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# A Conversation on Blue Ocean Leadership



By [W. Chan Kim](#) and [Renée Mauborgne](#), INSEAD

## **INSEAD Knowledge interviews Professors W. Chan Kim and Renée Mauborgne.**

**INSEAD Knowledge:** The book *Blue Ocean Strategy* has caused a big stir around the world. With the book out in 43 languages, a bestseller on five continents, and over 3.5 million copies sold, you are recognised as the masters of strategy. The emergence of Blue Ocean Leadership (BOL) is a surprising evolution. What made you think of leadership from this brand new perspective?

**Kim & Mauborgne:** The connection between strategy and leadership is obvious as strategies are driven by leaders. But leadership is seldom studied in the field of strategy. It is usually a topic of study in Organisational Behaviour (OB). Studies from the OB perspective normally look at the supply side and focus on who leaders need to be. They examine factors such as values, qualities and personality traits without establishing a direct link between effective leadership and organisational performance, the latter being the concern of strategy studies. On the other hand, if we think about leadership as a service that people in an organisation “buy” or “don’t buy”,

the focus of study is moved to the demand side and on what acts and activities leaders need to undertake in order to boost their teams' motivation and business results. In this sense every leader has customers and noncustomers, the latter being those disengaged employees who don't 'buy' your leadership. The challenge is how to convert noncustomers into customers of leadership. Seen in this light, the concepts and frameworks of blue ocean strategy (BOS) can be adapted to creating leadership that effectively unlocks the ocean of unrealised talent and energy in most organisations. Here strategy and leadership go hand in hand and share the same fundamental logic. Building effective leadership is directly linked to achieving an organisation's strategic goal.

**INSEAD Knowledge:** How much energy and talent do you believe organisations are leaving on the table?

**Kim & Mauborgne:** A lot. Indeed, realities in the workplace today call for a rapid step change in leadership strength. Gallup reports show that widespread employee disengagement is a global phenomenon and that poor leadership is a key cause. In the United States, for example, only 30% of employees are actively committed to doing a good job. In France only 9% are actively engaged and when it comes to China only 6% are actively engaged. In fact, according to Gallup's macro statistics, only an average of 13% of employees worldwide are actively engaged. That's a lot of disengaged employees that organisations have on their payroll and are paying for every day. The consequence is profound: when employees are disengaged and non-committed, they are not likely to harness their intelligence and energy to produce the performance results desired by their leaders. There is therefore huge room for improvement for these companies, even for those that are relatively successful. Blue ocean leadership can help organisations tap the huge potential in the leadership area by converting the large number of noncustomers of leaders into customers. And with its focus on changing acts and activities, blue ocean leadership can help them achieve what is hard to achieve with a traditional approach, i.e., a leap in leadership strength fast and at low cost to release organisations' ocean of unrealised talent and energy. By low cost here we refer to time, as time is the most expensive and limited resource of leaders. That's what makes blue ocean leadership more important than ever.

**INSEAD Knowledge:** Have you tested blue ocean leadership in any organisation? Is there any failure case (if yes, what causes led to the failures

in your opinion)? Are they mostly from developed countries or emerging markets, or is there no obvious bias?

**Kim & Mauborgne:** Over the past 10 years we experimented with blue ocean leadership in a number of companies in a variety of industries and in different regions of the world. Like the British Retail Group discussed in [our article](#), these organisations have applied blue ocean leadership. As they were highly committed and closely guided by us and Gavin Fraser, our Blue Ocean Strategy Network expert to ensure the integrity of the approach adopted, results of these ex-ante experimentations have been positive and inspiring. As our approach now becomes known to the public, we expect more and more companies, both in developed countries and emerging markets, to apply blue ocean leadership to their organisations. Naturally, some may stumble along the way, alongside successes in the expanded sample. We will be ready to analyse more cases and answer relevant questions when that time comes. However, we have found that the act of drawing the leadership canvases and thinking in terms of what acts and activities leaders need to eliminate, reduce, raise and create to connect their activities to the market realities of employees, are in their own right very powerful and eye-opening exercises that provide a real wake-up call to most organisations.

**INSEAD Knowledge:** Blue ocean leadership focuses on the actions of a leader instead of their traits/personality. Does this mean that traits/personality do not matter?

