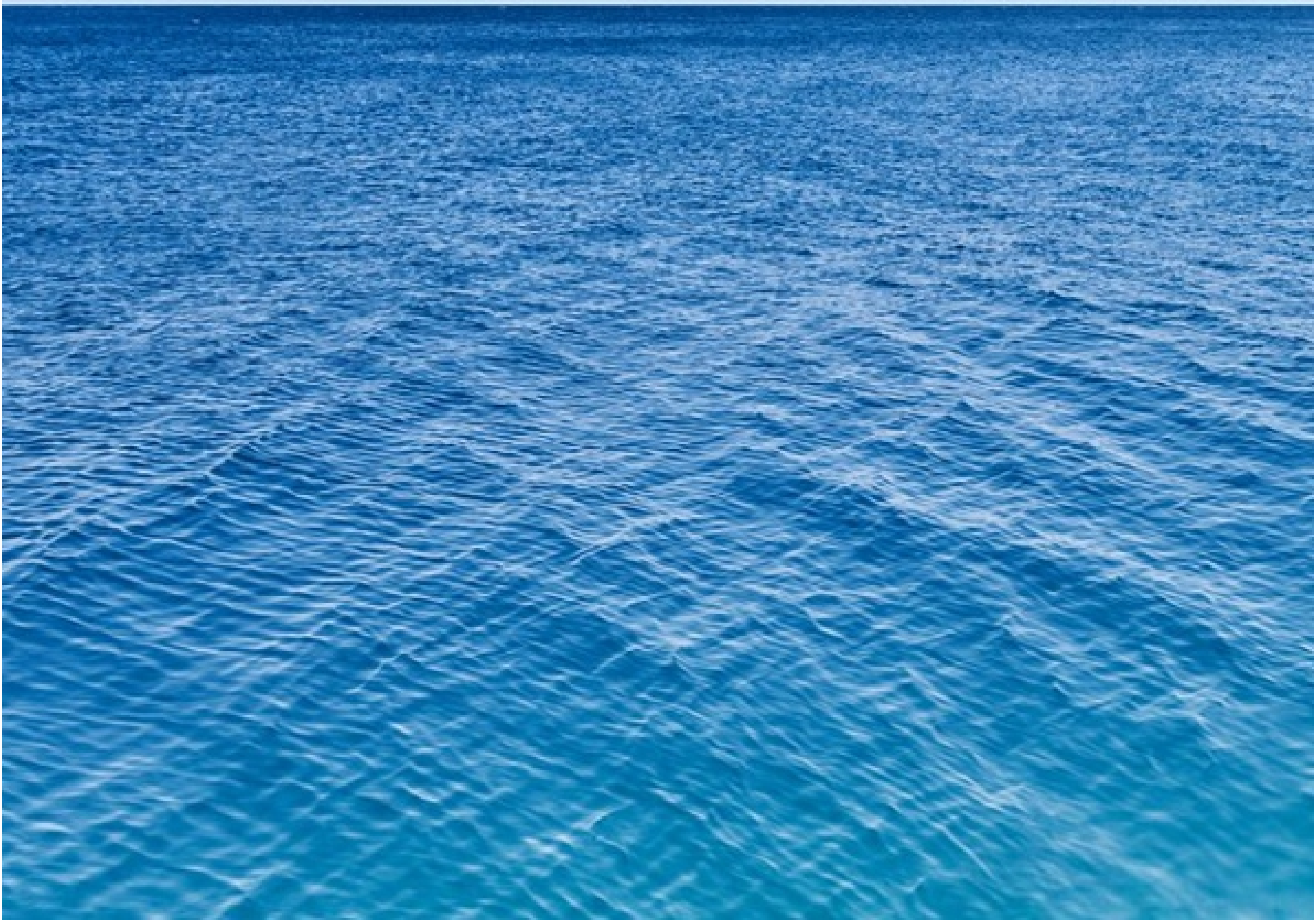
BLUE OCEAN STRATEGY

G. Padma Priya



Blue Ocean Strategy

Blue Ocean Strategy

G. Padma Priya

BOOKS ARCADE
KRISHNA NAGAR, DELHI

Blue Ocean Strategy

G. Padma Priya

BOOKS ARCADE

Regd. Office:
F-10/24, East Krishna Nagar, Near Vijay Chowk, Delhi-110051
Ph. No: +91-11-79669196, +91-9899073222
E-mail: info@booksarcade.co.in, booksarcade.pub@gmail.com
Website: www.booksarcade.co.in

Edition: 2024

ISBN: 978-81-19923-23-6

CONTENTS

CHAPTER 1

BLUE OCEAN STRATEGY: UNLEASHING VALUE INNOVATION FOR HIGH GROWTH AND MARKET CREATION

Ms. G. Padma Priya, Assistant Professor
Department of Chemistry and Biochemistry, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- g.padmapriya@jainuniversity.ac.in

ABSTRACT:

It is a groundbreaking business framework that challenges conventional approaches to competition and market positioning. Coined by W. Chan Kim and Renée Mauborgne, the Blue Ocean Strategy offers a systematic methodology for businesses to escape the confines of red oceans, characterized by fierce competition, and instead navigate towards expansive blue oceans of untapped market space. The core concept revolves around the simultaneous pursuit of differentiation and cost leadership, known as value innovation. By identifying and capitalizing on uncontested market space, companies can create new demand, break away from the competition, and achieve sustainable high growth. The strategy emphasizes the importance of innovation in products, services, and business models, encouraging organizations to focus on customer needs and preferences that are often overlooked in saturated markets. This abstract provides an overview of the key principles of Blue Ocean Strategy, highlighting its emphasis on strategic creativity, risk mitigation, and the importance of execution. The framework is illustrated through real-world case studies, demonstrating how various companies have successfully implemented Blue Ocean Strategy to redefine industries, create new market spaces, and achieve long-term success.

KEYWORDS:

Blue Ocean Strategy, Differentiation, Innovation, Market Creation, Non-Consumers, Red Ocean.

INTRODUCTION

It is among the most significant business concepts of the modern era. With over 3.6 million copies sold worldwide and translations into 44 languages, W. Chan Kim and Renée Mauborgne's critically acclaimed book of the same name was initially published in 2005 and reprinted in an extended version in 2015. The concept is well-liked by businesses everywhere because it tackles the one problem that all managers ultimately encounter how to carve out new market space regardless of location or sector. However, most managers may not be aware that the concepts, frameworks, and instruments developed by Kim and Mauborgne to carve out new market space were first published in the Harvard Business Review as ground-breaking papers that fundamentally altered the way managers approach and carry out strategy. These publications questioned the idea that strategy should be centered on competitiveness, against popular belief. Rather, they said, head-to-head rivalry reduces the profit margin and encourages copying tactics. In order to achieve profitable growth, businesses need carve out radically new market space in order to distance themselves from competitors. The commonly held belief that strategy is primarily a decision between low cost and distinction was also refuted in these papers. The simultaneous pursuit of differentiation and low cost is a fundamental component of the blue ocean idea, which holds that a company's activities may positively influence both its cost structure and its value offer to customers rather than having to choose between the two. When combined, these publications served as the foundation for the concept today referred to as "blue ocean strategy. Together with the Harvard Business Review essays Kim and Mauborgne released after the book's release, which expand on the concepts of blue ocean strategy, this edition ultimately puts those parts together. Readers now possess the important blue ocean strategy ideas and tools in their most basic form thanks to this book. The articles in this volume, presented in the order in which they were first published, offer managers a new way to work with the ideas and an unparalleled glimpse into how the concepts and tools evolved. This includes helping managers start with the crucial first step of shifting the way their company thinks about strategy and ending with making sure your blue ocean strategy is a success. This selection of papers will provide you with an alternative viewpoint on these well recognized theories, concepts, and tools whether or not you are already acquainted with Blue Ocean Strategy and assist you in putting them into practice inside your company [1], [2].

These articles break down a blue ocean strategy's unconventional strategic mindset piece by piece and outline the methodical steps involved in shifting your company's strategic focus, finding fresh opportunities, developing a new value curve, developing a professional business model, and getting past organizational roadblocks. Organizational executives, strategy teams, and everyone else tasked with carrying out strategy must comprehend the ideas, procedures, and instruments covered in these articles. The idea that formed the cornerstone of blue ocean strategy is introduced in the collection's first essay. Kim and Mauborgne discover in "Value Innovation the Strategic Logic of High Growth" that the way high-growth businesses approach strategy what questions managers pose, what opportunities they see and seize, and how they perceive risk sets them apart from the competition. While managers of high-growth businesses aim to produce products or services for which there are no direct competitors, managers in most other companies concentrate on matching or outperforming competitors. The authors used the term value innovation to characterize this essentially distinct strategic logic since the latter group thrives by generating leaps in value for consumers rather than by benchmarking against the competitors. This article presents two methods for altering your team's strategic reasoning using Accor and Virgin Atlantic as examples. The Pioneer-Migrator-Settler Map, which evaluates a company's portfolio of companies for growth prospects, and the Value Curve, which plots a company's relative performance across the major success criteria of its sector.

Adopt a just procedure When managers initiate significant change initiatives without seeking opinion from their staff, it often leads to mistrust and low participation. However, research indicates that most individuals are willing to accept results that are not entirely in their favor provided they feel that the process that led to those results was fair. In order to help businesses evaluate fair processes and direct employees' energies and creativity toward company objectives, "Fair Process Managing in the Knowledge Economy" presents three principles: engagement, explanation, and expectation clarity. These principles demonstrate how a subpar process can undermine even a well-thought-out decision [3], [4].

Locate uncontested markets. It takes a different kind of strategic thinking to open up new markets, but managers sometimes don't know where to begin. By methodically searching across the traditionally defined boundaries of competition across substitute industries, buyer groups, strategic groups, complementary product and service offerings, the functional-emotional orientation of an industry and even across time Kim and Mauborgne offer a workable approach to pursuing value innovation in "Creating New Market Space." This article introduces the technique that is now known as the Six Paths Framework and uses examples from companies like Home Depot, Intuit, Polo Ralph Lauren, Bloomberg, and Starbucks to demonstrate how to reconstruct market boundaries in order to generate new market space. The article also describes the Eliminate, Reduce, Raise, Create tool for developing a new value curve and uses the Value Curve tool to chart how a business or an industry provides its goods to clients.

Determine which concept has the most commercial potential. The difficulty for CEOs is deciding which new markets to explore when a business has discovered possible ones. Together, the Price Corridor of the Mass, the Buyer Utility Map, and the Business Model Guide provide a methodical approach to uncertainty reduction. "Knowing a Winning Business Idea When You See One" breaks down each tool's operation and provides examples from several companies, like Schwab, Southwest Airlines, and Swatch, to demonstrate how it works. Imagine implementing your new tactic. "Charting Your Company's Future" introduces the renowned Strategy Canvas tool, an analytical framework essential to value innovation and the development of blue oceans. It also demonstrates how to create a visually appealing and easily comprehensible strategy that engages individuals throughout the organization. The authors use detailed examples from the short-haul airline industry and a European financial services company to show how to create a strategy canvas using an organized process they refer to as the Four Steps of Visualizing Strategy: visual awakening, visual exploration, and visual strategy fair, and visual communication. Corporation to demonstrate the procedure.

Get over the organizational obstacles Leaders encounter a variety of obstacles while implementing any change in strategy, particularly when it comes to blue seas that deviate from the status quo. These obstacles include political, resource-related, cognitive, and motivational. "Tipping Point Leadership" demonstrates how to get beyond them all and implement quick, significant change that is supported by staff members and costs little money combine everything. The Red Ocean vs. Blue Ocean Strategy framework is presented by Kim and Mauborgne in "Blue Ocean Strategy," the first paper to introduce the concept and use the phrase. Kim and Mauborgne describe what constitutes a blue ocean strategy and how to implement it, combining the research results, fundamental ideas, and distinctive reasoning that serve as the foundation for their approach.

Create the atmosphere you want for business. This article highlights the basic distinctions between red and blue seas by dividing methods into two categories: Reconstructionist strategies, which aim to modify the environment, and structuralist strategies, which take the operational environment for granted. In certain industrial and economic contexts, the Reconstructionist method is more suitable, even if the structuralist approach has value and relevance. "How Strategy Shapes Structure" provides guidance on selecting an appropriate approach and aligning three strategy propositions: a value proposition that draws in customers, a profit proposition that allows the business to profit from the value proposition, and a people proposition that inspires employees to carry out the strategy.

Unleash the potential in your company Ineffective leadership is a major contributor to employee disengagement. However, no manager ever intends to be a bad leader. The issue is that a lot of managers don't really understand what it takes to have high impact and bring out the best in everyone. Through a strategy known as "blue ocean leadership," as defined by Kim and Mauborgne, leaders may acquire this insight. The article "Blue Ocean Leadership" examines what leaders actually do and what actions and activities they could take differently to increase employee motivation and business outcomes. It does this by utilizing the fundamental ideas and instruments of blue ocean strategy, such as the Leadership Canvas and the Eliminate, Reduce, Raise, Create Grid. These article's tools expand leadership capacities and release latent potential and energy in companies, and they are meant to be employed at all levels top, middle, and frontline.

Make sure the plan you have for building a market works. Following almost ten years of analyzing blue ocean triumphs and failures, Kim and Mauborgne discovered a consistent characteristic that seems to hinder market-creating strategies' execution: the managers' mental models. The authors' study revealed six particularly noteworthy presumptions that managers' mental models include, which serve to successfully keep them rooted in red seas and hinder them from venturing into blue oceans of untested market space. "Red Ocean Traps" examines every trap in depth in order to assist managers in avoiding falling victim to them. Blue ocean strategy is one of the rarest business concepts because of its enormous global influence, which extends beyond managers' daily struggles to reinvent their organizations to the academic realm, where more than eighteen hundred colleges throughout the globe teach it. It is simple to see why managers and academics alike are attracted to it: it is data-driven, methodical in its approach, and bolstered by many analytical tools and frameworks. However, developing a blue ocean plan is ultimately an artistic endeavor, no matter how effective these methodical concepts and instruments are. It's about taking a fresh look at the world and enabling the creative potential of everyone in your company [5], [6].

