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## In search of blue oceans



**First came the book and now there is an institute. The international bestseller, ‘Blue Ocean Strategy’ written by INSEAD professors W. Chan Kim and Renée Mauborgne, sold more than a million copies in its first year of publication and is being published in a record-breaking 41 languages. Although there are no plans for a follow-up book at this stage, INSEAD has set up the INSEAD Blue Ocean Strategy Institute.**

In a rare interview, Kim and Mauborgne, both strategy professors, told Knowledge that they knew there would be an audience for their research as their articles in the Harvard Business Review sold half a million reprints.

“It was a first book and we thought the last book,” Kim said, perched cross-legged on a chair in his office. “That’s the spirit in which we wrote the book, so we felt happy with it. Were we surprised (by the book’s success)? We never thought about it, Professor Mauborgne and myself, whether this would be a big success or failure. We never thought about the commercial aspect of it, we just wrote (the best we could), knowing some audience would follow.”

“Looking back, we have some measure of satisfaction,” says Mauborgne. “What we are satisfied with is not really the big success, but that when we

ask ourselves if we were to write it again, could we have done anything differently, we would say not really.”

The Blue Ocean gurus say they would still have undertaken the same research journey, starting with inductive study based on cases and deductive research based on data. However, Kim says they felt this inductive/deductive approach “wasn’t good enough”, so they began to apply the theory to “actual companies, to write some of the case stories” which appear in the book, albeit with the names of the companies disguised.

The research focuses on around 150 cases and highlights “Blue Ocean strategic moves” such as Cirque du Soleil and [yellow tail] wines. In short, Blue Ocean Strategy is concerned with products, processes and people, says Kim. It “looks at the entire value chain, a system-wide approach and the way of thinking, rather than talking about entrepreneurship or some sub-system of the entire organization.

“I would say the journey of the Blue Ocean Strategy book has taken us about 15 years including writing articles for managerial and scientific journals, and experimentation ... in the field. So we put together theory and practice in the book.”

Mauborgne says that even with the benefit of hindsight they would still have approached the study the same way. “We would have some academic research to verify the theory on a scientific basis. We would write case studies to apply it and to test it. We’d still go into the field either with companies, governments or organizations in the public sector to experiment with it. We’d revise the manuscript based on experience and would still write it the same way.”

“So unless there’s some new enlightenment,” says Kim, “we will repeat the same process of a research journey. For that I think we are both proud and feel satisfied with that. Its commercial success is a secondary interest, even though it’s exciting to see what happened.”

“I guess we are very pleased ex-post, looking back,” explains Kim. “We are very happy with the commercial results – it’s an amazing, staggering impact. It grows like crazy everywhere. We didn’t anticipate, predict that the book would indeed be really global in impact. It’s not about Asian, European or US markets – it has penetrated all regions of the globe. That is something that we didn’t expect.”

“Many people say there is a polarisation between academic rigour and popularisation,” Mauborgne says. “So they think popularisation is ‘easy’ language – content with sex appeal, so to speak – and academic rigor is about figures and data, but certainly we have a different opinion. Future business research should be both, not one or the other. A book with only measurements or only abstract theories is not going to be very good. We think a book should have a complete picture with theory and methodologies and tested hypotheses that will give confidence to the reader.”

“The commonality should be that it’s a very compelling question, that everybody’s interested in,” Kim explains. “That’s why we admire Einstein’s theory of relativity. It’s very simple and elegant, but everybody’s interested to know why that phenomenon occurred. So we can see very powerful scientific research that is practically applicable. The theory of relativity is powerful on a scientific basis, but is also theoretically and practically very applicable.”

“Good business research should have academic rigor and popular appeal,” he adds. “The question is, of course, does Blue Ocean Strategy have such a component or not? It’s up to the audience to judge, but I think we have. That’s why we’re proud of the research process ... A really great masterpiece, if you will, any profound management theory should be based on both academic rigor and popular appeal, without which there is no lasting impact.”

“Business school is not going to be pure science - it never can be,” says Mauborgne. “By definition, business is applied science. You cannot have pure science in businesses, because business theory goes with the phenomenon ... In pure science like physics, you can find theory with truth that endures 100 years, 200 years. You can have different arguments, but quantum physics is lasting.”

