

W. CHAN KIM AND RÉNEE MAUBORGNE are authors of the best-selling book, Blue Ocean Strategy. A Blue Ocean Strategy focuses on the three key conceptual building blocks of value innovation, tipping point leadership, and fair process. Twsm speaks to the book's authors.

A dive in the blue ocean

W.Chan Kim and Renee Mauborgne outline their innovative point of view in the "oceanic" Hr world for a creative vision for organizations.

twsm In the current financial turmoil, many countries and companies are facing new crises and challenges. What are some characteristics and qualities that corporate leaders should have in leading and managing change?

Kim & Mauborgne (k&m) A time of crisis is typically accompanied by resources crunch and low organizational morale. To achieve the strategic change that is needed to overcome the crisis, a leader needs not only vision and determination, but also strong execution capabilities. The Blue Ocean Strategy, with its actionable frameworks and tools for both strategy formulation and execution, provides companies with a road-map for strategic transformation. In particular, through tipping point leadership and fair process, a Blue Ocean Strategy may help companies overcome various obstacles to undergo transformation that is rapid and also relatively low cost.

twsm When it comes to tipping point leaders, how can Hr identify people with the potential to be these kinds of leaders, and to develop their skills? What motivates someone to be this kind of leader? Is it based on some kind of principle or belief system?

k&m Tipping Point Leadership ensures that leaders are able to overcome the four universal hurdles to strategy execution. The first is cognitive-waking employees up to the need for a strategic shift. Red oceans may not be the passage to future profitability, but they

feel comfortable to people particularly if these served the organization well in the past. At this point, many managers will still ask, why shake things up? The second hurdle is limited resources. Most managers assume that the greater the shift in strategy, the greater the resources needed to execute it. In reality, by leveraging people, acts, and activities of disproportionate influence, change can be made very quickly. Third is motivation. How do you motivate key players to move fast and tenaciously to carry out a break from the status quo?

The final hurdle is politics. The organizational politics is a fact of corporate and public sector life. The question is how do you identify and silence internal opponents to change? As outlined in our book, tipping point leadership allows you to overcome the four hurdles fast and at low cost while winning employees' backing in executing a break from the status quo. Tipping point leadership can be taught extensively. Rather than seeking individuals with a profile for this type of leadership, we would advise Hr professionals to spend more time grooming people. Most managers and employees have the innate desire to want to be effective leaders but many lack an understanding of what this means in practical terms.

twsm You see Hr as a support function to managers driving through the changes. What does this mean in terms of Hr interventions? How should they be linked to change management?

k&m The first key Hr intervention is to motivate managers to mobilize their staff in addressing operational prob-

lems and deal directly with dissatisfied customers. Don't let your managers rest on performance figures. The second key intervention is for Hr to work with managers to realign training, development, pay and reward practices with new behaviour expectations. Change management is demanding. To ask employees to act one way, but measure, reward, and train them to act another way will mean you go nowhere fast. Here Hr intervention is a key to success.

twsm What kinds of organizations are able to free their employees' creativity and ideas?

k&m It isn't the type of organization, but rather, the organization's approach to strategy. In business, creativity has always been seen as the driving force behind innovation. The problem is that creativity, and therefore innovation, is seen as too random, too mercurial, and too unsystematic to base a company's strategy on. Yet, it doesn't have to be this way.

In our research we looked beyond reframing a company's strategic logic towards value innovation. We asked whether there are identifiable patterns to the creativity behind new market space creation. Specifically, do systematic patterns exist to create new market space that both maximize the probabilities of commercial success and minimize the possibility of failure? And do they apply across all types of industry sectors?

The results of our research revealed six basic approaches. Instead of looking within the accepted boundaries that define how we compete, the six paths require that managers look systemati-

01 W. Chan Kim and Rénee Mauborgne
Co-Directors of the Insead Blue Ocean Strategy Institute.



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02-03 Josef Hoefleher: Seeing the Calm. Bonni Benrubi Gallery, Inc. Josef Hoefleher: Seeing the calm, 4.16 -5.13. 2009 Serenity. Tonal black and white photographs, J. Hoefleher is the Nature Photographer of the year 2007.



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cally across them to create new market space. None of these paths requires special vision or foresight about the future. All are based on looking at familiar data from a new perspective. We believe the frameworks we have developed make the formulation and execution of this type of creative reconstruction as systematic and actionable as competing in known market spaces.

Moreover, a Blue Ocean Strategy requires the management practice of fair process. We've found that there are three mutually reinforcing elements that define fair process. These are engagement, explanation, and expectations clarity.

Engagement means involving individuals in the strategic decisions that affect them by asking for their input and allowing them to refute the merits of one another's ideas and assumptions. Engagement communicates management's respect for individuals and their ideas resulting in better strategic decisions and greater commitment from all involved to executing those decisions. Explanation means that everyone involved and affected should understand why final strategic decisions are made as they are. Moreover, ex-

planation allows employees to trust managers' intentions even if their own ideas have been rejected. It also serves as a powerful feedback loop that enhances learning.

Expectation clarity requires that after a strategy is set, managers state clearly the new rules of the game. When people clearly understand what is expected of them, political jockeying and favoritism are minimized, and people can even go beyond the call of duty, exert energy and initiative to the best of their abilities. By exercising these three fair process principles, organizations are able to free their employees' creativity and ideas.

twsm How much of the process of change could be led by Hr rather than a charismatic leader?

k&m First, exercising tipping point leadership does not rest on charisma. It rests on applying the actions needed to tip the four hurdles that block high performance. That having been said, the role of Hr professionals is not to lead per-se, but to support senior executives make changes happen quickly. Some ways to achieve this are to use their rich wealth of knowledge, for example, in identifying 'influencers' or the kingpins to motivate ongoing change, and in identifying 'angels' and 'devils' to knock over political hurdles.