DISCUSSION

Profit growth is a huge difficulty that many organizations confront, especially after a decade of downsizing and more strong competition. Why do some businesses maintain rapid growth in both earnings and revenue? After conducting a five-year research comparing high-growth companies to their less successful rivals, we discovered that the difference between the two groups' approaches to strategy was the cause. It was not a question of managers favoring one planning model or analytical tool over another in order to achieve their different approaches. The underlying, tacit assumptions made by the companies about their strategies were different. The less prosperous businesses adopted a traditional strategy. Maintaining an advantage over the competition dominated their strategic thinking. The high-growth businesses, in sharp contrast, gave little thought to matching or outperforming their competitors. Rather, they used a strategic logic known as value innovation to try to outsmart their rivals. Think about Bert Claeys, a movie theater operator based in Belgium. Belgium's movie theater sector was slowly in decline from the 1960s to the 1980s. The typical Belgian saw two movies a year, down from eight, as VHS players and satellite and cable television became more widespread. Many movie theater owners were compelled to close their doors by the 1980s.

The COs that continued to operate discovered that they were in direct competition for a market that was contracting. Everyone acted in a similar way. They expanded their food and drink services, extended their movie options to appeal to all client categories, and extended showing hours, transforming theaters into up to ten-screen multiplexes. After Bert Claeys founded Kinepolis in 1988, their efforts to capitalize on preexisting assets were rendered meaningless. With 25 screens and 7,600 seats, Kinepolis is the world's first megaplex it's neither a regular theater nor a multiplex. By providing a much better moviegoing experience, Kinepolis increased its market share by around 40% in its first year of operation and gained 50% of the Brussels market. These days, a lot of Belgians talk about an evening at Kinepolis instead of a movie night [7], [8].

Think about how Kinepolis is different from other cinemas in Belgium. The standard Belgian multiplex has seven-by-five-meter screens, 35-millimeter projection technology, and compact viewing rooms with often no more than 100 seats. At Kinepolis, viewing rooms can accommodate up to 700 people, and there is so much legroom that guests don't even need to shift when someone walks by. To provide everyone with an unhindered view, Bert Claeys designed a high slope in the floor and built bigger chairs with individual armrests. Screens at Kinepolis are as big as 29 meters by 10 meters, and they are supported by separate foundations to prevent sound waves from bouncing from one screen to another. Modern sound systems and 70-millimeter projection technology may be found in many viewing rooms. Bert Claeys also defied industry norms about the value of premium, city-center real estate by situating Kinepolis 15 minutes outside downtown, off the Brussels ring road. Parking is free for visitors in spacious, well-lit spaces.

Bert Claeys is able to provide this much improved movie experience without raising ticket prices since the megaplex model has one of the lowest cost structures in the business. Less than half of the industry average in Brussels is required to create a seat at Kinepolis, with an average cost of around 70,000 Belgian euros. Why? The megaplex's outside-the-city location is less expensive; its scale allows it to purchase films at a reduced cost, giving it more negotiating power with distributors; and Kinepolis, with its 25 screens serviced by a central ticketing and lobby area, saves money on staff and overhead.

This concern prompted CNN's founders to replace the format of the old networks with real-time, 24-hour news from across the globe. Value innovators don't aim to get an edge over competitors. However, they do just that thanks to their creative methods. For instance, Virgin Atlantic reduced first-class service and used the money saved to provide business-class customers better seats, free transportation to and from airports, and other benefits. It drew travelers from other carriers' first class and full economy classes in addition to business class clients. Additionally, due of the positive word-of-mouth generated by its value innovation, the firm spends relatively little on advertising. Despite being in an unappealing business, Kinepolis has made incredible earnings and growth. Because to Kinepolis, moviegoers in Belgium are now more regular moviegoers, and the platform has also pulled in new customers. Bert Claeys rendered the competition obsolete rather than competing with them for specific market niches [9], [10].

Why didn't other Belgian COs take advantage of the chance? Bert Claeys, like the others, was an established player with a network of theaters around Belgium and sunk capital. For certain COs, Kinepolis would have actually represented a lower investment than it did for Bert Claeys. The majority of COs were considering these things, either directly or indirectly. We shouldn't make significant expenditures since the sector is contracting, particularly in fixed assets. However, we may raise our game by surpassing our opponents in every important area of the sport. Better movies, better services, and better marketing are all necessary. Take into account the following tactics, as shown by French hotelier Accor, to become a value pioneer. Think that you are able to influence the environment of your sector. The French budget hotel market was divided in the middle of the 1980s into two segments: expensive hotels with uncomfortable mattresses and loud interiors, and more expensive hotels offering luxurious amenities and a decent night's sleep. Accor revolutionized the tourism industry by offering budget-conscious tourists affordable, top-notch lodging.

Pay attention to what most of your customers appreciate. Accor determined that all budget hotel guests want a comfortable night's sleep at a reasonable cost. Think about how you may modify your product to appeal to the market you have identified. Remove any features that are of little use to consumers or that take away from the overall value. Simplify goods or services that have been overengineered in an effort to compete with or surpass competitors. Enhance high-value features even further to remove the need for consumers to make concessions. Additionally, develop fresh features that your industry has never provided. As an illustration with its Formula 1 range of low-cost hotels, Accor invented a whole new hotel idea. The business decided that target customers could live without expensive restaurants and bars, so it closed them. Other elements were scaled down, such as having receptionists only during busy check-in and check-out times and substituting a few shelves and a clothes rack for closets and dressers. Additionally, it enhanced a number of aspects, such as offering effective sound insulation by constructing rooms using inexpensive modular blocks. Bert Claeys used an alternative strategic reasoning. The company's goal was to create an entirely unique and alluring movie-going experience, not one that was superior to those found at rival theaters. The company approached the market as if it were a new player. It focused on universally shared needs in an attempt to appeal to the majority of moviegoers. To provide the majority of moviegoers with a package they would value highly, the business disregarded preconceived notions about what a theater should look like. And it accomplished that while cutting expenses. That is value innovation's reasoning.

Value Innovation vs Conventional Logic

The logic of value innovation and conventional strategic logic diverge along the five fundamental pillars of strategy. These variations influence the questions managers pose, the opportunities they recognize and seize, and their perception of risk.

Industry presumptions

Many businesses build their strategies based on the presumptive circumstances of their respective industry. Innovators with value don't. Value innovators search for game-changing concepts and exponential increases in value, regardless of how the rest of the industry is doing. Bert Claeys, for instance, would never have built a megaplex if he had accepted the norms of his sector. The firm would have pursued a zero-sum strategy of vying for market share in a contracting market or an endgame strategy of milking its business. Rather, the business overcame the limitations of the sector with Kinepolis.

Over the course of the last five years, we have examined over thirty organizations worldwide, spanning about 30 sectors. We examined businesses with strong sales and profit growth as well as those with less impressive track records. We spoke with hundreds of managers, analysts, and academics to try to understand why the two sets of organizations performed differently. Performance, organizational, and strategic profiles were developed. We searched for organizational or industrial trends. Additionally, we made comparisons between the two sets of businesses on attributes that are often associated with growth potential. Did privately held businesses expand faster than publicly traded ones? What effect did the industry's general expansion have on the companies? Did enterprising newcomers have an advantage over long-standing incumbents? Were businesses operated by young, radical, creative people likely to expand more quickly than those headed by more experienced managers?

We discovered that none of those variables had a consistent impact. Both big and small organizations, businesses in high-tech and low-tech sectors, incumbents and newcomers, private and public businesses, and businesses from other nations all saw significant growth. The way managers in the two groups of organizations approached strategy was what did matter. We asked the managers to explain their strategic decisions and the thought processes that went into them during our interviews. As a result, we were able to comprehend their perspectives on the five standard aspects of strategy: customers, assets and capabilities, industry assumptions, strategic emphasis, and product and service offerings. What we discovered after doing a content analysis of those interviews shocked us. Whatever their sector, the management of the high-growth businesses all articulated what has been known as the logic of value innovation. All of the managers of the less prosperous businesses had traditional strategic perspectives [11], [12].

Motivated by that discovery, we proceeded to investigate whether the executives of the fast-growing firms used their strategic acumen for commercial endeavors in the industry. It turned out that they did. Furthermore, we were able to measure the effect of value innovation on a company's growth in sales and profits by examining the business launches of around 100 organizations. Even while line expansions, or incremental enhancements, made up 86% of the launches, they only contributed 39% of overall profits and 62% of total sales. 38% of the overall sales and an astounding 61% of the total profits were produced by the remaining 14% of the launches, or the actual value developments.

Strategic orientation

Many businesses allow rivals to define the scope of their strategic thinking. They concentrate on creating advantages by contrasting their advantages and disadvantages with those of their competitors. Think about this instance. The main American television networks have been airing news programs in a similar manner for years. They all had the same time slot for their programs and competed on the basis of their popularity among anchors, their professional news delivery, and their interpretation of current events. When CNN first entered the market in 1980, its goal was to create a quantum jump in value rather than to take the networks on. CNN's 24-hour, global real-time news feed supplanted the networks' programming. CNN was able to provide 24 hours of real-time news for one-fifth the price of an hour of network news, in addition to becoming the global leader in news broadcasting and generating new demand worldwide.

Businesses battle at the margin for incremental share according to conventional wisdom. The goal of dominating the market by providing a huge jump in value is where value innovation gets its start. Value innovators never say, "Let's do this in response to what competitors are doing." They keep an eye on rivals but do not set standards with them. In the words of Hasso Plattner, vice chairman of SAP, the world leader in business application software, "I have no interest in knowing whether we outperform the opposition. Will the majority of consumers still look for our items even if we don't promote them? That is the true test.

Value innovators are able to distinguish the elements that provide higher value from all the criteria on which the industry competes since they don't concentrate on competing. They don't spend money on offering certain features for their products and services simply because their competitors are. For instance, CNN made the decision to forego competing with the networks in the pursuit of well-known anchors. Businesses that adhere to value innovation's principles free up resources to find and provide whole new sources of value. Paradoxically, value innovators often wind up attaining the biggest comparative advantages even if they don't initially aim to create advantages over the competition.

CONCLUSION

The cornerstone of the strategy is value innovation, which promotes the development of new market niches and long-term growth via the simultaneous pursuit of differentiation and cost leadership. It is clear from a number of case studies that the Blue Ocean Strategy is a useful framework that can be implemented by companies in a variety of sectors, not just a theoretical idea. Through the prioritization of strategic creativity, risk management, and customer-centric innovation, organizations may disrupt established markets and reshape their competitive environments. The Blue Ocean Strategy has a strong focus on execution, which emphasizes how crucial it is to turn strategic ideas into concrete actions. To effectively navigate the blue seas, one must possess a strong dedication to ongoing innovation, an acute awareness of client preferences, and a readiness to question established industry conventions. The Blue Ocean Strategy provides a convincing road map for not only surviving but also prospering in today's competitive marketplace as organizations struggle with constantly changing market conditions. Businesses may establish themselves as trailblazers, open up new markets, cultivate client loyalty, and see steady, high growth by unleashing value innovation. The Blue Ocean Strategy essentially invites businesses to forge their own paths, explore uncharted territory, and seize unrivaled chances for success and market development in the process.

REFERENCES:

[1] C. N. Pitelis, P. Desyllas, and A. Panagopoulos, “Profiting from Innovation through Cross-Border Market co-Creation and co-Opetition: The Case of Global Pharmaceuticals,” *Eur. Manag. Rev.*, 2018.

[2] M. Mazzucato and D. K. R. Robinson, “Co-creating and directing Innovation Ecosystems? NASA’s changing approach to public-private partnerships in low-earth orbit,” *Technol. Forecast. Soc. Change*, 2018.

[3] S. H. Chuang, “Facilitating the chain of market orientation to value co-creation: The mediating role of e-marketing adoption,” *J. Destin. Mark. Manag.*, 2018.

[4] J. Lukkarinen, A. Berg, M. Salo, P. Tainio, K. Alhola, and R. Antikainen, “An intermediary approach to technological innovation systems (TIS)—The case of the cleantech sector in Finland,” *Environ. Innov. Soc. Transitions*, 2018.

[5] P. M. Pasierbiak, “Causes, Origins and Possible Effects of the ASEAN Economic Community (AEC),” *JAS (Journal ASEAN Stud.*, 2018.

[6] T. H. Trinh, “Towards a paradigm on the value,” *Cogent Econ. Financ.*, 2018.

[7] L. A. Hale, “At home with sustainability: From green default rules to sustainable consumption,” *Sustain.*, 2018.

[8] H. Varkkey, A. Tyson, and S. A. B. Choiruzzad, “Palm oil intensification and expansion in Indonesia and Malaysia: Environmental and socio-political factors influencing policy,” *For. Policy Econ.*, 2018.

[9] R. C. Sheldon, “Inventing water lilies: Latour-Marliac and the social dynamics of market creation,” *Entreprises et Histoire*. 2018.

[10] L. Mazambani and E. Mutambara, “Deepening sustainable value creation in Market-led poverty alleviation through a demand and supply integration framework: Significance to tourism,” *African J. Hosp. Tour. Leis.*, 2018.

[11] J. C. Ferreira and A. L. Martins, “Building a community of users for open market energy,” *Energies,* 2018.

[12] N. M. Abdikeev, Y. S. Bogachev, P. V. Trifonov, E. L. Moreva, N. Y. Sopilko, and N. S. Scherbakova, “The calculation of the cost of intangible assets based on intellectual property,” *Int. J. Civ. Eng. Technol.*, 2018.

CHAPTER 2

NAVIGATING GROWTH: UNLEASHING VALUE INNOVATION ACROSS PLATFORMS IN BUSINESS STRATEGY

Ms Malathi.H, Associate Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- h.malathi@jainuniversity.ac.in

ABSTRACT:

This strategic framework challenges conventional business practices centered on customer retention and market segmentation. The narrative emphasizes a departure from customary growth strategies by redirecting attention to the powerful commonalities in customer needs, advocating for a simultaneous pursuit of differentiation and cost leadership. The document highlights how successful companies transcend industry norms by adopting a holistic view of their product, service, and delivery platforms. Drawing from case studies, including notable examples like Accor, Compaq, and Virgin Atlantic Airways, the abstract delves into the process of creating new value curves. It showcases how companies identify opportunities to eliminate, reduce, raise, and create factors that fundamentally alter industry dynamics and redefine customer value. Moreover, the abstract discusses the enduring challenges of sustaining value innovation in the face of competition and the necessity for businesses to continuously evolve their strategic logic. The three platforms product, service, and delivery are identified as crucial arenas for repeated value innovation, with insights drawn from companies like Compaq exemplifying the strategic advantage derived from navigating these platforms.

KEYWORDS:

Cost Leadership, Diversification, Market Segmentation, Outsourcing, SWOT Analysis, Target Market.