**Kim & Mauborgne:** Of course having the right values, qualities and behavioural traits matters. However, as part of a human being's inborn nature these factors are hard to change within a short time frame. On the other hand, activities are something that an individual can change in time frames that make sense in corporate terms, given the right feedback and guidance. Blue ocean leadership, which focuses on what acts and activities leaders need to undertake to boost their teams' motivation and business results, allows companies to achieve high-impact results rapidly, with less effort and at low cost. It provides a practical and effective solution for companies that are in dire need to improve their leadership practice and achieve better performance results. What blue ocean leadership focuses on and what conventional leadership theories emphasise, therefore, are complementary rather than mutually exclusive to each other. Personality and traits alone do not make a competent leader. When a leader's energy is

spent on wrong acts and activities, there is no competent leadership to talk about. Blue ocean leadership tackles exactly this area where positive changes are most possible given time and resource constraints.

**INSEAD Knowledge:** A key input in the blue ocean leadership process is the customers of leaders, that is, both those above and below the leader. How do organisations make sure that employees provide sound judgment when they are asked to have a say in leadership?

**Kim & Mauborgne:** First let us clarify that the four-step process of blue ocean leadership is not one of bottom-up democracy. Instead, it is a carefully orchestrated and closely guided analytical process. Typically, the team in charge of conducting interviews at the three management levels of senior, middle and frontline is composed of 12-15 senior managers who are chosen across functions and recognised as good leaders in the company. Divided into sub-teams, these senior managers interview relevant leadership customers –both bosses and subordinates at respective levels. It is these sub-teams of senior managers that create the as-is leadership profiles by pooling their findings and determining based on frequency of citation, the dominant leadership acts and activities at each level. Hence it is only those employee comments that are consistently voiced by employees at a given level that get recognised as dominant leadership acts and activities. Again it is these sub-teams of senior managers that conduct further interviews and process the findings to draft the “to-be” canvases for each leadership level. And at the “leadership fair”, it is again these senior managers who present the as-is and to-be canvases based on their findings and analyses, which are to be voted upon by attendees composed of board members and senior, middle and frontline managers. The final decision on which to-be leadership profiles to move forward on is made by corporate top management based on the information obtained at the fair.

Evidently the process is inclusive of opinions and insights of employees at all different levels. However, under blue ocean leadership employees are not asked to identify the values, qualities or traits of leaders, which indeed demands a high level of sensitivity and sound judgment for employees to accurately assess. Instead employees are asked to identify the specific acts and activities their direct leaders do that get in the way of their ability to deliver performance results as well as those that would be beneficial that leaders currently do not do. This focus on acts and activities that employees directly observe combined with the senior managers’ pooling and focus on

those that are consistently cited leads to sound judgments that typically ring true in organisations.

**INSEAD Knowledge:** Asian business culture puts great importance on hierarchy where leadership is largely seen as something to obey. Is the parent-style leadership and the concentration of power one typically witnesses in Asian organisations at odds with the concept and application of blue ocean leadership?

**Kim & Mauborgne:** Not at all. True, Asian culture tends to foster a hierarchical organisational environment. But the blue ocean leadership process is not one of bottom-up democracy where leadership is openly challenged and confronted. Instead, it is initiated by the senior management, and carefully structured and orchestrated by respected senior managers to engage employees at the different management levels. Insights and comments gained through this process are truthful yet treated as impersonal as they are pooled and synthesised. And the final decision lies with the corporate top management. So there is no cultural incompatibility between blue ocean leadership and Asian organisations. Blue ocean leadership allows senior leaders in organisations, be they in Asia, Europe, or the Americas, to release the ocean of unrealised talent and energy in their organisations in a methodical, impersonal, and motivating manner without losing their desired direction and control in the process. With its methodical approach, top management can lead and control the blue ocean leadership process by pacing its speed of implementation according to their specific organisational culture and conditions. In fact, when the management is committed to initiating changes, this kind of organisational culture may be used to their advantage to help ensure a faithful implementation of the blue ocean leadership process.

Beyond this we would add that while Asian companies have traditionally looked to this parent-style leadership to produce results through top-down enforcement, reality, in fact, tells a different story. The Gallup report shows that only 6% of Chinese employees, 11% of Korean employees, and 7% of Japanese employees are actively committed to doing a good job. This suggests that passive compliance is not equivalent to active engagement and that Asian organisations have the potential to release an ocean of unrealised talent and energy in their organisations through the application of blue ocean leadership.