“Applied science, like business science is about management,” Kim says. “It needs to change according to how an organization evolves. For example, you cannot use management theory from 1920 and apply it to 2020. Most of the time business is evolving. Look at the recent internet and bioscience revolutions.”

Kim says he and Mauborgne have had ‘many, many interactions with companies’ wanting to find out more about blue ocean thinking. “We regularly get many emails from the business community asking questions –

how do you draw a strategy canvas? And various other questions on Blue Ocean Strategy methodologies and processes. Anything from a 'thank you' note on how wonderful the book is, to 'I disagree with this' or 'agree with that.' There are lots of debates - positives and challenges. We receiving a constant flow everyday from all over the world."

## **Blue Ocean Strategy Institute**

INSEAD has set up a Blue Ocean Strategy Institute at its Europe Campus in Fontainebleau. Researchers at the new centre will be on hand to answer questions about blue ocean thinking, Kim says, adding that the Institute will also help to raise INSEAD's profile.

At the time of writing, it was not known how many researchers will be employed at the Institute. "It's all about the market," Kim says. "It will be demand based. If the market's reaction to it is explosive, I guess we'll have more researchers ... That's why we said we'll start something humble and will have growth dependent on what market demands dictate.

"The main purpose of the Institute is mainly an academic one as it will dedicate itself to the academic development of Blue Ocean Strategy theory." It will also have a pedagogical ambition as it will be looking to develop short Blue Ocean Strategy "theory movies" in contrast to the current paper-based case studies produced by Harvard and others.

"Multimedia can be introduced in a very constructive way in terms of creative content," says Mauborgne. "If you want to teach industrial history from 1900 to 2000, this is certainly good way to learn by watching how industry has been evolving. In middle of it, the class can discuss the implications using analytics and have a rich conversation. Classrooms should be moving from paper cases to more visual movie-oriented ones."

"Suppose I want to teach the history of Blue Ocean Strategy's evolution over last 100 years. Then we could produce a 5-7 minute 'theory' movie on the theme." These will not just be documentaries with some teaching content, Mauborgne says, as there will be an "interjection of scenes by the theorist. So it will be a documentary with theory woven into it."

As for other future Blue Ocean developments, Kim says that for the time being, he and Mauborgne are "very occupied with deepening and broadening Blue Ocean Strategy ... because we've just started to explore the topic and there are so many things to do."

# Sleepless nights?

So with many companies interested in finding blue oceans, do the authors have sleepless nights, worrying that they may not be getting it right, especially as the stakes are high? “We have heard the success stories because people all want to talk about success,” Kim replies. “Sadly, we don’t hear failure stories enough because people want to hide the failures. So we haven’t reached any conclusions yet about this working wonderfully for every company, because I’m certain we need to go deeper into failures. And to discover the failure cases I think we need to have a lot of ‘incognito detectives’ to deal with the data and really tell the story of what happened. I’m certain there will be some of those, many of those. The more we have, the more we will learn from them about what failed and what succeeded. Failure may come from outright failure of theory, or it can come from misapplications of such. We need to identify the causes of those.”

Mauborgne says that one of the main objectives of the new Institute will be to identify the failures and misapplications. “As the Institute (gets established), and there are more companies and organizations coming, I guess they will be more open to share their experiences. Then we have a way to learn about these failures, and to institutionalise these theories and the learning from their application.”

But Kim goes on to say: “We remain optimistic because we have reasonable grounds to believe that this works after a 15-year journey. But certainly with the Institute, in a couple of years we will find more and more failures, possibly then.”

“Obviously on the one hand, there’s excitement, enthusiasm and passion. On the other hand, there’s a deep-seated curiosity to learn more about the downside of this entire thing. We’ll be happy to take those challenges to learn and improve,” he says. “The more we hear, the more we’ll have an open-mind to embrace these challenges rather than reject them or retreat in denial of any kind,” says Mauborgne.

Even if a company manages to find a blue ocean with no competitors, it will need to be ‘almost like a moving target,’ Kim concludes. “You should never be a sitting duck because people will imitate you,” emphasizes Mauborgne.

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