INTRODUCTION

Many businesses try to develop by holding onto and growing their clientele. This often results in more precise segmentation and more product customisation to satisfy specific demands. Value innovation operates on a different principle. Appreciate innovators rely on the potent similarities in the attributes that consumers appreciate rather than emphasizing the differences between their customers. "We focus on what unites customers," a top executive from the French hotelier Accor said. The distinctions among your customers sometimes obscure what's most important. Value innovators think that if someone offers a significant increase in value, most people will overlook their differences. Even if it means losing some clients, such businesses aim for the center of the market [1], [2].

Resources and aptitudes

Many businesses look at potential business prospects through the prism of their current resources and competencies. Virgin Group, a British firm, asked itself the question in the late 1980s. When the corporation came up with the notion of music and entertainment megastores, which would provide clients with a huge jump in value, it already had a substantial network of modest music shops across the United Kingdom. The corporation made the decision to sell up the whole chain after realizing that its modest locations could not be used to take advantage of that possibility. "We don't let what we can do today condition our view of what it takes to win tomorrow," says one executive at Virgin. We adopt a fresh perspective.

This is not to argue that value innovators don't make use of their current resources and abilities quite the contrary they often do. More importantly, however, is that they evaluate business potential impartially and without regard to current circumstances. Value innovators are thus much more likely to act on their increased understanding of where value for purchasers lies and how it is evolving.

Offerings of goods and services

Conventional rivalry occurs within well-defined parameters that are determined by the customary goods and services provided by the industry. Value innovators often go beyond such lines. They consider the whole solution that consumers are looking for and work to avoid the main concessions that their business requires clients to make, as Bert Claeys did by offering free parking. An executive of Compaq Computer explains the strategy in detail. We always want to know where our goods and services fit into the overall system of buyers' solutions. Even if it means entering a new market, our goal is to address the primary issues that purchasers have throughout the whole chain. The guidelines set out by the industry on what constitutes appropriate behavior do not bind us [3], [4].

Making an Innovative Value Curve

Think about the Accor case. The French low-cost hotel sector was experiencing overcapacity and stagnation in the mid-1980s. Paul Dubrule and Gérard Pélisson, co-chairmen of Accor, tasked the management team with generating a significant increase in customer value. The managers were advised to discard all knowledge of the current regulations, customs, and practices inside the business. When asked what they would do if Accor were just getting started, they said.

When Accor introduced its Formule 1 brand of low-cost hotels in 1985, the sector was divided into two different market groups. A segment of the hotel market was made up of one-star and no-star establishments, with typical room rates ranging from 60 to 90 French francs. Just the inexpensive prices of the hotels attracted customers. The other category included two-star hotels, where a room typically cost 200 Fr. The higher-end hotels drew guests by providing a more comfortable sleeping experience than the one- and no-star establishments. People have become used to receiving what they paid for. They might choose to spend more for a better night's sleep or pay less and put up with uncomfortable mattresses and loud neighbors. The management of Accor started by determining what guests of all budget hotels one star, two star, and no star wanted in order to enjoy a decent night's sleep at a reasonable cost. Accor's leadership saw an opportunity to break free from the industry-imposed primary compromise that consumers were compelled to make by concentrating on those broadly shared requirements. They posed the following four questions to themselves.

Managers are forced to think about whether the factors on which businesses compete really provide value to customers in response to the first question. Even if certain elements don't add value or even diminish it, they are often taken for granted. Occasionally, customers' core values shift, but businesses that are only interested in measuring one other's performance fail to recognize or respond to these changes. In order to keep up with and outperform the competition, managers must decide if products and services have been overdesigned in response to the second question. The final question challenges managers to uncover and remove the concessions that their sector requires clients to make. Using the fourth question, managers may find completely new sources of value for customers by stepping beyond the bounds set by the industry. After responding to the inquiries, Accor developed a novel idea for a hotel, which resulted in the introduction of Formula 1. First, the business got rid of common hotel amenities like pricey restaurants and inviting lounges. Accor reasoned that most users would not miss such features, even if it would lose some business.

The administrators of Accor felt that low-cost lodgings were overserving guests in other ways as well. Formula provides fewer options on those than do many non-star hotels. For instance, receptionists are only available at the busiest times for check-in and checkout. Customers use automated teller machines at all other times. A Formula hotel has compact rooms with only a bed and the essentials no desks, stationery, or décor. In place of closets and dressers, the room has a few shelves and a clothes pole in one corner. The actual rooms are made of modular blocks that are produced in a factory using a process that offers excellent sound insulation, great quality control, and manufacturing economies of scale. Accor benefits significantly from Formula 1. The company reduced personnel expenditures from the industry average of 25% to 35% of sales to 20% to 23%. It also slashed the average cost of developing a room in half. Although the price is only slightly more than that of one-star hotels, Accor has been able to upgrade the elements that customers value most to a level that surpasses that of the typical French two-star hotel thanks to these cost reductions.

Accor has been commended by customers for its value innovation. The corporation has grown the market in addition to capturing the majority of French consumers staying in inexpensive hotels. The affordable category has attracted new clients, including professionals in need of a few hours of relaxation and truck workers who used to sleep in their cars. Formula 1 rendered the competition moot. As of the most recent count, Formula 1's market share in France exceeded the combined value of the next five biggest competitors. A visual representation of a company's relative performance across the critical success elements in its industry, known as a value curve, reveals the degree to which Accor deviates from the conventional wisdom of its sector. The standard logic of competition states that the value curve of an industry has a single, fundamental form. While some competitors attempt to give somewhat more for slightly less in an effort to increase value, most don't alter the curve's form [5], [6].

Similar to Accor, every high-achieving business we looked at produced value curves that were essentially novel and better. They accomplished it by combining the removal of features, addition of features, and reduction and elevation of features to previously unheard-of levels in their respective businesses. Consider SAP, the global industry leader that was founded in Walldorf, Germany, in the early 1970s by five former IBM workers. Manufacturers of business application software concentrated on segmenting the market and tailoring their products to consumers' functional requirements, such as payroll, human resources, production management, and logistics, up until the 1980s.

While the majority of software businesses concentrated on enhancing the functionality of certain application products, SAP targeted the majority of purchasers. Rather than competing on the distinctions of its clients, SAP looked for similarities in their values. The business accurately surmised that the performance benefits of highly customized, specific software modules had been exaggerated for the majority of consumers. These modules lost the effectiveness and information-gathering benefits of an integrated system, which permits real-time data sharing across an organization.

SAP introduced R/2, a suite of integrated business application software for mainframe computers that operates in real-time, in 1979. Customers may take use of the greatest hardware available and drastically save their maintenance expenses since R/2 has no restrictions on the host hardware platform. Most importantly, since an organization only has to input its data once, R/2 results in enormous advantages in efficiency and accuracy. Additionally, R/2 enhances information flow. By cross-referencing the production information, a sales manager, for instance, may discover when a product will be delivered and why it is running late. SAP has outperformed its sector in terms of growth and earnings. SAP established a new level of innovation in 1992 when it released its R/3 client-server software line.

DISCUSSION

After a corporation develops a new value curve, what happens next? The competition eventually attempts to copy it. Value inventors often have years without a real competitor, while in other industries, competition might materialize very rapidly. However, a value innovator's development and profitability will eventually come under attack. Too frequently, the business commits transgressions in an effort to protect its loyal clientele. However, imitation is common, and value innovators may find themselves in a fight to outperform their rivals despite their best efforts. If the organization is fixated on maintaining its market share, it can succumb to the trap of traditional strategic reasoning. The fundamental form of the company's value curve will start to resemble that of its competitors if it is unable to escape the trap [7], [8].

Value curve monitoring may also prevent a business from pursuing innovation while there is still a sizable profit margin available from its present product. Businesses in certain quickly developing sectors need to innovate often. In many other sectors, businesses may reap the rewards of their achievements for an extended period of time; incumbents find it challenging to copy a dramatically different value curve, and copying is expensive due to the volume benefits that accompany value innovation. For a very long period, unchallenged domination has been enjoyed by Kinepolis, Formula 1, and CNN, among others. Nearly a decade passed without anybody challenging CNN's value innovation. However, there have been instances of businesses pursuing novelty only for its own sake due to internal pressure to use cutting-edge technology or capitalize on distinctive capabilities. Value innovation isn't about skills or technology; rather, it's about providing value never seen before. Being the first to market is not the same as this.

Managers should oppose innovation when a company's value curve differs significantly from the rest of the industry and the majority of consumers appreciate that distinction. As an alternative, businesses should focus on improving their operations and expanding geographically in order to maximize economies of scale and market coverage. Using this strategy deters copying and enables businesses to fully use their present value innovation. Bert Claeys, for instance, has been quickly implementing and refining his Kinepolis idea via the construction of Metropolis, a megaplex located in Antwerp, as well as megaplexes in several other European and Asian nations. Furthermore, Accor has previously constructed more than 300 Formula 1 hotels in Australia, Africa, and Europe. Asia is currently the company's primary focus.

The Trio of Apps

The businesses that capitalized on the three platforms—product, service, and delivery—that allow value innovation to occur were the most effective at implementing it again. The specific definitions of the three platforms vary amongst businesses and industries, but generally speaking, the product platform refers to the actual product; the service platform covers support services like upkeep, warranties, and training for retailers and distributors; and the delivery platform covers logistics and the means of getting the product to customers. Managers attempting to foster value innovation all too often concentrate on the product platform while neglecting the other two components. That strategy is unlikely to provide many possibilities for ongoing value innovation over time. With the evolution of consumers and technology, every platform offers novel opportunities. Effective value innovators cycle their value platforms in the same way that excellent farmers rotate their crops.

The tale of Compaq's server division, which played a significant role in the company's victorious resurgence, demonstrates how the three platforms may be used in turn over time to generate new value curves. Compaq unveiled the SystemPro, their first server, at the end of 1989. It was intended to run several application programs together with five different network operating systems: SCO UNIX, OS/2, Vines, NetWare, and DOS. Most servers, like the System-Pro, could run a wide range of operating systems and applications. However, Compaq noticed that most users only used a tiny portion of a server's capacity. Compaq made the decision to construct a drastically simplified server that would be designed to run NetWare and file and print only after determining the demands that cut across the majority of customers. The ProSignia was a value innovation on the product platform when it was introduced in 1992. Customers could now get double the file-and-print performance of the SystemPro for a third of the cost with the new server. Compaq primarily accomplished that value breakthrough by lowering the compatibility of general applications, which resulted in much cheaper production costs [9], [10].

Virgin Atlantic Airways was only adhering to value innovation logic when it defied the industry's established rationale in 1984 by discontinuing first-class service. First class did not account for the majority of the industry's profits; business class did. First class was also a significant expense. Virgin saw a chance. The airline made the decision to invest the money it would save by discontinuing first-class service in innovative business-class offerings for customers. First, Virgin elevated business class seat comfort much above the industry average by introducing big, reclining sleeping seats. Second, to get business-class customers through congested city traffic, Virgin provided complimentary transportation to and from the airport. Originally, this transportation took the form of chauffeured limousines, but subsequently it was provided by specially built motorbikes known as LimoBikes.

With such product and service platform advancements, Virgin not only drew in a sizable portion of the business class customer base for the industry, but also some full economy and first class travelers from other airlines. For many years, Virgin stood apart from the competition because to its innovative value proposition, but the competition never stopped moving. Virgin carriers pursued a second value jump, this time from the service platform, when the value curves of several other carriers started to converge with its own. Virgin noticed that most business class travelers want to make the most of their time both before and after flights, and that they prefer to change out of their rumpled clothing and clean up before attending meetings. The airline created lounges with cutting-edge office equipment, showers, pressing services, massages, and other amenities for its guests. With the help of this service, time-pressed executives can go straight to meetings instead of stopping at their hotels, saving a tonne of time and bringing in a lot of business for Virgin. The airline boasts among of the lowest expenses per passenger mile in the sector and one of the best sales per employee. Value innovation's economics provide a beneficial feedback loop.

Virgin's ideas were greeted with a great degree of suspicion when they first questioned the presumptions of the business. After all, common sense dictates that a business should target more market segments rather than fewer in order to expand. However, Virgin purposefully withdrew from the money earned by first-class travelers. By conceptualizing its business in terms of client solutions, even if it meant going much beyond what an airline would typically provide, the firm further defied conventional thinking. Virgin has used value innovation in the selling of entertainment, music, and insurance in addition to the aviation sector. The business has never stopped doing more than making use of its current resources and competencies. It has consistently innovated value.

As rivals attempted to replicate the ProSignia and industry value curves started to converge, Compaq made yet another innovation, this time in the service platform. Acknowledging its servers as components of its clients' overall computing requirements rather than standalone items, Compaq observed that 90% of its clients' expenses went toward servicing networks, with server hardware accounting for only 10% of total expenditures. However, Compaq, like other businesses in the sector, had been concentrating on optimizing the server hardware's price/performance ratio the component that consumers would find least expensive. Compaq reorganized their business to launch the ProLiant 1000, a server that integrates two cutting-edge software products. The first, called SmartStart, adjusts network and server hardware to match an organization's operating system and application suite. It reduces the time it takes a client to set up a server network and nearly eliminates installation errors, ensuring servers function dependably right away. The second piece of software, called Insight Manager, assists users in maintaining their server networks by identifying issues with disk drives or overheated boards in advance of a breakdown [11], [12].

Compaq increased its market share and produced a better value curve by innovating on the service platform. Businesses with less IT experience have doubted their capacity to configure and oversee a network server. Comforting such firms was made possible by SmartStart and Insight Manager. The ProLiant 1000 became victorious. Compaq noticed that as more businesses purchased servers, they sometimes lacked the space necessary to house the hardware. Expensive servers that were crammed into closets or abandoned on the ground with tangled cables were often broken, undoubtedly insecure, and challenging to maintain.

Compaq saw the need for yet another value innovation on the product platform and decided to concentrate on the value of its customers rather than its rivals. The business unveiled the ProLiant 1000 rack-mount server, which enables businesses to keep servers in a centrally located, tall, slim cabinet. The device guarantees that machines are safe, simple to monitor, fix, and improve, and makes effective use of available space. Compaq made the rack mount compatible with both their own and other manufacturers' goods in order to draw in more customers and deter copying. As the company's new value curve deviated from the industries, sales and earnings increased once again.

