11–12, 37
in strategy, 39
as strategy litmus test, 41–42
DoCoMo, 52–55, 141–143
DuPont, 130
Durwood, Stan, 206
Dyson, 69, 130
eBay, 126, 187
economies of scale, 186–187
Economist Intelligence Unit, 68
Edison, Thomas, 203
education, stakeholder, 137–139
Elco, 176–181
eliminate-reduce-raise-create grid, 35–37, 93
emotional appeal, 69–75
emotional recognition, 181–183
employees
atomization and, 164–165
attitudes/behavior of, 171–184
kingpins, 162–164
motivating, 148, 161–165
recognition of, 181–183
resistance of, 137–138
visual communication with, 93–94
endogenous growth, theory of, 209–210
engagement principle of fair process, 175, 177–178
environmental determinism, 17, 209–212
environmental friendliness, 122
equity interests, 135
Esserman, Dean, 159
European Financial Services (EFS), 84
excellence, endurance of, 9–12, 191–192
excludability, 126–127, 213
execution. See strategy execution
expectations
buyer, 70
clarity of, principle of fair process, 176, 179
recognition and, 181–183
explanation principle of fair process, 175–176, 178–179
externalities, network, 126, 187
fair process, 21–22, 164
attitudes/behavior and, 172–184
as capital, 183–184
example of, 176–181
importance of, 181
intellectual and emotional
recognition and, 181–183
power of, 174–175
principles of, 175–176
Index

noncustomers. See also
buyers/customers
refusing (second-tier noncustomers), 103–104, 107–109
soon-to-be (first-tier noncustomers), 103, 104–106
targeting, 114–115
tiers of, 103–114
unexplored (third-tier noncustomers), 104, 109–114
nonrival goods, 126, 213
North America Industry Classification
Standard (NAICS), 6
Novo Nordisk, 62–63
NTT DoCoMo, 52–55, 141–143

Olsen, Ken, 200
open architecture, 201
operations, streamlining, 132–133
opportunity, maximizing, 19–22
Oracle, 134
organizational culture, 169, 171–184
organizational hurdles, 147–169
cognitive, 147, 151–155
motivation as, 148, 161–165
political, 148, 165–168
resources as, 147, 156–161
organizational risk, 21
outsourcing, 88

Palace Theaters, 205–206
partnerships
resistance and, 138
target costing and, 133–134
Pascale, Richard T., 9
patents, 130, 186
Patrimonio Hoy program, 73
performance
blue ocean creation effects on, 7–8
fishbowl management and, 162–164
strategic moves and, 11
Peters, Thomas J., 9
Pfizer, 74
Philips Electronics, 68–69
ALTO, 130
CD-i, 120, 140–143
teakettle, 68–69
pioneer-migrator-settler (PMS) map, 96–98
pioneers, 96–97
planning risk, 20

NABI, 65–68
National Business Aviation Association, 51
National Cash Register Company, 198
NetJets, 50–52, 53, 135
network externalities, 126, 187
new growth theory, 210
New York City Police Department (NYPD), 148–150, 157–158
atomization and, 165
cognitive hurdles and, 152–155
consiglieres in, 166
kingpins and, 162, 163–164
political hurdles and, 166, 167–168
New York City Transit Police, 153–154, 157, 158, 159–161
New York Division of Parole, 159
New York Post, 148
Nickelodeons, 204
Nissan, 195

time/external trends and, 75–79
market dynamics, 137, 213–216
market structure, 209
Massachusetts Bay Transportation Authority (MBTA), 154
mass markets, 194–195
Merrill Lynch, 137
Micro Instrumentation and Telemetry Systems (MITS), 200
Microsoft, 126, 142, 187
migrators, 96–97
military language, in strategic thinking, 6–7
minivans, 196–197
monopolies, 186, 215–216
globalization and, 8
Monsanto, 139
Morgan Stanley Dean Witter & Co., 137–138
motivation, 148, 161–165
atomization and, 164–165
kingpins and, 162–164
Motorola Iridium, 120, 140, 141
movie theater industry, 65, 89, 203–208
megaplexes in, 206–207
multiplexes in, 206
nickelodeons in, 204
Palace Theaters in, 205–206
MP3 players, 76–78
municipal bus industry, 65–68

