

Blue Ocean Strategy

Cell Phone Exercise and Discussion

Exercise: For our example today; let's assume we are all investors in a cell phone manufacturing firm. Andy and I just led a management buyout, and you are each outside investors. This is our first meeting. We have management, marketing, and engineering in the Bay area. We have solid relationships with key suppliers and with our long-term contract manufacturing partner in Asia. We need to develop a concept for a new hand-set that we can sell to Sprint and Verizon. Our folks tell us they need a phone aimed at executives, we call it our C-Phone (sea phone). We thought it would be great to involve you, our investors, in a "focus group" session using the Blue Ocean Strategy tools.

1. Please think of yourselves and your colleagues as our target market.
2. What is the most common phone in use among us?
3. Let's agree that this will represent the competition for today. (As Is)
4. ERRC: What features do you really like on your phone?
5. ERRC: What features do you really dislike on your phone?
6. ERRC: What features would you really like in your next phone?
7. What are our top choices for: Eliminate, Reduce, Raise, and Create?
8. Record these choices in the lower part of the ERRC Grid worksheet.
9. Write the ERRC value factors on the Strategy Canvas worksheet.
10. Record the "As Is" relative benefit levels for each item.
11. Record the "To Be" relative benefit level for each item.
12. Make observations about: Focus, Divergence, and Compelling Tagline

How do you feel about this phone?

How do you feel about this method?

Did we work together well?

Did we accomplish a lot in a short period of time?

How might this method help your firm improve profits?

References:

- HBR Value Innovation Logic, 1997
- HBR Blue Ocean Strategy, 2004
- Blue Ocean Strategy, 2005