

How to Do a “Blue Ocean Strategy®?”: Step 2

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We are working with a company’s entire leadership team that is really devoted to using the tools of [Blue Ocean Strategic](#) thinking to help them reinvent their business. They had a very successful niche in the home building market, but when the home construction industry collapsed and their products became more commoditized, they were forced to rethink everything.

After the company’s leaders discovered Blue Ocean Strategy, they went through the Visual Awakening phase of the process, as we described in “[How Do I Do Blue Ocean Strategy? Step 1.](#)” They mapped out their strategic canvas and identified their current investment, albeit in a saturated market with diminished demands. They had positioned themselves as a premium product, like a fine wine, at a premium price point. But without demand, they were going to be very challenged for the near future.

What was more critical was that they had only one major client: home builders, usually the ones constructing higher-end homes who were willing to install premium products.

How could a Blue Ocean Strategic process help these guys?

To find out, we took them exploring. Visual exploration is at the core of Blue Ocean thinking. For good reason. We know that what we “see and feel” helps us better “think” about the problems to be solved and the ways to understand what we are really doing. Words are fine but if you see something or hear somebody talking about a problem they cannot figure out, something in your brain goes, “Aha, there is the opportunity for us.”

There are many ways to go exploring. But let me begin with a strong caveat: One of the key rules of Blue Ocean Strategic thinking is “**never outsource your eyes.**” I must repeat that. Don’t outsource your exploring. Get out of your office and go searching for new ideas *yourself*.

So how do you go Visually Exploring? Try these Six Paths to organize your exploration.

- 1. Think about what you are trying to find:** New ways to do your business that will let you create a new market space is one area to consider. Think about what Netflix did to Blockbuster and what Red Box is doing to Netflix. How could your company rethink how it does things?
- 2. Another area to explore: Where are new market segments emerging** that you are not focused on because they are beyond your normal scope? [yellow tail] wine went after beer drinkers, not wine drinkers, and opened up an entirely new market segment.
- 3. Perhaps there are ways you can change your target audience** to focus on the buyer groups you are not paying attention to today—like pharma did when it went after the user of their medications, not the prescribing doctor.
- 4. Maybe you are very good at running something today**—a factory or a doctor’s office—but you could change your scope and run dozens of factories or doctors’ offices in the future.
- 5. Functional and emotional opportunities are particularly interesting.** If what you do is very serious, maybe you can do what [André Rieu](#) did to classical music and make it fun.
- 6. And finally, can you leap frog over what is being done today and do it better.** Apple seems to do that routinely, taking already existing solutions from MP3 players or Blackberry phones and creating completely different packing solutions that



transform the market.



If you want to go exploring along the Six Paths, don't forget a few simple things:

1. **Black Books and Thought Walks.** Get yourself a little black book and start an idea book in it. The brain is very stingy; if you have an idea, you will forget it very quickly. So you need an idea book where you write down random thoughts. Research shows that the more ideas you have, the more likely you will have good ones—you just don't know which ones they are. Take a thought walk and see what you might experience that you had not seen before.
2. **Online Conversations.** One thing that occurred to our home building client was that people were using their product in the equivalent of 'off-label' ways. A contractor sent them a video of how he was using their materials to absorb water from floods. Other people asked how they could use it for moisture removal in rural cabins. Lots of interesting discussions came out of this.
3. **Web Search.** Go on the Internet and look what other industries are doing. This client did just that and found lots of interesting things that others were doing in other industries, from healthcare checklists and doctor directories to Zappos and its customer service solutions.

You might try to go Visually Exploring with your management team and see what might be right in front of your nose. Let us know what you find. It might open up an entirely new market space for you to leap over others and create for your company. Forget that competition—it is very bloody Red!