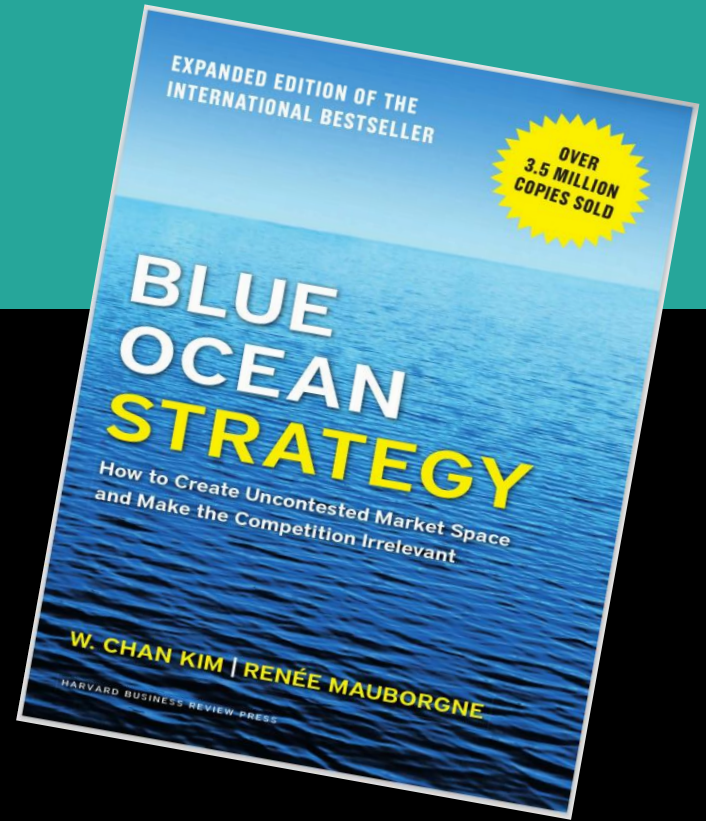


# CHAPTERS 9 & 10



Patrícia Mesquita \* Shadi Assi \* Teghen Victor

# Align value, profit and people propositions

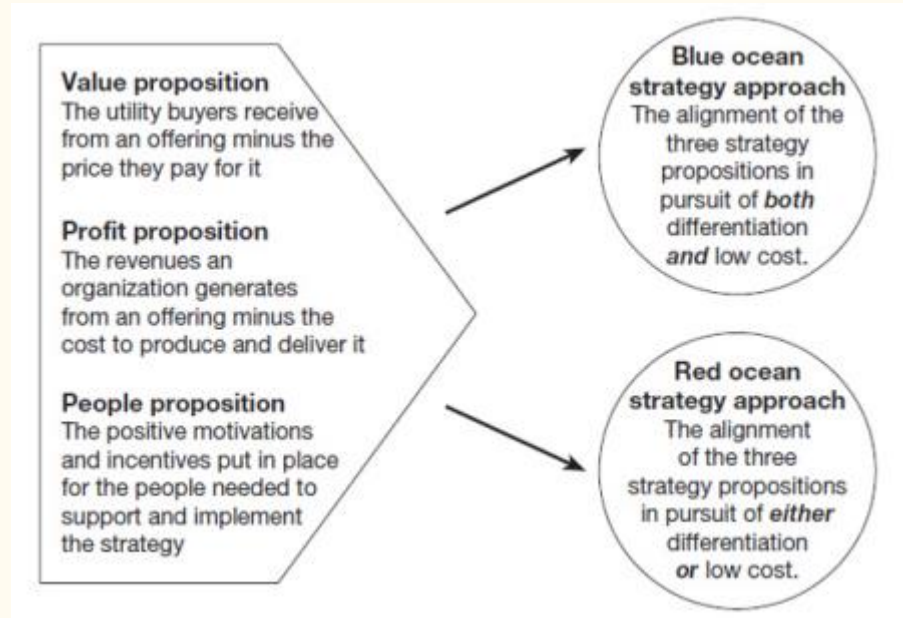
The last principle of blue ocean strategy - **Alignment**

Where the loop between creating & capturing blue oceans is closed

to become a high-performing and sustainable strategy



# The 3 Strategy Propositions



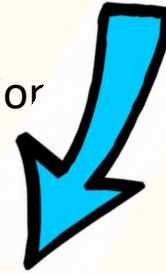
In a blue Ocean an organization achieves high performance by having holistic understanding to focus on the whole, not just one part - avoiding imitations!