Index
politics, 148, 165–168
angels in, 166, 167–168
consiglieres in, 166
devils in, 166, 167–168
imitation barriers and, 187
Polo Ralph Lauren, 60
Porras, Jerry, 9–10
portfolio management, 97–98
Pret A Manger, 105–106
price corridor of the mass, 127–131
definition of, 130
identifying, 128–130
price selection and, 130–131
price minus costing, 131–137
price wars, 8
pricing
models of, 134–135
setting strategic, 119, 125–131, 213–214
skimming, 215–216
strategic groups and, 56
pricing innovation
equity-interest, 135
leasing, 135
renting, 135
slice-share, 135
time-share, 135
procedural justice, 174–175. See also fair process
products/services
alternative versus substitute, 49–55
complementary, 65–69
profit margins, 8
profits, 7–8
innovation and maximization of, 135–136
target costing and, 131–137
value innovation and, 188–190
ProSignia, 201–202
purchasers, 61

QB (Quick Beauty) House, 70–71, 72
Quicken, 55, 187

Ralph Lauren, 60
reality, showing, 152–155
recognition, emotional and intellectual, 181–183
reconstructionist view, 17–18, 209–212
red oceans
definition of, 4
industry barriers and, 187

strategy in, 17–18
refusing noncustomers, 103–104, 107–109
Remington Rand, 199
resistance, 137–139
business partner, 138
employee, 137–138
fair process and, 174–181
general public, 138–139
resources, 147, 156–161
cold spots and, 156–157, 158
horse trading, 156–157, 158–161
hot spots and, 156–158
monopolies and, 215–216
Reuters, 63
revenues, 7–8
Ringling Bros. and Barnum & Bailey, 3, 4, 40
risk minimization, 19–22, 23
big picture focus and, 82
business model risk, 21, 117–143
management risk, 21–22
organizational risk, 21
planning risk, 20
scale risk, 20
search risk, 20, 47–80
rival goods, 126
Rothapfel, Samuel “Roxy,” 205
Salick cancer centers, 69
Samsung Electronics, 94–95
SAP, 65, 130, 134
AcceleratedSAP, 138
Saturday Evening Post, 204
scale risk, 20
Schumpeter, Joseph A., 209–210, 212
search risk, 20, 47–80
service industries, emotional to functional orientation in, 74–75
settlers, 96–97
Sex and the City, 79
simplicity, 122
six paths framework, 47–48, 79
slice-share model, 135
Sloan, Alfred, 194
social welfare, 215
Sony Walkman, 60
soon-to-be noncustomers, 103, 104–106
Southwest Airlines
alternatives of, 55
divergence in, 39
focus in, 39
imitation barriers and, 187
strategic pricing at, 131
strategy canvas of, 38
tagline of, 39–41
sports utility vehicles (SUVs), 196–197
stakeholders, resistance by, 137–139
Standard Industrial Classification (SIC) system, 6
Starbucks, 74
strategic groups, 55–61
definition of, 55
ranking, 56
strategic moves, as unit of analysis, 10–12
strategic plans
failure of, 81–82
overcoming limitations of, 98–99
strategic sequence, 117–143
adoption hurdles in, 119
assessing, 119–120
buyer utility in, 118
correct, 117–120
cost in, 119
pricing in, 119
strategy. See also blue oceans; value innovation
assumptions in, 48–49
big picture in, 81–99
building execution into, 171–184
competition-based, 6–7
contradictions in, 43
corporate-level, 94–96
executing, 21–22
focus in, 27–28
formulating, 19–21
incoherent, 42–43
innovation and, 17
internally driven, 43
military references in, 6–7
pioneer-migrator-settler map and, 96–98
reconstructionist view of, 209–212
red ocean, 6–7
red ocean versus blue ocean, 17–18
strategic profile. See value curve
strategy canvas, 25–28
structuralist view of, 17, 209
trends and, 75–79
visual awakening and, 84–87
visual exploration in, 88–90
strategy canvas, 25–28
big picture and, 82–83
corporate-level strategy and, 94–96
definition of, 25
drawing, 83–94
factors in, 25–26
horizontal axis in, 25–26
presenting, 90–93
value curve in, 27
vertical axis in, 26–27
visual awakening step for, 84–87
visual communication of, 93–94
visual exploration step for, 88–90
visual strategy fairs and, 90–93
what it shows, 83
[yellow tail]’s, 32
strategy execution
attitudes/behavior and, 171–184
cognitive hurdles in, 147, 151–155
disproportionate influence factors and, 150–151
fair process and, 172, 174–184
overcoming organizational hurdles in, 147–169
resources and, 147, 156–161
tipping point leadership in, 148–151
streamlining operations, 132–133
street furniture, 107–109
stretch goals, 152
structuralist view, 17, 209
substitutes, alternatives versus, 49–55
supply, technological advances and, 8.
See also demand
sustainability, 185–190
imitation barriers and, 185–188
Swatch, 70, 133
Tabulating Machine Company (TMC), 198
taglines, compelling, 37
in strategy, 39–41
as strategy litmus test, 41–42
in visual exploration, 90
target costing, 131–137
levers in, 132–135
partnerships and, 133–134
pricing models and, 134–135
teachkettle industry, 68–69
technology
buyer utility and, 120
innovation and, 13
strategic pricing and, 126
supply and demand effects from, 8
telecommunications industry, 52–55, 141–143
Telerate, 63
Thibaut, John W., 174–175
time, trends and, 75–79
time-share model, 135
Timoney, John, 166
tipping point leadership, 21
atomization and, 164–165
cognitive hurdles and, 152–155
disproportionate influence factors and, 150–151
horse trading and, 158–161
motivation by, 161–165
at NYPD, 148–150
politics and, 165–168
resources and, 156–161
unexplored noncustomers, 104, 109–114
trust, cultures of, 169, 171–184, 179–180