**INSEAD Knowledge:** What is more desirable – to apply blue ocean leadership to the whole organisation at once by defining the leadership profiles of all three levels? Or start with one division or business group within an organisation to minimise disruption in daily operations?

**Kim & Mauborgne:** This will depend on the specific situation a company faces. One of the strengths of blue ocean leadership is its scalability – the process can be launched company-wide for a transformation at all management levels or deployed at one of these levels or only in one division or business unit at a time. There are many ways to apply blue ocean leadership. When the top leadership judges that there is a dire need for change as well as strong consensus and conviction among managers at different levels on the necessity for introducing such a change, they can apply the blue ocean leadership process to the whole company and across different management levels. That was the case of the British Retail Group we discussed in our Harvard Business Review article. On the other hand, when people’s commitment is unclear, it is advisable to experiment the process with a particular management level or an individual department or division. Seeing is believing. When people see that the four-step process in the experimented area awakens the sleeping potential of employees, changes workplace dynamics, and produces performance gains as we have witnessed, their commitment to this approach will naturally increase. Then the time will be ripe for rolling out the blue ocean leadership process on a larger scale.

**INSEAD Knowledge:** Although it’s almost ten years since Blue Ocean Strategy was published, its impact has not diminished but continues to grow. Whether in Asia, Europe, North or South America, Africa or the Middle East, senior leaders in business, government, and the non-profit sector have embraced blue ocean strategy with great enthusiasm. Have you ever considered why blue ocean strategy has had the impact that it has? And would these causes make blue ocean leadership another one of the most impactful management concepts in years to come?

**Kim & Mauborgne:** There are real economic reasons for the rising global interest in Blue Ocean Strategy that our ten-year anniversary issue of the book will articulate, which will be out in early 2015. At a more fundamental level, however, there are four factors that we see as central to building an idea of lasting impact: 1) Does the idea address an issue of central importance to business and to our economies? 2) Is the idea grounded in



robust research and theory? 3) Does the idea present useful tools and frameworks for organisations and individuals to act on the idea? 4) And lastly, is the idea expressed in a way that captures the imagination and can be understood by all? As we set out on our research journey that forms the basis of our book and now spans more than twenty-five years, at some level of consciousness these were the questions that we continuously challenged ourselves on and strived to meet whether perfectly or imperfectly.

Will blue ocean leadership have the same level of impact that blue ocean strategy has had? Only time will tell. However, so far the interest around the world has been strong and rising. One small indicator is that Harvard Business Review Press's webinar on Blue Ocean Leadership was said to be one of the most attended of any in its history. As organisations increasingly strive to unlock employees' creativity, ideas, and energy and as leaders simultaneously find themselves increasingly short of time yet needing to make a big impact, there is strong ground to surmise that blue ocean leadership will take on rising importance. Blue ocean leadership offers organisations a practical and actionable framework and process to create a step change in leadership strength fast and at low cost.

**INSEAD Knowledge:** Blue Ocean has been transferred from strategy to leadership. Do you think that there is any possibility that this concept and framework could be used to analyse other fields of management, like marketing or finance?

**Kim & Mauborgne:** Yes. In fact, this has already occurred. As of today blue ocean strategy is being taught in more than 1700 universities and more than 100 countries around the world, not only in the strategy area but also in areas such as marketing and finance. Our colleague at INSEAD, Hong Zhang just published an excellent case entitled [Blue Ocean Finance](#) that he wrote with the heads of Treasury at both Citi and Roche. Blue ocean strategy has also been applied to the area of entrepreneurship and is receiving high-profile attention. Governments and the public sector too are actively embracing blue ocean strategy with the Malaysian government a prime example. For those interested in reading specific examples of how blue ocean strategy has been applied, they can be found in the eLibrary on [blueoceanstrategy.com](http://blueoceanstrategy.com). We expect to see blue ocean strategic thinking and its concepts and frameworks getting adopted in more areas of study and practice.

*This article is an outgrowth of Kim and Mauborgne's study on Blue Ocean Leadership originally published in Harvard Business Review, May 2014.*

### Find article at

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