# How to achieve it?

- ★ One of the most distinctive charities in the UK
- ★ 96% national brand awareness
- ★ Raised over 950 million pounds
- ★ 100% donations from the general public
- ★ Doesn't paid marketing actions (low cost structure)
- ★ Kept an blue ocean strategy for 30 years (no imitation)

# COMIC RELIEF



- Customers are donors whom it needs to attract with a compelling value proposition
- Profit proposition - maximize revenue that will flow to charities
- People - positive incentives & motivations for employees and volunteers



# The Value Proposition



Communication **without pity & guilt**



All about doing **something funny for money** - to change the world (differentiation)



Contributions starting with buying a plastic nose for **1 pound** or **donations** through silly challenges done for friends, family, colleagues



**Human approach** - it's not a stranger asking for money, it's a person we trust challenging us to support a cause, by having fun! (free WOM)



Create a unique experience from times to times (Red Nose Day and Sport Relief) - **avoiding donor fatigue**- it almost got a national holiday in the UK



**Transparency** - 100% of the funds are donated to the charities (not used in operational costs)



# Pursuing differentiation and keeping costs low!

“On **red nose day**, ordinary people do extraordinary things and raise huge amounts of money, from a large number of small contributions”

**Red Nose Night:** A comedy extravaganza that makes people laugh to raise money for charities - everybody gives the services for free



