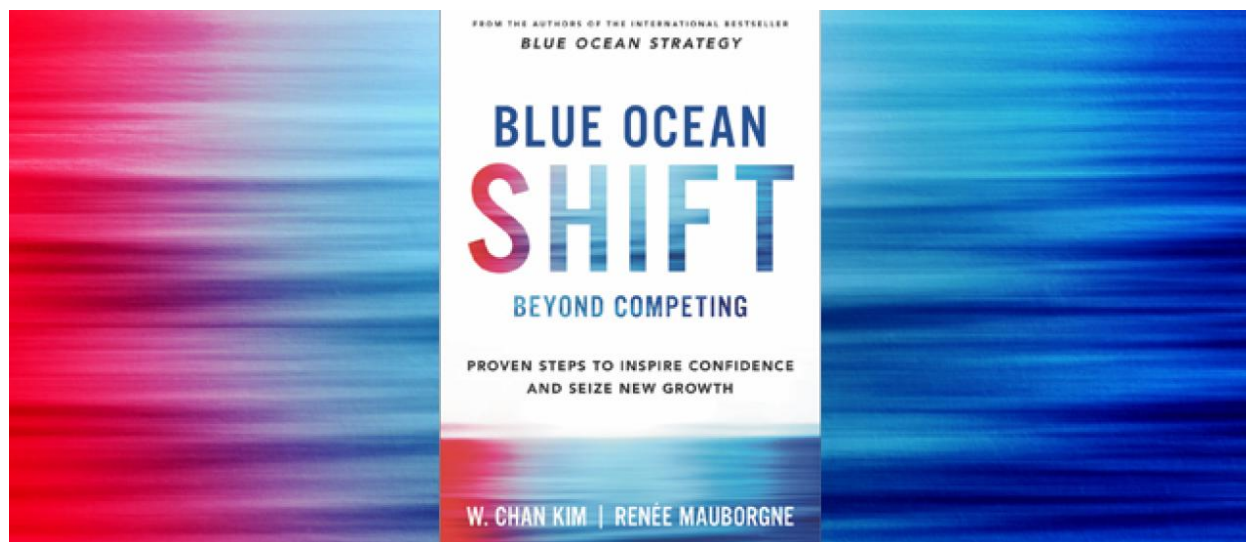


What It Takes to Shift From Competing to Creating



By W. Chan Kim and Renée Mauborgne , INSEAD

Why non-disruptive creation is as important as disruption in seizing new growth.

In their just released book, ***BLUE OCEAN SHIFT***, Chan Kim and Renée Mauborgne, creators of *Blue Ocean Strategy*, deliver the definitive guide to shifting yourself, your team and your organisation to new heights of confidence, market creation and growth. They show why non-disruptive creation is as important as disruption in seizing new growth, what leads to one over the other and why you'd be unwise not to understand this.

INSEAD Knowledge (IK): Chan and Renée, congratulations on your new book, *Blue Ocean Shift*, being released today. It's already been labeled a next 'blockbuster' and chosen by Apple iBooks as the best business book of the month. In a nutshell, what's it all about?

Kim and Mauborgne: *BLUE OCEAN SHIFT* addresses a key challenge facing virtually every organisation today. How to move yourself, your team and your organisation from competing to creating. Or, from cutthroat markets to wide open new markets in a way your people own and drive the process.

Think about it. What industry today doesn't face intense competition? Take retail. It's getting decimated. The competition is fierce. It's tough. It's rough. It's what we refer to as a bloody red ocean.

But the successful companies, they're not in those red oceans. They're moving into and creating new markets. What we think of as blue oceans.

The question is: How can all of us do that too?

This book lays out the path anyone can follow to get there, using proven steps.

IK: What does it take to make a successful shift?

Kim and Mauborgne: You need two things to shift. Without them you are going to struggle.

First, you need a roadmap. Because we all want to shift from compete to create, but we don't know how. So you need a roadmap with tools and guidance that anyone can apply.

Second, you need people. And by that, we mean you need people's confidence to act. If people don't have the confidence to act, your roadmap means nothing.

And that's what the book does. It gives you that roadmap and it shows you how to build people's confidence at every step so that they own and drive the process for success.

IK: Has any company actually applied the roadmap and proven steps laid out in the book to shift from competing to creating?

Kim and Mauborgne: Absolutely. *Blue Ocean Shift* shows real-world examples of organisations facing the same constraints we all face – be they politics, bureaucracy, limited resources – and applied the very tools and process outlined in the book to shift from competing to creating. You'll learn,

for example, how a musical conductor applied the blue ocean shift process to create the “bravest orchestra in the world”. He redefined what a youth orchestra means, from music excellence to ambassadors for peace, even inspiring Shiite, Sunni and Kurdish musicians to play together, all the while dealing with resource constraints, historical ethnic divides and poorly trained musicians.