Presently, Compaq is searching the delivery platform for a value innovation that will cut down significantly on the lead time between a customer's purchase and the equipment's arrival. Due to lead periods, clients are sometimes compelled to estimate their demands, which is a challenging undertaking, and to piece together expensive solutions while they wait for their orders to be completed. Given the increasing demand for servers due to their widespread usage, Compaq anticipates that reduced lead times will result in a significant increase in value for its customers. The business is now developing a delivery option that will enable its items to be assembled in accordance with client requirements and delivered 48 hours after the purchase is placed. Compaq will be able to lower its inventory expenses and limit the accumulation of obsolete goods thanks to this value improvement.

Compaq has been able to keep a distance between its value curve and that of other competitors by accomplishing value advancements on all three platforms. Compaq continues to be the world's leading server manufacturer thanks to a series of value advancements, even in the face of intense competition in its market. The company's total revenues and profitability have almost doubled since its comeback.

Managing a Business for Rapid Growth

One of our research's most startling conclusions is that, despite a company's strategic reasoning having a significant influence, it is often not stated. Furthermore, a corporation may not always apply a consistent strategic logic across all of its operations since it is implicit and not thoroughly analyzed. How can CEOs at the top encourage value innovation? They must first identify and state the company's dominant strategic reasoning. They then have to dispute it. They need to pause and consider the presumptions made by the industry, the company's strategic emphasis, and the methods including those related to consumers, resources and capabilities, and offers of goods and services—that are taken for granted. Senior leaders need to ask the four questions that result in a new value curve after reshaping the company's strategic reasoning around value innovation. Which elements need to be removed that our sector takes for granted? Which components need to be lowered to the industry standard with excellence? Which ought to be held well above the industry norm? Which elements that the industry has never provided should be developed? Professional development requires asking all of the questions, not just one or two. The simultaneous pursuit of drastically better value for consumers and reduced expenses for businesses is known as value innovation. The logic of value innovation may be used by managers of varied firms to determine which of a portfolio of businesses has the most potential for expansion. Though they may not have invented new technology, the value innovators we examined were all trailblazers in their respective fields, pushing the boundaries of what their consumers might get. Using the pioneer metaphor to discuss the possibilities for future and present enterprises to develop might be helpful.

The companies that provide unparalleled value are considered pioneers in their industry. The strongest causes of profi development are these. Settlers, or companies whose value curves follow the general structure of the industry, are at the opposite extreme. In general, settlers won't make a significant growth contribution to a firm. In the middle is where migrants' potential is located. By offering consumers more for less, these companies bend the curve of the industry, but they don't change its fundamental structure.

Making a pioneer-migrator-settler map of the company's present and projected portfolios is a helpful exercise for a management team seeking development. The firm has to pursue value innovation if the majority of its offers, both present and planned, are made up of settlers. This indicates a sluggish growth trajectory for the company. It's possible that the company slipped into the competitive trap. Reasonable growth may be anticipated if the present and future offers include a large number of migrants. However, the business is not taking use of its development potential and runs the danger of being sidelined by a value innovator. This is a particularly useful exercise for managers who want to see beyond the performance metrics of the present. A company's present position is determined by a number of factors, including revenue, profitability, market share, and customer happiness. Those metrics, in contrast to traditional strategic thinking, are not able to provide a path forward. A business may forecast and prepare for future development and profit with the use of the pioneer-migrator-settler map, which is particularly useful in a rapidly evolving economy.

CONCLUSION

This strategy framework, which is based on the ideas of value innovation, opposes conventional growth plans by promoting a dual emphasis on cost leadership and differentiation, both of which are supported by a thorough grasp of consumer demands. The abstract highlights the need of taking a comprehensive approach when it comes to product, service, and delivery platforms, using successful businesses as examples such as Accor, Compaq, and Virgin Atlantic Airways. Through persistently challenging market norms and adapting to the ever-changing demands of their clientele, these businesses have succeeded in forging new value curves that distinguish them from rivals and redefine industry norms. One of the main themes is the ongoing difficulties in maintaining value innovation in the face of competition. The need for organizations to regularly review and question their strategy thinking is emphasized in the text. The three platforms delivery, service, and product emerge as crucial spaces for ongoing value creation. Compaq provides examples of how traversing these platforms may provide a strategic advantage. "Navigating Growth" suggests that firms utilize a pioneer-migrator-settler map as a useful tool to pinpoint areas for expansion and project future success. The abstract ends with a call to action for managers and senior executives to adopt a forward-thinking attitude and go beyond traditional performance criteria. By doing this, businesses may establish themselves as both pioneers and industry leaders, continuously innovating to unlock value across platforms and navigating the dynamic terrain of corporate development.

REFERENCES:

[1] E. K. Y. Lim, K. Chalmers, and D. Hanlon, “The influence of business strategy on annual report readability,” *J. Account. Public Policy*, 2018.

[2] C. Giannoni, L. F. Alarcón, and S. Vera, “Diagnosis of sustainable business strategies implemented by chilean construction companies,” *Sustain.*, 2018.

[3] K. V. Balashova, A. M. Batkovskiy, P. A. Kalachikhin, E. G. Semenova, Y. F. Telnov, and A. V. Fomina, “Formalization and elaboration of a company’s business strategy,” *Probl. Perspect. Manag.*, 2018.

[4] F. Cosenz and G. Noto, “A dynamic business modelling approach to design and experiment new business venture strategies,” *Long Range Plann.*, 2018.

[5] M. Chi, X. Lu, J. Zhao, and Y. Li, “The impacts of digital business strategy on firm performance: The mediation analysis of e-collaboration capability,” *Int. J. Inf. Syst. Change Manag.*, 2018.

[6] S. Kasanagottu and S. Bhattacharya, “A review of metro, target, & woolworths global business strategy,” *International Journal of Mechanical Engineering and Technology*. 2018.

[7] S. Yucel, “Modeling digital business strategy,” in *Proceedings - 2018 International Conference on Computational Science and Computational Intelligence, CSCI 2018*, 2018.

[8] I. M. Hudakova and J. Misun, “Business Strategies in Slovak Start-Ups,” *Ad Alta-Journal Interdiscip. Res.*, 2018.

[9] E. L. Andreeva, P. L. Glukhikh, and Y. G. Myslyakova, “A company’s business strategies for participating in ecosystems,” *Upr. Manag.*, 2018.

[10] Y. Guo, “Business Strategy Analysis—Lenovo,” *J. Bus. Theory Pract.*, 2018.

[11] J. Reis, M. Amorim, N. Melão, and P. Matos, “Digital transformation: A literature review and guidelines for future research,” in *Advances in Intelligent Systems and Computing*, 2018.

[12] . A., F. Syam, and . Z., “Influence of Characteristics of Management Accounting Information Systems to Managerial Performance with Variables of Business Strategy

Modernations and Uncertainty Duties in Banking Companies in Aceh Province," *Int. J. Acad. Res. Bus. Soc. Sci.*, 2018.

CHAPTER 3

TRANSFORMATIVE POWER OF FAIR PROCESS IN ORGANIZATIONAL CHANGE

Ms. Renuka Jyothi. S, Assistant Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- j.renuka@jainuniversity.ac.in

ABSTRACT:

The transformative impact of fair process in organizational change, emphasizing its crucial role in managing transitions effectively. Drawing on real-world examples, the narrative delves into instances where companies either succeeded or failed in implementing change based on the application of fair process principles. The three fundamental principles—engagement, explanation, and expectation clarity constitute the cornerstone of fair process and are shown to be instrumental in fostering trust, commitment, and cooperation among employees. By examining cases such as Elco's missteps in transforming its manufacturing system and contrasting it with the success story of Siemens-Nixdorf Information system, the article underscores the pivotal role of fair process in shaping attitudes and behaviors critical to high organizational performance. Furthermore, the narrative challenges conventional assumptions in economic theories by proposing fair process as a compelling framework for understanding and predicting seemingly irrational or negative behavior in the face of positive outcomes. The enduring relevance of fair process in navigating the complexities of organizational change, promoting collaboration, and ultimately achieving sustainable success.

KEYWORDS:

Employee Involvement, Fairness, Organizational Change, Procedural Justice, Stakeholder Engagement, Transformation.

INTRODUCTION

A police officer in London gave a lady a ticket for turning in an unauthorized manner. The policeman referred to a sign that was crooked and hard to see from the road when the lady objected that there was no notice forbidding the turn. The lady, infuriated, made the decision to file an appeal in court. When the day of her hearing finally came, she was eager to give her speech. However, the magistrate cut her off before she could finish telling her side of the tale and issued a summary judgment in her favor. No, she was really dissatisfied and irritated. She grumbled, "I came for justice, but the magistrate never let me explain what happened." Put another way, even though she was happy with the result, she wasn't with the method that led to it. Economists use the assumption that individuals maximize their own utility and are primarily motivated by logical calculations of their own self-interest in order to support their ideas. In other words, economists presume that people just consider results. A large portion of management theory and practice now operates on that presumption. For example, it is now ingrained in the instruments that managers often use to direct and inspire the conduct of their staff, such as incentive programs and organizational frameworks. However, managers would do well to reevaluate this assumption, since we are all aware that it isn't always true in practice. While results are important to people, like the lady in London, they are also important to the processes that lead to those outcomes. They want to know that they were heard, that their opinion mattered, even if it was not accepted. While outcomes are important, the fairness of the procedures leading to them is much more important. There has never been a time when managers have valued fair processes more than they do now. When it comes to helping businesses transition from a production-based to a knowledge-based economy where value creation is more dependent on ideas and innovation fair procedure proves to be a potent management tool. Fair processes have a significant impact on the attitudes and actions necessary for excellent performance. It opens thoughts and fosters trust. With it, managers may get the willing collaboration of the impacted staff while accomplishing even the most agonizing and challenging tasks. Even results that workers may like might be difficult to get without a fair procedure, as shown by the experience of an elevator manufacturer we'll refer to as Elco [1], [2].

Unfair Method

Sales in the elevator sector declined in the late 1980s as a result of excessive office building, which left several major American cities with up to 20% vacancy rates. Elco realized it needed to enhance its operations in response to a decline in domestic demand for their product. The corporation decided to switch from a batch-manufacturing method to a cellular strategy so that self-directed teams could perform better. In light of the industry's collapse, senior management believed that the change needed to happen quickly.

Lacking cellular manufacturing experience, Elco hired a consulting company to create a conversion master plan. Elco requested that the consultants work swiftly and with the least amount of disruption to the staff. The Chester facility of Elco, whose worker relations were so excellent that workers decertified their own union in 1983, would be the first to use the new production method. Elco would next implement the method at its High Park facility, where a powerful union would likely oppose that and any other changes. A model workforce turned into a boiling pot of distrust, resistance, and poor performance in a matter of months. Why? Without consulting the workforce, outlining the rationale for the move, or outlining the new performance standards, management initiated a significant change initiative [3], [4].

Stated differently, the organization disregarded the fair process, which is a method of decision-making that attends to our fundamental human desire to be respected and appreciated. People trust and work with managers when they believe a choice that may affect them was made fairly. They eagerly go above and beyond the call of duty and exchange ideas. Business performance is booming. Fair procedure is crucial in knowledge-based firms, because the trust, dedication, and ideas of workers are vital. It helps businesses to focus employees' energies and creativity on achieving corporate objectives. Despite the apparent benefits of fair procedure, the majority of companies don't use it. Why? Certain managers see it as menacing, believing it will erode their authority. To prevent threats to their power, they maintain a distance from their staff. Some people think that workers simply care about their own interests. However, data indicates that most individuals are willing to accept results that are not entirely in their favor—as long as they feel that the process leading to those results was just.

Ches-ter was a model operation in every way, led by a well-regarded plant manager. Chester's staff members' expertise and passion consistently won over visiting consumers. In fact, the vice president of marketing considered the factory to be among Elco's most effective promotional assets. "Let customers speak with Chester employees, and they will leave convinced that purchasing an Elco elevator is the right decision," he said.

However, when Chester's workers came at work one day in January 1991, they found strangers in the factory. Who were these individuals dressed in black suits, ties, and white dress shirts? They weren't clients. They conversed among themselves in hushed tones and turned up every day. They didn't talk to the staff. Hovering just behind individuals, they made elaborate schematics and took notes. There was a whisper that these individuals would Idea in Practice. In the workplace, a fair procedure isn't determined by consensus or democracy. Not harmony-building, but the pursuit of the finest ideas is its aim. Three guiding concepts comprise a fair procedure. Engagement is the process of including people in decision-making by soliciting their opinions and enticing them to disagree with one another. Building collective knowledge, engagement communicates management's appreciation for people and their views. Better judgments are made as a result, and those carrying out those decisions show more dedication [5], [6].

Clarifying the reasoning behind a final decision is called explanation. People are reassured by explanations that management have taken their feedback into account and made the choice with the best interests of the firm as a whole in mind. Workers believe managers mean well, even when their own suggestions are turned down. Expectation clarity: outlining the new guidelines for the game, such as performance requirements, failure consequences, and additional duties. Expectation clarity reduces political gamesmanship and favoritism, allowing staff members to concentrate on the task at hand.

As an illustration an elevator manufacturer, Elco, made the decision to create a more efficient production system in response to declining demand. At its Chester facility, which serves as a model operation with such excellent employee relations that it decertifies its own union, it would adopt the system. The new system at High Park, a heavily unionized factory with a significant resistance to change, would thereafter be implemented.

Managers didn't include Chester workers in the system design process, provide an explanation for the need for change, or set clear expectations for new performance in an effort to minimize workforce disturbance. Soon, there were whispers of layoffs spreading, commitment and trust deteriorating, and fights breaking out on the factory floor. Quality declined. Elco, rattled but more astute, changed course at their High Park location. In order to lay out new expectations, stimulate staff participation in the process design, and explain why the new system was necessary, managers conducted regular meetings with the whole plant. The expected opposition did not materialize; instead, obliging staff members embraced the new method with gusto, swarming the factory floor, peering into people's workstations, and engaging in contentious conversations.

Over this time, the plant manager started to disappear more and more. Meetings with the consultants were taking up more of his time at Elco's headquarters; these were purposefully arranged away from the facility to avoid disturbing the staff. However, the absence of the plant manager had the opposite impact. Talk of a captain of their ship seemingly deserting them began to spread like wildfire, and people began to become nervous. It was widely believed by everyone that the consultants would reduce the size of the facility. They had no doubts that they were going to lose their employment. They reasoned that management was "trying to pull one over on us" since the plant manager was consistently absent, clearly avoiding them, and no explanation was provided. At the Chester factory, commitment and trust rapidly declined. Newspaper cuttings about other factories around the nation that had been closed with the assistance of consultants began to arrive soon after. Employees were angry because they saw themselves as the impending victims of yet another ageing fad. Elco management really had no plans to shut down the facility. Their goal was to reduce waste so that workers could improve quality and produce elevators for new markets abroad. But factory staff could not have understood that.