value-cost trade-off, 13–16
eliminate-reduce-raise-create grid and, 35–37
value creation
portfolio management and, 97–98
strategic sequence and, 119
value innovation versus, 12–13
value curves
characteristics of good, 36–37
compelling taglines in, 37, 39–41
definition of, 27
divergence in, 37, 39
focus in, 39, 367
monitoring, 188–190
reading, 41–44
value innovation, 12–18
definition of, 12
demand and, 101
differentiation/low cost dynamics in, 16–18
imitation barriers and, 186
market dynamics of, 137, 213–216
reconstructionist view of strategy, 17–18, 209–212
renewal of, 188–190
target costing and, 137
technology innovation versus, 120
value creation versus, 12–13
Value Innovation Program (VIP) Center, 95
The Vanguard Group, 75
Viagra, 74
videotapes, 134–135
Virgin Atlantic Airways, 126
Virgin Entertainment, 69
vision, 161
visual awakening, 84–87
visual communication, 93–94, 99
visual exploration, 88–90
visual strategy fairs, 90–93

Walker, Laurens, 174–175
Walkman, 60
Wal-Mart, 186–187
Waterman, Robert H., Jr., 9
Watson, Thomas, 198–199
Watson, Thomas, Jr., 199
Wilson, Woodrow, 193
wine industry, U.S., 24–25
creation of demand in, 30–35
strategy canvas factors in, 25–26
target market of, 34–35
value curve of, 27–28
[yellow tail] and, 28, 30–35
Wireless Application Protocol (WAP), 55, 142
Wireless Markup Language (WML), 142
[yellow tail], 28, 189
strategy canvas of, 32
value curve of, 31–32
Zeneca, 69