# The People Proposition

Focuses on inspiring

- 1- Volunteer Fundraisers
- 2- Corporate Sponsors
- 3- Celebrities

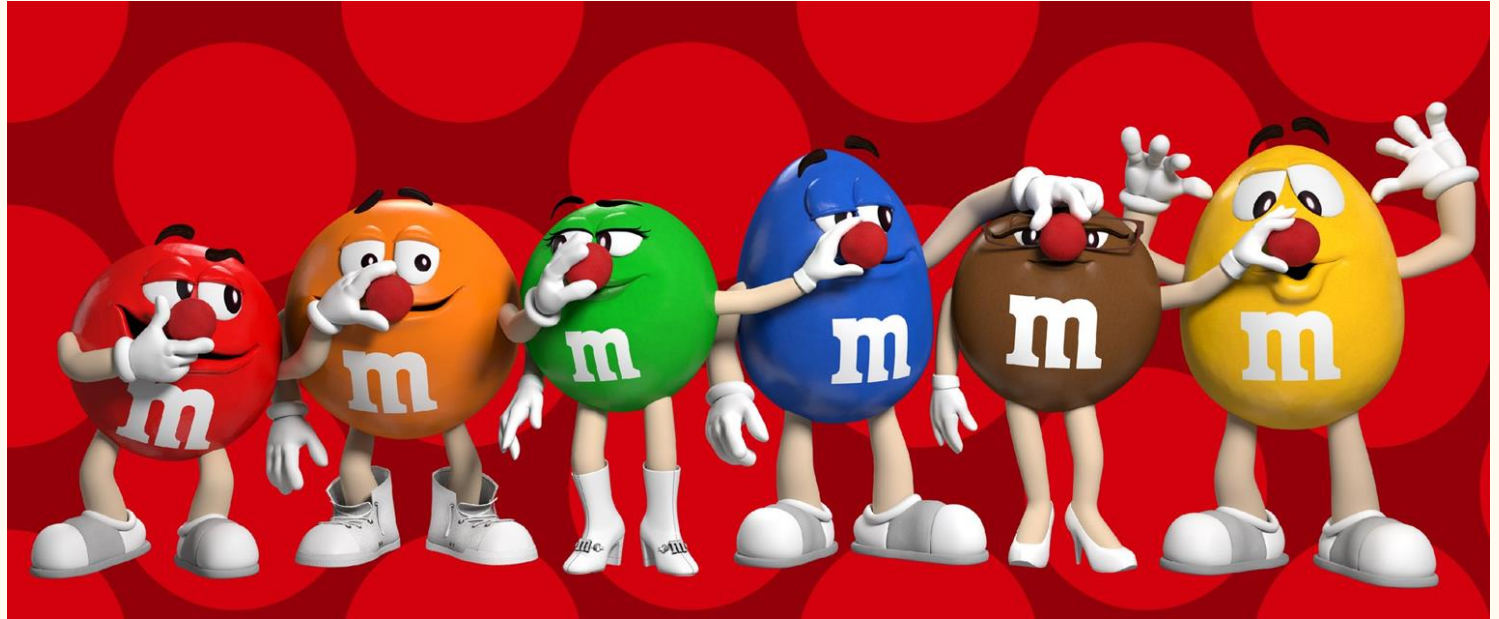


Whose buy in is needed to make the value and profit propositions sustainable.

At Comic Relief, all the people involved win



## Corporate sponsors: M&Ms





# *Renewal at the Individual Business Level*



# Monitoring Value Curves

**Monitoring value curves signals when to value-innovate and when not to.**

1. It alerts an organization to reach out for another blue ocean when its value curve begins to converge with those of the competition.

•

2. It also keeps a company from pursuing another blue ocean when there is still a huge profit stream to be collected from its current offering.

When a company's value curve still has focus, divergence, and a compelling tagline, it should resist the temptation to value-innovate the business again and again.

Instead should focus on lengthening, widening, and deepening its rent stream through operational improvements and geographical expansion to achieve maximum economies of scale and market coverage.

As rivalry intensifies and total supply exceeds demand, bloody competition commences and the ocean will turn red. As competitors' value curves converge, an organization should begin reaching out for another value innovation to create a new blue ocean. Hence, by

Example:

## The BODY SHOP

The Body Shop, (1976 Dame Anita Roddick) dominated the blue ocean it had created for more than a decade.

The company, however, is now in the middle of a bloody red ocean, with declining performance. It did not reach out for another value innovation when competitors' value curves converged with its own.



Example :

# SALESFORCE

A good example to illustrate this dynamic renewal process is **Salesforce.com**

Salesforce.com made a series of successful strategic moves to renew its blue ocean in the B2B customer relationship management (CRM) industry.

Since its initial strategic move in the early 2000s, Salesforce has sustained undisputed market leadership in the blue ocean of on-demand CRM automation that it created for nearly fifteen years.



Example :

# SALESFORCE

Numerous competitors, both large, established incumbents with deep pockets and new upstarts, have tried to dislodge it over the years, Salesforce.com has repeatedly broken away from the pack by value-innovating again as other companies' value curves began to converge toward its own.

In this way, it has successfully avoided the trap of competing and kept itself in the blue

2009

## Chatter

connects every employee to the files, charts and experts that they want at any time

2010

## Database.com

enables users to focus on building apps, instead of managing databases

2011

## Radian6

a social media monitoring and marketing application

2012

## Marketing Cloud

a suite for social media

2013

## Salesforce1

allows a user to wrap all customer related information within a consistent platform

2014

## Wave

The Salesforce Analytics Cloud package

***Renewal at the Corporate Level for  
a Multi-business Firm***



# PMS Map

By plotting the corporate portfolio as **Pioneers**, **Migrators**, and **Settlers** on the dynamic **PMS Map**, executives can see at a glance where the gravity of its current portfolio of businesses is, how this has shifted over time, and when there is a need to create a new blue ocean to renew the portfolio.

## PIONEERS

a company's value innovations.

- Pioneers have high growth potential but often consume cash at the outset as they expand;

## MIGRATORS

represent value improvements.