DISCUSSION

Management assembled the Chester staff in a large room in March 1991. The consultants were publicly presented three months following their first appearance. The master plan for transformation at the Chester facility was revealed to the workforce at the same time by management. Employees learned in a brief 30-minute meeting that their long-standing method of working would be eliminated and replaced with a system known as "cellular manufacturing." No one gave a reason for the change or specified what would be expected of them in the new system. The management didn't want to avoid the problems; they just didn't think they had enough time to discuss them in depth. The management mistook the workers' astonished silence for acceptance, not realizing how many months it had taken them as leaders to come to terms with the concept of cellular production and the associated adjustments. After the meeting, the managers felt satisfied since they thought the staff members were on board. They believed that since they had such an amazing workforce, the new system would be implemented smoothly. With the master plan in hand, management moved the plant about fast. The management didn't have time to explain why efficiency needed to be increased and didn't want to scare the staff, so when they were asked what the new layout hoped to accomplish, they could only respond, "efficiency gains." But other workers physically started feeling ill when they got to work because they didn't have an intellectual comprehension of what was happening to them [7], [8].

Managers told staff members that the performance of the cell will now be used to evaluate them rather than their own work. They said that faster or more seasoned workers would have to cover for their slower or less seasoned counterparts. Yet they didn't go into detail. The management did not explain how the new system was meant to operate. Employees really benefited greatly from the new cell design, which made it simpler for them to plan holidays and gave them the chance to work on a wider range of projects and develop new abilities. However, those who didn't trust the transition process could only perceive its drawbacks. They started venting their resentment and anxieties on one another. On the factory floor, fights broke out as workers refused to assist individuals they deemed “lazy people who can’t finish their own jobs” or saw assistance as interfering and said, “This is my job,” in response. You stay close to your desk.

Chester's ideal labor force was disintegrating. Employees felt they could no longer trust the once-popular plant manager, so they started to go around him and take their complaints directly to his boss at head office. This was the first time in the plant manager's career that they refused to do as they were asked, turning down assignments "even if you fire me." The plant manager then said that the position of supervisor will be eliminated and that workers would now be able to function as self-directed teams thanks to the new cell design. His vision of Chester as the model factory of the future, where workers are empowered as entrepreneurial actors, was met with enthusiastic responses from the public. Rather, they were just perplexed. They were clueless about how to thrive in this unfamiliar setting. What would they do if there were no supervisors and the supplies ran out or the equipment broke down? Did empowerment imply the teams could buy new machine tools, handle quality issues like rework, or self-authorize overtime? Employees were mistreated and unsure on how to achieve.

Pause

Cost and quality performance were in free decline by the summer of 1991. Workers were discussing the possibility of reviving the union. Ultimately, the factory manager called Elco's industrial psychologist out of desperation. He said, "I need your assistance." "I can no longer control myself. To find out what went wrong, the psychologist polled the workforce. Employees expressed dissatisfaction with the company, saying that "management doesn't care about our ideas or our input," that "they don't bother to tell us where we are going and what this means to us," that "we don't know exactly what management expects of us in this new cell," and that "they have very little respect" for them as people [9], [10].

Equitable Procedure

Though authors and philosophers have been interested in the issue of justice for antiquity, it wasn't until the mid-1970s that two social scientists, John W. Thibaut and Laurens Walker, coupled their interest in the psychology of justice with the study of process that the systematic study of fair process arose. They concentrated on legal contexts in an effort to comprehend what makes individuals trust the legal system and, as a result, comply with laws without being forced to do so. According to their study, individuals are just as concerned about the fairness of the process used to arrive at a decision as they are about the decision itself. Later investigators like Tom R. Tyler and E. Fair procedures have been shown to be effective in a variety of social contexts and cultural contexts by Allan Lind.

Over ten years ago, when researching strategic decision making in multinational businesses, we found the managerial significance of fair procedure. The actions of the senior managers of those corporations' local subsidiaries left many top executives puzzled and irritated. Why did the managers consistently neglect to communicate ideas and information to the executives? Why did they interfere with the plans they had committed to executing? We discovered a clear correlation between procedures, attitudes, and behavior in the 19 businesses we looked at. Active collaboration was fostered by managers who showed a high degree of confidence and dedication in the company's fair practices. Managers, however, hoarded ideas and took their time when they believed that a fair procedure was lacking.

We then conducted field study to investigate the applicability of fair process in other business situations, such as firms undergoing transitions, product innovation teams, and supplier-company collaborations. Our fair-process research reveals a key finding for businesses looking to capitalize on the enthusiasm and ingenuity of dedicated managers and staff: people are more likely to trust and collaborate freely with systems when fair process is upheld, regardless of whether those systems benefit or hurt them personally. A fair method meets a fundamental human need. Regardless of our position within an organization, we all want to be respected for our intellect and to be treated as human beings rather than as "personnel" or "human assets." We want people to really consider our ideas. We also want to know the reasoning behind certain choices. The signals that are sent by a company's decision-making procedures are perceptible to people. These procedures may indicate that a business values its employees' opinions and is open to receiving their input, or they may indicate the reverse.

The trio of tenets

We have asked participants to name the fundamental components of fair procedure in each of the several management scenarios we have examined. Additionally, engagement, explanation, and expectation clarity were the three mutually reinforcing themes that came up again and time again, regardless of whether we were dealing with top executives or shop floor employees.

Engaging people in decision-making processes that impact them involves soliciting their opinions and enabling them to challenge one other's presumptions and ideas. Communication of engagement demonstrates management's regard for people and their opinions. Encouragement of refutation improves everyone's reasoning and increases group knowledge. Better management choices and increased commitment from all parties engaged in carrying out those decisions are the outcomes of engagement.

Explaining entails ensuring that all parties impacted by the final choices know why they were made the way they were. People feel more convinced that managers have taken into account their viewpoints and made choices impartially in the best interests of the organization as a whole when the reasoning behind such decisions is explained. Employees who have had their own ideas rejected might still have faith in the intentions of their supervisors thanks to an explanation. Additionally, it acts as a potent feedback loop to improve learning.

Managers must explicitly communicate the new rules of the game after making a choice in order to meet expectations for clarity. Employees should understand the criteria by which they will be evaluated and the consequences for not meeting them, even when the expectations may be high. What new goals and benchmarks are there? For what is the person accountable? It is more important that the new rules and procedures be understood than their exact nature in order to ensure a fair process. Political scheming and favoritism are reduced when individuals know exactly what is expected of them, allowing them to concentrate on the task at hand. Observe that a fair method does not involve reaching a consensus. A fair process does not aim to bring people together or gain their support by making concessions to suit each person's requirements, wants, or interests. Even though a fair procedure provides each concept an equal opportunity, decisions are made based on the ideas' merits rather than on agreement.

Economic Theories Are Beneficial

They do a good job of illuminating the logical side of human conduct, but they are unable to explain why individuals may behave badly in the face of favorable consequences. A theory of behavior known as fair process provides managers with an explanation for, or maybe a means of predicting, actions that would otherwise seem to be puzzlingly noneconomic, or illogical. Think about what happened with Volkswagen. The German automaker was in the process of expanding its Puebla, Mexico, manufacturing plant in 1992. Puebla was the company's sole North American production location. Volkswagen was priced out of the American market due to the deutsche mark's increase in value relative to the US dollar. Yet, VW's economical Mexican plant was well-positioned to retake the sizable North American market once the North American Free Trade Agreement was ratified in 1992. It was necessary to negotiate a new labor agreement in the summer of 1992. VW and the union secretary-general reached an agreement that includes a sizable 20% salary increase for staff members. VW believed that the employees would be happy. However, the union's officials failed to include the workers in talks on the terms of the contract and did a poor job of explaining to them the implications of the new agreement and the reasons why certain work-rule adjustments were required. Employees were unaware of the rationale behind the choices made by their superiors. They experienced betrayal.

When the workers began a huge strike on July 21 that cost the firm up to $10 million a day, VW's management was totally unprepared. Police dogs assaulted roughly 300 protestors on August 21. The violence had to stop, therefore the government had to intervene. Volkswagen's performance was appalling and its ambitions for the US market were in turmoil. On the other hand, take a look at the success of Siemens-Nixdorf Informationssys- teme, the biggest information technology provider in Europe. SNI, which was founded in 1990 after Siemens purchased the financially distressed Nixdorf Computer Company, reduced its workforce from 52,000 to 35,000 by 1994. At the firm, dread and anxiety were pervasive. The newly appointed CEO, Gerhard Schulmeyer, made a point of chatting with as many workers as he could in 1994. Over 11,000 individuals attended a number of major and local gatherings where Schulmeyer presented his crusading objective to include everyone in turning the firm around. He started out by giving a frank assessment of SNI's financial status, noting that despite recent attempts to reduce expenses, the firm was losing money. Deeper cutbacks were required, and each business would either have to prove its sustainability or be shut down. Schulmeyer established strict guidelines for decision-making. He then invited others to provide suggestions.

In only three months, the original volunteer group of thirty expanded to include seventy-five SNI executives and three hundred workers. These 405 change agents quickly expanded to 1,000, then 3,000, then 9,000 as they gradually recruited more people to aid in the company's rescue. Both managers and staff were asked for their opinions on choices that may affect them along the process, and everyone was aware of the decision-making process. Executives who were prepared to support and fund ideas would be the ones to bid on them. An executive would not pursue a project if they did not believe it had value. Employees believed the procedure was fair, despite the fact that 20 30% of their recommendations were turned down. People freely contributed, usually until mid-night and beyond office hours. SNI has accomplished a transformation unheard of in European company history in less than two years. Even with cumulative losses of DM 2 billion, SNI was financially profitable by 1995. During that same era, despite the challenging and drastic changes that were being implemented, employee satisfaction almost doubled [11], [12].

Not what the two businesses accomplished, but how they accomplished it, is in question. The stories highlight the enormous influence of fairness in decision-making and implementation processes. A fair method has a significant impact on the mindset and conduct necessary for excellent performance. Furthermore, a fair approach is not the same as workplace democracy. It is not necessary for managers to give up their authority to decide and to create rules and procedures in order to achieve a fair process. Whether proposed by one or many, the finest ideas are pursued via a fair procedure.

The Chester plant's Elco management broke all three of the fundamentals of fair procedure. Employees were not included in choices that directly impacted them. They failed to provide an explanation for the choices' reasoning or the implications for the careers and working styles of the employed. Additionally, they omitted to specify what would be required of workers under cellular manufacturing. Without a just method, Chester's workforce opposed the transition. Group discussions with workers were invited by management one week after the completion of the psychologist's survey. Workers speculated that management would either act as if the survey had never taken place or would call them traitors for raising their concerns. To their surprise, however, management began the conference by stating, "We were wrong," and presenting the unadulterated survey data. We made a huge mistake. Employees were shocked to hear that we skipped the correct procedure due to our hurry and ignorance. "What the devil did they say?" murmured someone in the back of the room. Over the course of the next several weeks, management reiterated their admission at over 20 meetings. "At first, nobody was ready to believe us," a manager said. "We had made too many mistakes."

Management informed staff members of the company's dire business outlook and the few alternatives available in ensuing sessions. Elco would have to increase prices in the absence of cost reduction, and lower sales would result from higher costs. That would entail more production reductions and maybe even offshore manufacturing. People nodded their heads. Workers realized the dilemma the business was facing. They were starting to own the business issue instead of merely management. However, there were still worries. "Will we work ourselves out of a job if we help to minimize expenses and learn to make elevators that are twice as excellent in half the time? The management replied by outlining their plan to boost sales outside of the US. A new policy known as "proaction time" was also established. It stated that no employee would face termination as a result of whatever advancements they achieved. Alternatively, staff members may make advantage of their newfound leisure time by enrolling in cross-training courses that would provide them with the abilities needed to function in any department. Alternately, staff members might handle quality-related concerns as consultants. Furthermore, the management decided to hold off on hiring new staff until the business environment improved before replacing any retiring personnel. However, management also said that in the event that business circumstances worsened, it would not hesitate to fire employees.

Even if they didn't agree with what they heard, the staff understood it. They started to realize that management and they were both accountable for Elco's success. Elco could provide more value to the market and stop future declines in sales if they could increase quality and efficiency. As a first step in reestablishing commitment and trust, management promised to routinely share statistics on sales, expenses, and market trends with staff to reassure them that they were not being misled.

Although Elco's management could not change the past, they could include staff members in decision-making going forward. Supervisors questioned staff members about how to repair the new production cells and why they believed they weren't functioning. Workers recommended arranging equipment differently, moving supplies around, and altering how jobs were done. As they started to impart their expertise, the cells underwent redesigns and their performance progressively increased, often surpassing the consultants' initial predictions. As confidence and dedication were restored, discussions of reuniting faded.

CONCLUSION

In organizational transformation, the transformative potential of fair process emerges as a compelling and vital strategy for negotiating the complex terrain of transitions. The examination of actual situations shows how adhering to the core ideas of participation, justification, and unambiguous expectations may have a big impact on whether change attempts succeed or fail. The disparate experiences of Siemens-Nixdorf Information's system and Elco highlight how important fair procedure is in influencing employee attitudes, building trust, and motivating dedication during times of change. By presenting fair process as a sophisticated framework that goes beyond logical calculations and offers a more thorough knowledge of human behavior in organizational settings, the paper challenges conventional economic theories. The understanding that people want to be respected, appreciated, and participated in decision-making emphasizes the need of fair procedures as a response to basic human needs. Fair process becomes more than just a theoretical idea when companies struggle to meet the demands of a dynamic and quickly changing business environment—rather, it becomes a useful instrument that leaders can put into practice. Fair process is a vital component of a successful change management arsenal because it may reduce resistance, promote teamwork, and direct workers' collective energy toward common objectives.

REFERENCES:

[1] S. T. Hussain, S. Lei, T. Akram, M. J. Haider, S. H. Hussain, and M. Ali, "Kurt Lewin's change model: A critical review of the role of leadership and employee involvement in organizational change," *J. Innov. Knowl.*, 2018.

[2] B. Burnes, M. Hughes, and R. T. By, "Reimagining organisational change leadership," *Leadership*, 2018.