There’s the example of a hotel chain that applied the proven steps outlined in the book to break out of the highly competitive hotel industry – which is ‘redder than red’ – to create the new market of affordable luxury hotels offering five-star comfort at three-star prices. Today it has 90 percent occupancy rates, guest ratings called ‘superb’ and ‘fabulous’ on booking sites, as well as the lowest costs in the most chic locations. It’s fast rolling out to major cities across the world.

The book also explains how a global, small-appliance company with more than 100 years of history turned an industry whose value was declining by 10 percent a year into a high-growth one. It did that by redefining its offering to such an extent it allows all of us today to make mouth-watering French fries with no frying and almost no oil. The upshot of its shift: Not only did demand grow by 40 percent, its stock price lifted by 5 percent. Oprah fell in love with the new offering and started tweeting that the product had “changed her life.”

From prisons to toilet paper, healthcare to convenience stores, national governments to small nonprofits, new companies to established ones, **Blue Ocean Shift** shows you how they applied the process outlined in the book to shift from competing to creating in a way that brought their people along.

IK: You talk about creating new markets. How does that differ from disruption?

Kim and Mauborgne: Disruption matters. But as we discuss in the book, that’s only half the picture of how new markets are created.

The other half, and we would argue the more important half, is what we call *nondisruptive* creation. What we mean by that is creating new markets where there once wasn’t any.

Take the example of life coaching. Today it’s a \$2 billion industry. The second fastest growing profession in the United States after IT. But twenty

years ago it didn't exist. That market didn't exist until someone had the idea to create a brand-new opportunity for people to improve the quality of their lives in a way they couldn't get from anywhere else. Life coaching didn't disrupt anyone. No one lost a job because of it. No company went out of business. Microfinance, Viagra, online dating, Sesame Street – those are just a few of the many market-creating moves created by non-disruptive creation.

As we lay out in the book, the opportunities for non-disruptive creation are huge. No executive or entrepreneur can afford to not understand this important, missing half of how new markets are created. That would be like shutting yourself from half of your opportunities to seize new growth, which no one should do. From a macroeconomic perspective, understanding non-disruptive creation is equally vital since it generates new growth and jobs without destroying existing jobs or companies, which is key.

IK: Last question. Big companies are increasingly buying their innovations, like the Dr. Pepper Snapple Group, which recently purchased Bai Brands, makers of natural flavoured waters, instead of creating and opening up new markets themselves. What are your thoughts on that?

Kim and Mauborgne: It's great that a top company like Dr. Pepper Snapple recognises that it needs to go beyond competing to seize new growth and stay relevant. But instead of empowering its own 19,000 employees to do what it takes to move the company forward, which is to create, it empowers them to do what increasingly doesn't move the needle, which is to compete. That's why the company had to shell out close to \$2 billion to purchase Bai Brands and stay relevant. This mismatch between what employees are empowered to do, and where profit and growth increasingly come from, is something that we believe many large companies need to address.

While the world has changed, employees in many companies remain aligned with the path to success in the past, which is competing. What firms would need to do now is shift and get their people attuned to the new market reality where creating new markets is the ticket to seize new growth. Just think of the message you are sending your employees about their value in the company if every opportunity to grow comes from people outside the company. How will they feel they are a vital part of their company's future? **[Blue Ocean Shift](#)** lays out the path to turn this around and shift.

Find article at

<https://knowledge.insead.edu/strategy/what-it-takes-shift-competing-creating>

About the author(s)

W. Chan Kim is the Boston Consulting Group Bruce D. Henderson Chair Professor of Strategy and International Management at INSEAD and Co-Director of the INSEAD Blue Ocean Strategy Institute. Together with Renée Mauborgne, he is among the top Management Thinkers in the World ranked by Thinkers50.

Renée Mauborgne is an INSEAD Distinguished Fellow and a Professor of Strategy at INSEAD and Co-Director of the INSEAD Blue Ocean Strategy Institute. Together with W. Chan Kim, she is among the top Management Thinkers in the World ranked by Thinkers50.

About the series

The W. Chan Kim & Renée Mauborgne Blog

W. Chan Kim and Renée Mauborgne are Professors of Strategy at INSEAD and Co-Directors of the **INSEAD Blue Ocean Strategy Institute**. They are the authors of the *New York Times* and #1 *Wall Street Journal* Bestseller ***Blue Ocean Shift - Beyond Competing*** and the international bestseller ***Blue Ocean Strategy***.

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