- Migrators' profitable growth potential lies somewhere in between

## SETTLERS

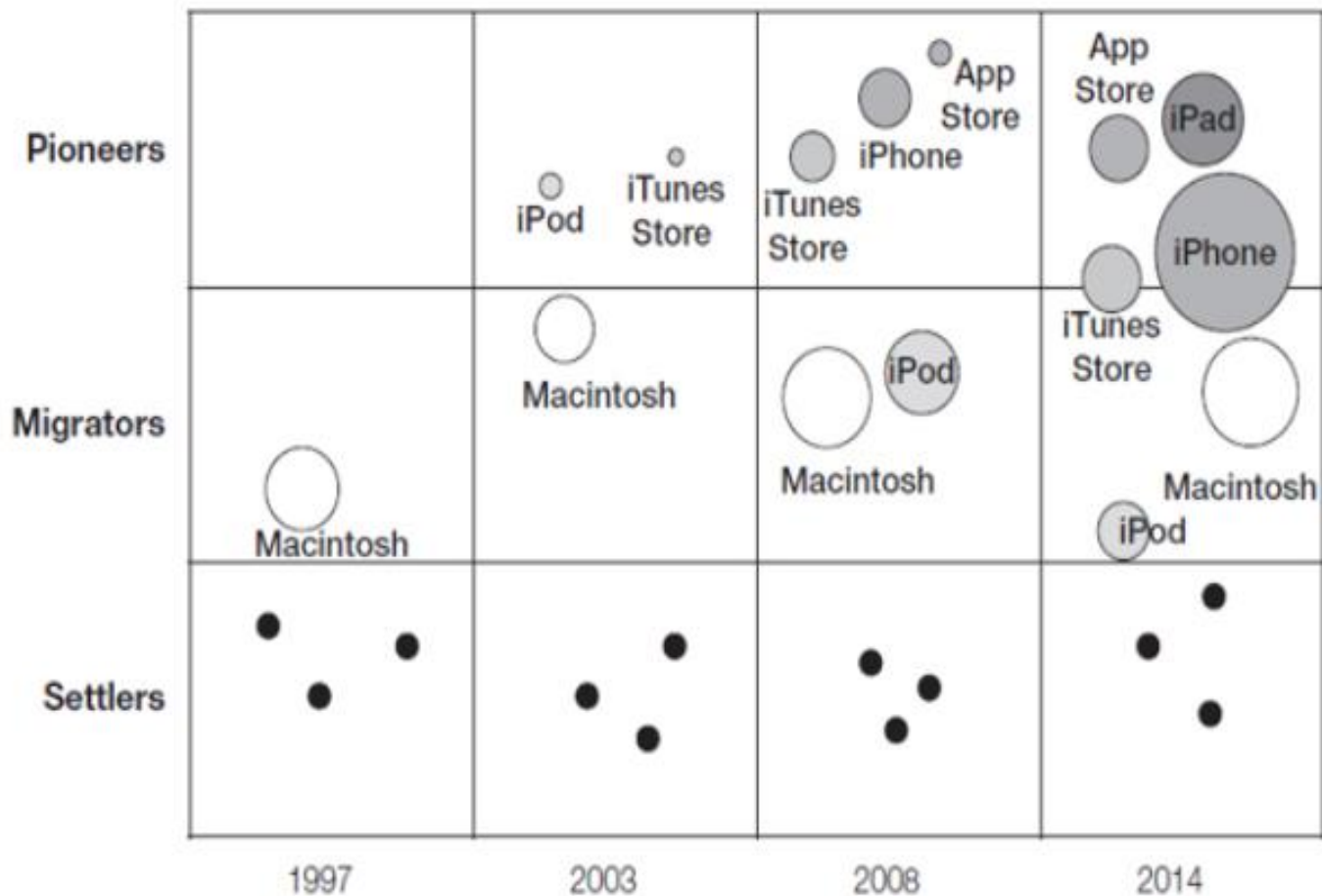
me-too businesses,

Today's cash generators that typically have marginal growth potential

**To maximize growth prospects then, a company's portfolio should have a **Healthy Balance** between pioneers for future growth and migrators and settlers for cash flow at a given point in time.**

Over time, however, a company's current pioneers will eventually become migrators and then ultimately settlers as imitation begins and intensifies.