[3] E. MacKillop, "Leadership in organisational change: A post-structuralist research agenda," *Organization*, 2018.

[4] S. Krogh, “Anticipation of organizational change,” *J. Organ. Chang. Manag.*, 2018.

[5] E. Alagoz, M. Y. Chih, M. Hitchcock, R. Brown, and A. Quanbeck, “The use of external change agents to promote quality improvement and organizational change in healthcare organizations: A systematic review,” *BMC Health Services Research*. 2018.

[6] M. Walk and F. Handy, “Job Crafting as Reaction to Organizational Change,” *J. Appl. Behav. Sci.*, 2018.

[7] R. Smollan and E. Pio, “Organisational change, identity and coping with stress,” *New Zeal. J. Employ. Relations*, 2018.

[8] D. Rosenbaum, E. More, and P. Steane, “Planned organisational change management,” *J. Organ. Chang. Manag.*, 2018.

[9] Y. Yang, J. N. Choi, and K. Lee, “Theory of planned behavior and different forms of organizational change behavior,” *Soc. Behav. Pers.*, 2018.

[10] P. Petrou, E. Demerouti, and W. B. Schaufeli, “Crafting the Change: The Role of Employee Job Crafting Behaviors for Successful Organizational Change,” *J. Manage.*, 2018.

[11] V. Ciampa, C. Balducci, L. Avanzi, and F. Fraccaroli, “The effect of perceived organizational change on psychological well-being and work-related stress: A longitudinal study,” *Psicol. Soc.*, 2018.

[12] T. Straatmann, J. K. Nolte, and B. J. Seggewiss, “Psychological processes linking organizational commitment and change-supportive intentions,” *Pers. Rev.*, 2018.

CHAPTER 4

HIGH PARK PARADIGM: A TALE OF FAIR PROCESS IN ORGANIZATIONAL TRANSFORMATION

Dr. Suhas Ballal, Assistant Professor
Department of Chemistry and Biochemistry, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- b.suhas@jainuniversity.ac.in

ABSTRACT:

A pivotal episode in the journey of Elco, specifically at its High Park plant, as it grapples with the introduction of new work methods. Unlike its counterpart in Chester, the High Park plant historically resisted change, boasting a strong union presence and long-serving employees. The plant manager, a novice in his role, faced daunting odds. However, the narrative unfolds as a testament to the transformative power of fair process in organizational change. Against expectations, the management at High Park employed fair and inclusive practices, involving employees in the decision-making process and addressing concerns transparently. The story unfolds over three years, revealing how fair process not only averted anticipated resistance but also led to a positive performance turnaround. The High Park Paradigm highlights the significance of fair process in fostering employee cooperation, building trust, and facilitating successful organizational adaptation, offering valuable insights for leaders navigating change. The circumstance serves as a poignant reminder for leaders and managers that incorporating fairness into the change process is not only ethically sound but also a strategic imperative for achieving lasting positive outcomes.

KEYWORDS:

Employee Engagement, Fairness, Organizational Change, Procedural Justice, Stakeholder Inclusion.

INTRODUCTION

Management at Elco's High Park factory, which had a history of opposing change in contrast to the Chester plant, was concerned about implementing the new work procedures. At High Park, there was a robust union and some workers had been there for up to 25 years. Furthermore, the young engineer in charge of the plant, who was new to High Park, had never managed a plant before. He seemed to be up against the odds. One can only speculate as to how much worse things may go at High Park if change had sparked hostility at Chester. However, management's worries were unfounded. The youthful manager gave the consultants an introduction to every employee when they arrived at the facility. Corporate officials publicly addressed the state of the business and the company's diminishing sales and earnings during a series of meetings for the whole factory. They clarified that they have observed the productivity gains that cellulosic manufacturing may provide by visiting the facilities of other companies. Proaction-time policy was introduced to allay workers' legitimate concerns about being laid off. Managers at the High Park factory promoted active de- bate and encouraged staff members to collaborate with consultants in designing the new production cells. Then, when the previous performance metrics were retired, managers collaborated with staff members to create new ones and define the new duties for the cell teams [1], [2].

The plant manager at High Park looked forward to the predicted meltdown every day, but it never materialized. Of course, there were complaints, but even in cases when individuals didn't agree with the choices made, they thought they had been handled fairly and voluntarily contributed to the plant's final performance improvement. We went back to a well-liked neighborhood restaurant three years later to speak with individuals from both facilities. Workers in Chester and High Park now agree that working in a cellular environment is more productive. Employees at High Park expressed admiration for their plant manager and empathy for the challenges Elco's managers had in implementing cellular manufacturing. They came to the conclusion that it had been an essential, beneficial, and useful experience. However, Chester workers expressed their outrage and fury at how Elco's bosses had treated them. For them, as well as for the lady from London who had received an unjust ticket, a fair procedure was just as crucial as, if not more so than, the result.

Historically, employee complaints and uprisings have been the major cause of policies intended to establish fair processes in firms. But it will be too late by then. When people organize protests because they are so incensed over a fair process violation that it has driven them crazy, their demands often go well beyond what is acceptable and instead include what theorists refer to as retributive justice. In addition to wanting the restoration of fair procedure, they also want to exact revenge and retribution on those who have disregarded it as payback for the disdain it conveys.

Employees that don't trust management advocate for laboriously comprehensive, rigid, and sometimes bureaucratically restrictive procedures. They want to guarantee that managers will never again have the latitude to behave unfairly. Out of outrage, they could attempt to reverse choices that were made unjustly, even if those judgments were sound in the first place and helped the employees or the firm stay competitive. This is the kind of emotional impact that unjust procedures might have. It is important for managers who see fair process as an annoyance or a restriction on their managerial autonomy to recognize that it is the breach of fair process that may have the greatest detrimental effects on the overall success of the company. Punishment may be quite costly [3], [4].

Equitable Procedures in the Information Age

Although fair procedure may seem like a soft topic, managers who want to help their organizations meet the needs of the knowledge-based economy must recognize its importance. In contrast to the conventional components of production, which are capital, labor, and land, knowledge is a mental resource. Knowledge creation and sharing are ethereal endeavors that cannot be controlled or coerced from individuals. They only take place when individuals actively collaborate. The economist Friedrich Hayek, winner of the Nobel Prize, has maintained that "practically every individual possesses unique information" that can only be used with "his active cooperation." Obtaining such collaboration could prove to be one of the most important administrative challenges of the next decades.

DISCUSSION

When it is violated at work on the factory floor, it may result in extremely noticeable outcomes like strikes, slowdowns, and high failure rates. Fair procedures, however, may have a far bigger effect on the quality of management and professional work. This is due to the fact that the knowledge-based economy's main problem is innovation, which necessitates the interchange of ideas that in turn relies on trust. Professionals and executives seldom toe the picket line, but when their confidence is betrayed, they often withhold their ideas and their complete collaboration. Therefore, disregarding fair procedure in knowledge work results in large opportunity costs that is, ideas and initiatives that are never pursued and never put to use. An essential new product is developed by a versatile team. With members from each of the company's main functional areas, the team should be able to develop more creative goods with less internal conflict, shorter lead times, and reduced costs. The squad gets together, but nobody shows up. When creating a new workstation, for instance, executives at a computer manufacturer carefully use the conventional management tools. They work out a solid reward plan. They establish the project's framework and scope. They also distribute the appropriate resources. However, none of the desired commitment, trust, or idea sharing ever happens. Why? Manufacturing and marketing team members suggest creating a prototype early in the project, but the project's powerful design-engineering group rejects their ideas. Consequently, issues arise due to the design's difficulty in manufacturing and the application software's insufficiency. Manufacturing and marketing team members have long been aware of these problems, but they haven't spoken up about them. Frederick Winslow Taylor started building an arsenal of tools at the beginning of the century to encourage efficiency and consistency, but he didn't have voluntary cooperation in mind when he did. Instead, he wanted employees to follow management orders and manipulate behavior. Because of its foundation in Taylor's time-and-motion studies, traditional management science promoted an obsession among managers with resource allocation, the creation of financial incentives and rewards, performance monitoring and measurement, and the manipulation of organizational structures to establish authority structures. The strong design engineers are still present in these traditional managerial levers. Rather, they hold off until the issues become apparent, at which point fixing them will be very costly [5], [6].

A joint venture between two businesses is formed that clearly benefits both. However, they then play it so close to the vest that they guarantee the partnership will provide little benefit to either party. For instance, a European engineering group's joint venture partner in China withholds vital information from the industry, neglecting to disclose that clients are experiencing installation issues with the partner's goods and delaying requests for additional features. The Chinese believed they had been excluded from important choices on products and operations early on in the alliance. Even worse, the Europeans never provided an explanation for the reasoning behind their choices. The increasingly irate European partner reacts in kind to the Chinese withholding vital information by limiting the transmission of managerial know-how, which the Chinese desperately need.

A supplier partnership is formed by two businesses in order to get better value at a reduced expense. They consent to behave as a single, cohesive entity. However, it seems that the provider is more focused on expanding its clientele than strengthening its alliance. For instance, a big food store and a consumer products producer are putting off installing a cooperative computerized customer response data system. For both parties, the solution will significantly enhance inventory management. Still, the supplier is too cautious to make a commitment. Why? The supplier's items have sometimes been discontinued by the store without any notice. Additionally, the consumer firm finds it difficult to comprehend the retailer's vague selection criteria for "preferred suppliers," which have nothing to do with promoting cooperative action. Instead, they work in the field of outcome fairness, also known as distributive justice, where people's psychology functions as follows: when they get the recompense they are due, they feel content with the result. They will reciprocate by carrying out their duty to the firm to the letter. Fair procedure, often known as procedural justice, has a very different psychology. A fair procedure fosters commitment and trust, which in turn lead to voluntary collaboration. Voluntary cooperation motivates individuals to work above and beyond the call of duty by using their creativity and sharing their expertise. This dynamic has constantly been shown at work in all of the management scenarios that we have researched, regardless of the job. Take the change of the Sparrows Point, Maryland, division of Bethlehem Steel Corporation, a business unit in charge of manufacturing, sales, marketing, and financial performance. The 106-year-old division was run using the traditional command-and-control methodology until 1993. Individuals were expected to follow instructions exactly as given, with little room for discretion, and management and staff saw one another as rivals [7], [8].

That year, Sparrows Point saw the introduction of a management model by Bethlehem Steel that was so unlike from the one used by Taylor, the company's consultant engineer over a century before, that Taylor would not have recognized it. The purpose of the new model is to instill in workers a feeling of active responsibility for sharing ideas and expertise with management as well as with one another. It was also intended to inspire kids to take the initiative and finish tasks on their own. It's all about engagement, providing rationale for choices, and having a clear set of expectations, according to Joe Rosel, president of one of the five unions in the division.

Employees at Sparrows Point participate in decision-making and execution on three different levels. A joint-leadership committee made up of five employee representatives and senior management sits at the top and handles matters that affect the whole organization. Area teams operate at the department level and are made up of workers from various departments within the plant, such as zone committee members, and managers such as supervisors. These teams handle routine operational problems including logistics, quality control, and customer service. Employees who work in ad hoc problem-solving teams tackle possibilities and obstacles as they present themselves on the factory floor. Coworkers discuss and exchange ideas at every level. Employees are thus guaranteed a fair hearing to voice their opinions on actions that might have an impact on them. The teams decide what to do and carry it out on their own, with the exception of choices requiring significant adjustments or the allocation of resources.

Sparrows Point employs a variety of procedures and tools to make sure that every worker is aware of the rationale behind choices and the necessary procedures for carrying them out. For instance, choices are posted and discussed on the bulletin board so that staff members who weren't directly engaged in the decision-making process may understand what's happening and why. Additionally, groups of 50 to 250 workers have convened for more than 70 four-hour seminars to talk about changes taking place at the division, discover new ideas that are being considered, and discover how changes can impact employees' roles and responsibilities. Every one of the 5,300 workers in the division is kept up to date on strategic, marketing, operational, and financial performance via a monthly "report card" and a quarterly newsletter. The teams also report back to their col- leagues on the modifications they are making and ask for assistance in bringing the ideas to fruition. People's attitudes and behaviors have changed significantly as a result of fair processes. Take Sparrows Point's tin mill facility, for instance. The unit's performance in 1992 was among the poorest in the sector. One worker clarifies, however, that after that, "People started coming forward and sharing their ideas." They began to care about doing excellent work rather than simply getting by.

Consider our achievements in light-gauge cable sheathing. Because the other mills in the unit were being held up by the lengthy production throughput time, we had let this high value-added product to drop. However, ideas began to flow when we got everyone engaged and clarified why we wanted to increase throughput. The business was initially dubious because if the product had previously caused a bottleneck, why should it be any different now? However, the notion of use two consecutive mills rather than one to remove the bottleneck was proposed. Were people suddenly more intelligent? No. I'd say that they became concerned. The goal of implementing this new work style at Sparrows Point was to increase staff members' emotional and intellectual dedication. It seems like it worked. For the first time since the late 1970s, Sparrows Point has made money three years running since 1993. The division is evolving into a display that shows how, in the modern information economy, a collapsing sector can be brought back to life. "Since we know now everything that's going on in the company, we have more trust in management and are more committed to making things happen," said a Sparrows Point worker. Individuals are now going above and above what is expected of them [9], [10].

Breaking through Mental Obstacles

Given how straightforward and effective the concept of fair procedure is, why don't more businesses adopt it? The majority of individuals, even managers, believe they are fair. However, when you ask them to define fair management, the majority will tell you that it involves providing people with the resources they need, the authority they deserve, or the rewards they have merited. Stated differently, people will mistake fair results for fair processes. Only one of the three fair-process principles may be recognized by the few managers who concentrate on process, and they would stop there.

Beyond this basic ignorance, however, there are two more essential causes for the rarity of fair processes. Power is involved in the first. Certain managers still maintain the belief that power comes from information and that they can only hold onto power by keeping what they know to themselves. Their tacit approach is to protect their administrative discretion by purposefully omitting specific guidelines for success and failure. Other managers preserve control by keeping staff members at a distance and using forms and memoranda in place of face-to-face, direct contact. This helps them avoid having their views or authority questioned. These may be deeply embedded behavioral habits, and managers are seldom aware of the ways in which they use their influence. To them, due process would be dangerous.

The second reason is mostly unconscious as well since it stems from an economic presumption that most of us took for granted as children: that individuals primarily care about themselves. However, as we've seen, there is a wealth of data indicating that most people are willing to accept results that are not entirely in their favor when they believe the process to be fair. People come to understand that making concessions and sacrifices is part of the job. They acknowledge that in order to further the corporation's long-term goals, short-term personal sacrifices may be necessary. Nonetheless, acceptance is contingent upon a just procedure. A part of human psychology that hasn't been thoroughly examined in traditional management practice is touched upon by fair procedure. However, by fostering trust via equitable procedures, every business may draw on the willing participation of its workforce [11], [12].

Establishing New Market Areas

In particular when markets are stagnant or expanding slowly. Almost all managers who are involved in this kind of competition express their hatred for it and wish they could discover a better solution. They often have an innate understanding that the only way to separate themselves from the group is by innovation. However, they are only unsure of where to start. Practical guidance seldom follows admonitions to think outside the box or to create more inventive solutions. We have studied businesses that have produced such essentially novel and exceptional value for over ten years. Six fundamental strategies emerge from our search for trends in how businesses establish new markets and revive old ones. All result from seeing known facts in a fresh way; none call for any unique viewpoint or future vision.

Since most businesses want to both equal and outperform their competitors, their strategies often converge along the same fundamental dimensions of competition. These businesses adhere to a common knowledge about the kind of customers they serve, what they value, and the range of goods and services their sector ought to provide. They also share an implicit set of views about "how we compete in our industry or in our strategic group." The degree of competitive convergence increases with the degree to which companies adhere to this common understanding about how they compete. Rivals ultimately compete only on the basis of little advances in cost, quality, or both as they strive to outdo each other.

Development of new markets necessitates a fresh approach to strategic thinking. Managers may methodically search outside of the established limits that define how we compete, as opposed to searching inside them. They may discover uncharted area that really represents a breakthrough in value by doing this. In order to systematically pursue value innovation, companies can look beyond the traditional boundaries of competition, including substitute industries, buyer groups, strategic groups, complementary product and service offerings, the functional-emotional orientation of an industry, and even time.

Examining All Alternative Industries

In its widest meaning, a business competes not only with other businesses in its industry but also with businesses in other sectors that provide comparable goods and services. Every purchase choice a customer makes implicitly considers alternatives, sometimes without realizing it. Visiting the city for a play and dinner? You've undoubtedly made up your mind at some point on whether to drive, ride the train, or hail a cab. Both industrial purchasers and private customers will find the thinking process to be intuitive.

But for some reason, when we become salespeople, we often stop using this intuitive thinking. It is uncommon for vendors to intentionally consider the trade-offs that their clients make between competing industries. Competition in one area may react strongly to changes in pricing, models, or even advertising campaigns, while similar moves in a competing industry often go unreported. The vertical barriers separating one sector from another are reinforced by trade publications, trade exhibitions, and consumer rating surveys. On the other hand, possibilities for value innovation are often found in the gaps between replacement industries. Think about Home Depot, the business that transformed the do-it-yourself industry in North America. Over the course of 20 years, Home Depot has grown to be a $24 billion company, adding over 130,000 new employment across more than 660 locations. The firm plans to have more than 1,100 locations across the Americas by the end of 2000. As Home Depot did making an updated value curve.

The value curve, a visual representation of how a business or sector structures its product offering to consumers, is an effective instrument for expanding market share. Plotting the offering's performance against other options along the major success variables that characterize competitiveness in the industry or category is how it is created. For example, Intuit investigated inside its own industry software for managing personal finances to find such alternatives. It also looked across substitute goods to see why consumers choose one over the other. The humble pencil was the most common replacement for software. The current competitive space is mapped out by the value curves for these two options.

CONCLUSION

The story is told as a record of Elco's High Park plant's successful transition, overcoming early anxieties and enduring past opposition to change. The management at High Park exemplified the transformational power of openness, employee interaction, and inclusive decision-making by adopting fair process principles. The conclusion shows that the High Park facility not only avoided the expected opposition but also accomplished a notable performance turnaround in spite of the odds being stacked against them. A feeling of justice and collaboration was promoted by the dedication to a fair process, which included introducing staff members to consultants, candidly addressing difficulties, and actively incorporating them in the design of new production cells. Even in the face of complaints, the staff believed that their issues were fairly and sympathetically heard. Moreover, the story goes beyond High Park's instant success, following workers from Chester and High Park three years later. Chester workers, who thought they were treated unjustly, had residual bitterness and animosity, which contrasted with the favorable impression and adoration exhibited by High Park employees who welcomed the cellular strategy. This contradiction highlights the fact that a fair procedure affects workers' attitudes and perceptions in addition to results.

REFERENCES:

[1] J. C. Mosley and J. G. Mundinger, "History and Status of Wild Ungulate Populations on the Northern Yellowstone Range," *Rangelands*, 2018.

[2] G. M. Jones, J. J. Keane, R. J. Gutiérrez, and M. Z. Peery, "Declining old-forest species as a legacy of large trees lost," *Divers. Distrib.*, 2018.

[3] Q. Hao, B. Fu, and L. Wang, "Distribution characteristics and spatial reciprocity between an industrial park and vocational education park in a city center," *J. Asian Archit. Build. Eng.*, 2018.

[4] J. M. Jones, U. Passow, and S. C. Fradkin, "Characterizing the vulnerability of intertidal organisms in Olympic National Park to ocean acidification," *Elementa*, 2018.

[5] M. Massone and O. Olmello, "The 1890 crisis. Dividing line between two opposing models of music education in Argentina," *Resonancias*. 2018.

[6] B. Sui, "Flow Diversion of Cerebral Aneursyms," *Acta radiol.*, 2018.

[7] S. Y. Lee, C. L. Park, and B. S. Russell, "Does distress tolerance interact with trait anxiety to predict challenge or threat appraisals?," *Pers. Individ. Dif.*, 2018.

[8] R. M. Krebs, H. R. P. Park, K. Bombeke, and C. N. Boehler, "Modulation of locus coeruleus activity by novel oddball stimuli," *Brain Imaging Behav.*, 2018.

[9] M. A. Shehzad *et al.*, "Dynamics of liquid crystal on hexagonal lattice," *2D Mater.*, 2018.

[10] C. N. . Corbin, "Wakanda! Take the Wheel! Visions of a Black Green City," *Spec. issue, race Spat. imaginary Plan. otherwise. Plan. Theory Pract.*, 2018.

[11] R. O'Meara and A. Bevan, "Transmedia Theory's Author Discourse and Its Limitations," *M/C J.*, 2018.

[12] M. S. Park, G. H. Ha, and H. Y. Koo, "Thermoelectric Properties of Synthesized P-Type Bi-Te-Sb Bulk Materials By Oxide Reduction Process," *ECS Meet. Abstr.*, 2018.

CHAPTER 5

EXPLORATION OF QUICKENS VALUE CURVE: AN ANALYSIS

Ms. G. Padma Priya, Assistant Professor
Department of Chemistry and Biochemistry, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- g.padmapriya@jainuniversity.ac.in

ABSTRACT:

Quicken's value curve reflects a strategic approach that has propelled the company's success in the competitive landscape. Positioned within the software industry for personal finance management, Quicken has crafted a distinctive value curve by understanding and redefining key success factors that define customer preferences. Through a meticulous analysis of substitute products, including traditional tools like pencils, Quicken identified opportunities to create a new market space. The abstract delves into Quicken's innovative value curve, emphasizing its ability to provide superior offerings compared to existing alternatives. By mapping performance along essential industry factors, Quicken strategically positioned itself to meet customer needs effectively. The value curve not only encapsulates Quicken's competitive advantage but also highlights its capacity to identify and capitalize on unexplored dimensions of customer value. In essence, Quicken's value curve serves as a testament to the company's ability to navigate the market by offering unique and compelling solutions within the personal finance software industry.

KEYWORDS:

Cross-Selling, Integration, Market Expansion, Service Offerings, Strategic Alignment, Synergy.

INTRODUCTION

The program provided comparatively good accuracy and speed levels. However, consumers often opted for the pencil because to its benefits in terms of cost and usability, and the majority of users never used the software's extra capabilities, which increased the product's complexity and expense [1], [2].

Accelerates value curve

By considering how consumers weigh trade-offs between alternatives, Intuit was able to develop a new value curve that blends the cheap cost and simplicity of use of the pencil with the speed and precision of conventional personal-financial software advances. People may manage, comprehend, and arrange their personal money using its Quicken program. Every family has to endure the tedious task of paying bills every month. Therefore, personal finance software ought to have a large and diverse market in theory. However, hardly many individuals utilized software to automate this laborious and repetitive activity prior to Quicken. The 42 personal financial software programs that were available at the time Quicken was released in 1984 had not yet gained traction in the market. The best competitor we saw wasn't on the field. The pencil was the culprit. The pencil makes a very durable and reliable replacement. Still, the whole industry had missed it. Intuit came to the crucial realization that the pencil had two key benefits over computerized solutions: it was very inexpensive and extremely easy to use. This realization resulted from asking why purchasers switched between replacements. The previous software packages were too costly, starting at around $300. Additionally, they presented daunting interfaces chock-full of accounting jargon, making them difficult to utilize.

Intuit concentrated on emphasizing the two main benefits of computers over pencils: accuracy and speed, as well as affordability and ease of use. Everything else was either completely removed or drastically reduced. Quicken is nearly as easy to use as a pencil, but it is significantly quicker and more precise because to its user-friendly design, which is reminiscent of a checkbook. All of the complex features and accounting language that were a part of the industry's accepted notion of "how we compete" were removed by Intuit. Instead, it provided only the essential features that the majority of users need. Costs were reduced by simplifying the program. At retail, Quicken cost around $90, a 70% decrease. Quicken's diverging value curve was too strong for both the pencil and other software programs to match. In addition to revolutionizing the business and generating breakthrough value, Quicken has grown the market by a factor of ten. There's another thing to learn from the way Intuit considered and investigated alternatives. When Intuit searched for alternatives to its own product or service, it might have concentrated on private accounting companies that manage people's personal accounts. When there are several options, it's a good idea to investigate the ones that have the most utilization and monetary value volumes. Put another way, more Americans handle their personal money with pencils than with accountants [3], [4].

This strategy of searching for alternatives to develop new markets has been used by many of the well-known success stories of the last ten years. Take postal delivery services like Federal Express and United Parcel Service, which operate at almost the speed of a phone call, and Southwest Airlines, which combines the ease of regular departures and cheap car ownership with the speed of flight. Because so few Americans use buses for long distance travel, it should be noted that South-West Airlines focused on driving as the relevant replacement rather than other surface transit options like those.

Examining Different Strategic Groups in Industries

Similar to how it's common to search across alternative sectors to find fresh market space, searching across strategic groupings may also provide results. The phrase describes a collection of businesses in a sector that use a comparable approach. In the majority of sectors, a limited number of strategic groupings include all the fundamental strategic distinctions between industry participants. Price and performance are the two main factors used to create an approximate hierarchical ranking for strategic groupings. There is often a proportional increase in some performance-related attribute with every price increase. The majority of businesses concentrate on strengthening their competitive position within a key alliance. Knowing what influences buyers' choices to move up or down within an established strategic group is essential to developing additional market space across those groups.

Take Polo Ralph Lauren, for example, which created a whole new and paradoxical industry for high fashion apparel that isn't fashionable. Ralph Lauren is the first American design house to effectively take its brand global, with retail sales reaching $5 billion globally. When Polo Ralph Lauren first opened its doors over thirty years ago, professionals from practically every corner of the fashion world chastised the brand. They inquired, where was the trend? Ralph Lauren's designs lacked originality; how could they justify such expensive prices? However, the same individuals who attacked the brand also purchased its clothing, as did wealthy individuals worldwide. The best thing about Lauren was that it was unfashionable. The two strategic groupings that controlled the high-end clothing market designer haute couture and the more popular but less expensive classical lines of Burberry, Brooks Brothers, Aquascutum, and similar companies were the foundation upon which Ralph Lauren developed.

What drives individuals to exchange classic lines for haute couture or vice versa? The majority of consumers do not upgrade to haute couture in order to purchase ostentatious, quickly outmoded clothing. They also don't like shelling out absurd sums of money up to $500 for a t-shirt. The emotional appeal of wearing an exclusive designer's name a moniker that declares, “I am different; I appreciate the finer things in life” makes them purchase haute couture. They also appreciate the exquisite workmanship and incredibly luxurious feel of the fabrics used in the clothing. Ironically, the main disadvantage of haute couture for the majority of affluent clients is its fashionable designs very few possess the sophistication or physical attributes to pull off such unique apparel. Customers who choose traditional lines over haute couture, on the other hand, are looking for long-lasting clothing that may justify expensive pricing. Ralph Lauren did not establish its brand by averaging the disparities between these two key groups; rather, it did so in the area between them. Lauren, on the other hand, understood the benefits of trading both up and down. What most customers love about haute couture is captured by its designer name, the sophistication of its boutiques, and the opulence of its materials; its price and updated classical appearance capture the best of the classic lines. Polo Ralph Lauren was able to take market share from both sectors and attract a large number of new clients by merging the most appealing aspects of both groups and removing or decreasing the rest [5], [6].

Several businesses have discovered untapped markets by searching outside of key groupings. By providing the quality of high-end Mercedes, BMW, and Jaguar vehicles at a price more in line with lower-end Cadillac and Lincoln vehicles, Toyota's Lexus brand created a new niche for itself in the luxury automobile industry. Consider the Sony Walkman as well. In order to develop the personal stereo market, Sony combined the acoustics and trendy appearance of boom boxes with the affordability, lightweight, and convenient size of transistor radios in the late 1970s. These two tactical units were partially subjugated by the Walkman. Additionally, new consumers including commuters and joggers entered the market as a result of its exponential rise in value. Champion Enterprises, located in Michigan, saw a comparable opportunity by examining two key sectors within the housing sector: producers of prefabricated houses and on-site developers. Prefabricated homes may be built quickly and at a minimal cost, but they are also very uniform and give off a bad impression. On-site developer-built homes are much more costly and need a longer construction period, but they also provide diversity and a premium impression.

Champion opened up new markets by providing the compelling advantages of both tactical groupings. In addition to offering consumers the option of luxurious features like skylights, fireplaces, and even vaulted ceilings, Champion's prefabricated homes are fast to construct and enjoy significant economies of scale and reduced expenses. Champion has essentially redefined what prefabricated home is. Consequently, a greater number of customers in the lower-to-middle income range have shown interest in buying prefabricated housing instead of renting or buying an apartment, and some wealthy individuals are also becoming interested in this sector.