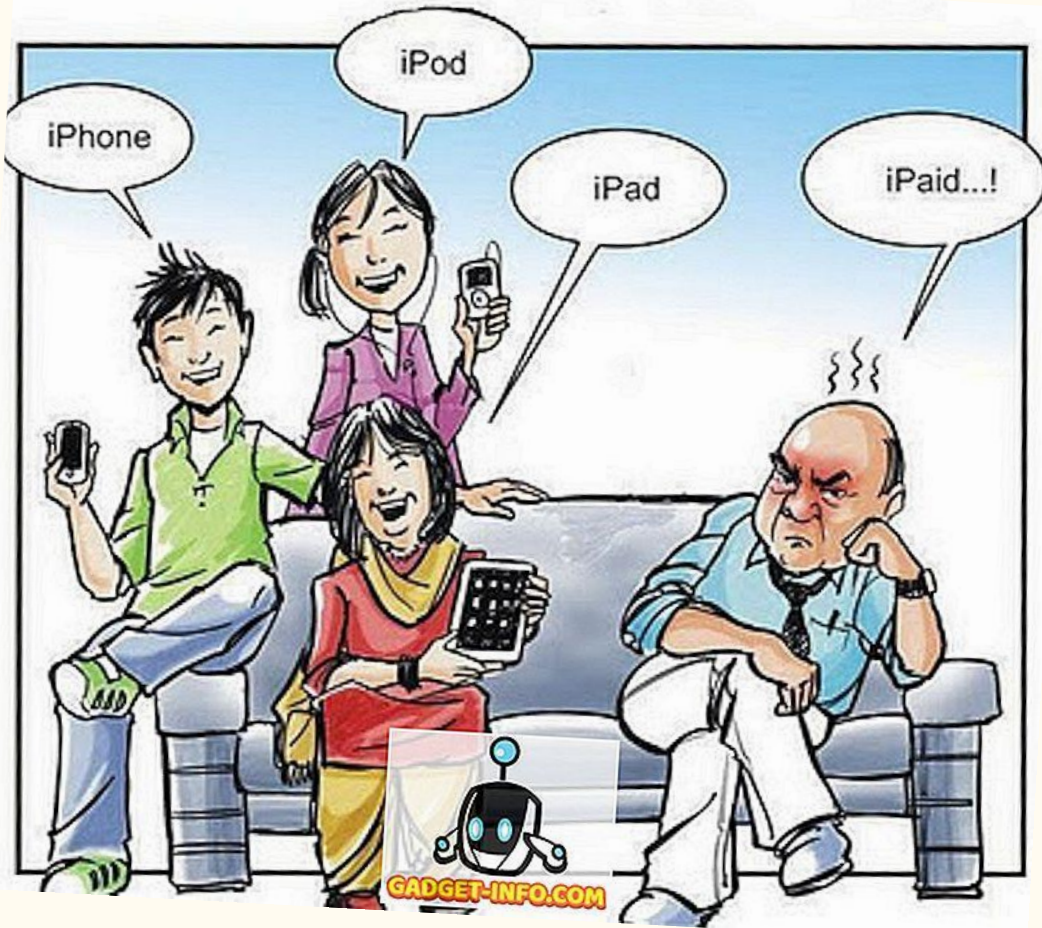
To maintain strong profitable growth, executives need to ensure that as **current pioneers become migrators, the company is set to launch a new blue ocean either by regenerating an existing business or via a new business offering**



Apple's portfolio of businesses on the dynamic PMS map

As the dynamic PMS map also makes clear, **that is not to say that Apple is only about blue oceans; nor should any company's corporate portfolio be.**

Companies with a diverse portfolio of businesses, such as **Apple, General Electric, Johnson & Johnson, or Procter & Gamble, will always need to swim in both red and blue oceans at a given point in time and succeed in both oceans at the corporate level.** This means that understanding and applying the competition based principles of red ocean strategy are also needed.



## Behind the Scenes

By the time the iPod's blue ocean became crowded with more imitators, Apple had created another blue ocean by introducing the iPhone.

**In this way, Apple has been successfully managing its corporate portfolio for strong profitable growth.**

# Challenge of Future **RELEVANCE**

The **challenge for Apple in going forward will be to continue to renew its portfolio**, as current pioneers eventually become migrators and settlers, **so that it can maintain a healthy balance between the profit of today and the growth of tomorrow.**

# Microsoft Challenges

This is the precise challenge Microsoft has been facing for several years. Despite relatively strong profit, Microsoft has failed to maintain a healthy balance across pioneers, migrators, and settlers.

While it has proven to be adept at knowing how to compete and get profit out of settler businesses, Microsoft has launched no new pioneers, whether a search engine like Google, a social network site like Facebook, a video game console like the Wii, or popular web services like Twitter to renew its corporate portfolio.



Thank you for your  
attention!