DISCUSSION

Competitors in most businesses tend to gather around a shared definition of the target customer, but in actuality, there is a chain of "customers" who are either directly or indirectly engaged in the decision to purchase. It's possible that the people who pay for the product or service are not the same as the real consumers, and in some situations, there are also significant influencers. These three categories may overlap, but they also often diverge. When they do, their definitions of value are usually distinct. For example, a corporate buying agent could be more focused on expenses than a corporate user, who is probably more interested in usability. Similarly, a manufacturer's just-in-time stock replenishment and creative financing may be valued by a retailer. However, while being heavily impacted by the channel, consumer buyers do not place a high value on these items. Within an industry, organizations often focus on distinct consumer categories, such as big vs small customers. However, an industry usually settles on one kind of customer. For instance, the pharmaceutical sector places a great deal of emphasis on influencers, such as physicians. Office equipment manufacturers place a lot of emphasis on buyers corporate buying departments. And users are the main customers for the apparel business. This emphasis may have a compelling economic justification at times. However, it often stems from industrial practices that have never been questioned. By questioning the accepted knowledge in an industry, one might uncover untapped markets by determining which buyer group to target. Companies may learn new strategies for redesigning their value curves to target a previously unnoticed group of clients by examining buyer groups other than their own [7], [8].

Bloomberg has grown to become one of the biggest and most reputable sources of business information worldwide in little over ten years. Before Bloomberg made its debut in the early 1980s, the brokerage and investing community received real-time news and pricing from Reuters and Telerate, which controlled the online financial information market. The industry concentrated on buyers, or IT managers, who appreciated standardized systems because they made their jobs simpler. Bloomberg could not understand this. Every day, traders and analysts earn or lose millions of dollars for their companies; IT managers don't do this. Information gaps provide business possibilities. Traders and analysts have to move quickly when markets are busy. Every second matters. Thus, Bloomberg created a system with user-friendly terminals and keyboards labeled with common financial terminology in order to provide traders better value. Additionally, the devices have two flat-panel displays, allowing traders to see all the information they want simultaneously without opening and closing several windows. Bloomberg introduced an integrated analytical feature that can be accessed by just pressing a button, since traders must evaluate information prior to taking action. Important financial computations used to require traders and analysts to download data and utilize a calculator and pencil. Now, users can do longitudinal studies of historical data and easily run "what if" scenarios to calculate returns on alternative investments. Bloomberg was able to see the dichotomy of traders' and analysts' personal lives by concentrating on consumers. Despite having a great income, they work so many hours that they don't have any free time. Understanding that there are periods throughout the day when there is minimal trading on the markets, Bloomberg made the decision to enhance traders' personal life by providing information and purchasing services. In addition to purchasing goods like jewelry, clothes, and flowers, traders may also book trips, learn about wines, and peruse real estate listings.

Bloom-berg produced a value curve that was dramatically different from anything the industry had ever seen by moving its attention upstream from buyers to consumers. Using their influence inside their companies, the traders and analysts coerced IT managers into buying Bloom-berg terminals. Bloomberg expanded the market, not only lured clients away from rivals. "Our industry does not require either-or decisions," says Mike Bloomberg, the founder. "Our customers are able to purchase two items. Because we provide exceptional value, a large number of them choose us over other financial news services.

By moving from buyers to influencers downstream, Philips Lighting firm the North American branch of the Dutch firm Philips Electronics reconstructed its industrial lighting business. In the past, the business concentrated on corporate buyers who made decisions based on the price and lifespan of the lightbulbs. Along those two dimensions, everyone in the industry engaged in head-to-head competition. Philips discovered via concentrating on influencers such as CFOs and public relations professionals that the cost and lifespan of lightbulbs

Bloomberg's value curve upon launch

Bloomberg examined the whole supply chain, from the traders who used financial information systems to the IT managers who had historically bought them, in order to determine its value curve. Its value innovation resulted from combining the creation of new features—like online analytical capabilities—that traders, not IT administrators, found valuable, with an exponential increase in usability. Neglected to include the whole cost of lighting. Upon the end of a lamp's life, firms had to deal with hefty disposal expenses due to the ecologically harmful mercury included in lamps. CFOs noticed the charges; the buying department never saw them. Thus, in 1995, Philips unveiled the Alto, an eco-friendly lightbulb that it markets to CFOs and PR professionals, using such influencers to boost sales. The Alto decreased total prices for consumers and received favorable coverage from businesses for raising environmental awareness. Over 25% of the standard T-12 fluorescent bulbs used in American shops, schools, and office buildings have already been replaced by the product, which has better margins and is developing rapidly in the new market that Alto established. Similar chances to open up fresh market space are provided by several sectors. Through challenging traditional notions of who may and should be the target customer, businesses can often discover fundamentally novel ways to provide value [9], [10].

Examining All Available Complementary Goods and Services

Very few goods and services are used in a vacuum; most of the time, other goods and services have an impact on their worth. However, competitors in most industries tend to converge within the parameters of the goods and services that their sector offers. Use movie theaters as an example. The perceived value of attending to the movies is impacted by the convenience and expense of finding a babysitter and parking, even though these supplementary services fall beyond the purview of the movie theater business as it has been historically understood. Few movie theater owners are concerned about how expensive or difficult it is for customers to find babysitters. However, they ought to should, since it influences the demand for their products.

Complementary goods and services can contain unrealized value. Determining the comprehensive answer that consumers look for when selecting a product or service is crucial. Consider what occurs before to, during, and after the usage of your product as a straightforward method to do this. Prior to going to the cinema, parking and babysitting are required. Computer hardware is used in conjunction with operating and application software. Ground transportation is employed post-flight in the airline sector, but it is undoubtedly a necessary component of the customer's travel demands. By focusing on the elements that lessen the value of their own product or service, businesses may open up new markets. In the US, have a look at Barnes & Noble and Borders Books & Music. The retail book business in the United States seemed to be in decline by the late 1980s. The number of Americans who read decreased. The little, independent bookshop seemed to be an endangered species, while the big chains of mall bookstores were in fierce rivalry with them other. In this context, Borders and B&N revolutionized an entire sector by establishing a new format: book superstores. Both companies often see a more than 50% rise in total book consumption when they join a market. Selling books has been the only definition of a bookstore's conventional line of business. People arrived, made purchases, and then went. However, Borders and B&N took a broader view of the whole experience customers look for when they purchase books, emphasizing the pleasure of lifelong learning and exploration. Yes, it does include making actual book purchases. However, it also covers related tasks like looking for and locating books, assessing possible purchases, and actually tasting books [11], [12].

Customers have to put up with a great deal of inefficiencies and difficulties from traditional retail book chains. Few of their employees could assist consumers in finding the correct book since they were primarily educated as cashiers and stock clerks. The restricted range in tiny retailers made it difficult to find a captivating book. Individuals who haven't lately read a positive book review or gotten a referral from a friend are unlikely to visit these booksellers. Shops often discouraged perusing, making patrons bear a great deal of the risk associated with a book purchase since they would not know until after they made the purchase whether they would like it or not. Regarding consumption, that was meant to be done at home. However, home has become less of a serene haven where someone may unwind with a great book as people's lives have been busier. Value was seen to be trapped in these complementing activities by Borders and B&N. They used personnel with in-depth book knowledge to assist clients in making decisions. All of the team members are avid readers and several have advanced degrees from colleges. Additionally, they get a monthly book allowance and are really urged to read during quiet business times.

Whereas the typical bookshop only carries around 20,000 titles, superstores carry over 150,000. In order to encourage customers to read books cover to cover, the superstores are outfitted with armchairs, reading s, and couches. Their spacious aisles, coffee shops, and classical music all encourage folks to stay around. They are open until 11 p.m. and provide a tranquil spot for a peaceful reading session in the evening rather than just a fast stop for shopping.

Superstores that sell books have expanded the range of services they provide. They turned the book itself into a commodity and made reading and intellectual study enjoyable. With a combined total of more than 650 superstores, Borders and B&N have become the two biggest book businesses in the US in less than six years. We could name a long list of more businesses that have followed this route to open up new markets. To provide customers' whole entertainment demands, Virgin Entertainment shops include CDs, DVDs, computer games, stereos, and audio equipment. The purpose of Dyson's vacuum cleaner designs is to eliminate the need for expensive and inconvenient vacuum cleaner bag replacement. In order to save patients from having to schedule separate appointments for each service they need, Zeneca's Salick cancer clinics provide all the cancer treatments they may need under one roof.

Examining Buyers' Functional or Emotional Appeal

An industry's competition tends to center on one of two potential bases of appeal in addition to a widely agreed understanding of the range of its goods and services. Certain sectors are rationally appealing because they compete primarily on the basis of price and function, mostly determined by utility calculations. Other sectors of the economy primarily appeal to emotions; they compete on those grounds. However, most goods and services are seldom inherently more appealing than others. The way businesses have historically competed has unintentionally taught consumers on what to anticipate, which the cause of the issue is. In a vicious cycle, the actions of businesses influence the expectations of their clientele. Industries that are functionally oriented tend to grow more so, while industries that are emotionally oriented tend to become more so with time. It makes sense that market research seldom yields fresh insights into what consumers really want. Businesses have prepared consumers for what to anticipate. They respond to surveys with more of the same for less.

When businesses are ready to question the functional-emotional orientation of their sector, they often discover new markets. We have seen two recurring trends. Many frills offered by emotionally charged furnishings raise costs without improving functionality. Removing such items might result in a simpler, more affordable company strategy that would appeal to clients.

On the other hand, functionally oriented companies often find that infusing a dash of passion to commodity items gives them new life and generates demand.

Take a look at how Starbucks turned a useful product into an engaging one. The U.S. coffee market was controlled by General Foods, Nestlé, and Procter & Gamble in the late 1980s. Coffee drinking was a daily habit for consumers. The coffee business was seen as a commodity, characterized by steep price reductions and a constant struggle for market share. Customers have been indoctrinated by the industry to base their purchases on price, discount coupons, and brand names—which are costly for businesses to establish. Paper-thin profit margins and slow growth were the outcome. The big three offered coffee by the can; Starbucks sold a retailing concept—the coffee bar—and instead of seeing coffee as a practical product, it set out to make coffee an emotional experience, what consumers commonly refer to as a “caffeine-induced refuge." The coffee shops provided a stylish environment for socializing, leisure, prestige, discussion, and inventive coffee concoctions. Starbucks transformed regular people into coffee connoisseurs and elevated coffee to an emotional experience, making the expensive $3 per cup price appear appropriate. Starbucks established a national brand with margins over five times higher than the industry norm with practically no advertising. Swatch accomplished for inexpensive timepieces what Starbucks did for coffee. Budget watches were formerly thought of as purely utilitarian items, purchased for the purpose of keeping time. The industry giants, Citizen and Seiko, fought each other with functional innovations, such as producing digital displays that were simpler to read or using quartz technology to increase accuracy. Swatch transformed low-cost timepieces into stylish accessories.

In order to transform its timepieces into a fashion statement by fusing sophisticated technology with imagination, SMH, the parent business based in Switzerland, established a design center in Italy. Chairman Nicholas Hayek says, "You wear a watch on your wrist, right against your skin." It could have a significant role in how you come across. Before Swatch, consumers would typically buy one watch. I thought that if we could infuse the product with real emotion and a compelling message, we might succeed in controlling the market and taking the lead in the industry. Swatch established re-peat buying as the norm. The typical Italian owns six Swatches to suit their various appearances and emotions. By taking a different approach and switching from an emotional to a pragmatic appeal, The Body Shop was able to carve out new market space. Cosmetics is one of the most emotionally driven businesses. In addition to selling goods, the industry also sells aspirations, hopes, and beauty. Packaging and advertising account for 85% of the expenses incurred by cosmetics firms on average.

Significant financial reductions were achieved by the Body Shop by eliminating the emotional appeal. Simple refillable plastic bottles are used by The Body Shop since consumers do not benefit financially from the money that the business spends on packaging. The Body Shop doesn't invest much in advertising since, once again, its clients get nothing useful from it. To put it briefly, the Body Shop hardly resembles a cosmetics company at all. In a sector where competitors usually rely on tried-and-true formulas, the company's approach—and its focus on natural ingredients and healthy living—was so refreshingly basic that it won over customers via common sense and opened up new market space. Many service businesses that fit this pattern are seeing a boom in the establishment of new markets. The emotional connection between a broker and a client has always been crucial to relationship-based industries like banking, insurance, and investing. Change is really needed for them. In Britain, for instance, Direct Line Insurance

Body Shop is a makeup brand

The Body Shop established a value curve so divergent that it hardly resembles a cosmetics firm at all by reevaluating the conventional bases of attractiveness of its sector. The Body Shop put a fresh focus on natural ingredients and healthy living while lowering price, glamor, and packaging expenses by appealing to function rather than emotion.

CONCLUSION

The value curve of Quicken is a tactical victory in the field of personal financial software. Through a thorough examination of the market for alternative goods, Quicken was able to identify and seize chances to reshape the competitive landscape of the sector. The carefully designed value curve demonstrates the company's dedication to comprehending client preferences and creatively meeting their demands. The secret to Quicken's success is not only making little tweaks here and there, but also completely changing how users see and interact with personal financial products. Quicken's capacity to provide exceptional performance across key parameters is visually represented by the value curve, which establishes a unique market area. By adopting this strategic stance, Quicken has managed to set itself apart from rivals and exhibit a forward-thinking approach to satisfying changing customer needs. Quicken's value curve is evidence of its adaptability, creativity, and customer-first mentality as it navigates the ever-changing personal finance market. Quicken's value curve, which continuously offers its consumers unmatched value, provides a roadmap for long-term success in a sector where adaptation is essential.

REFERENCES:

[1] G. K. Birajdar and V. H. Mankar, "Blind image forensics using reciprocal singular value curve based local statistical features," *Multimed. Tools Appl.*, 2018.

[2] Y. Wei, Y. Dong, X. Huang, and Z. Zhang, "Nonlinearity measurement for low-pressure encapsulated MEMS gyroscopes by transient response," *Mech. Syst. Signal Process.*, 2018.

[3] A. Rungi and D. Del Prete, "The smile curve at the firm level: Where value is added along supply chains," *Econ. Lett.*, 2018.

[4] J. Dvorak and I. Razova, "Empirical Validation of Blue Ocean Strategy Sustainability in an International Environment," *Found. Manag.*, 2018.

[5] D. Gaeuman, R. L. Stewart, and S. Pittman, "Toward the Prediction of Bed Load Rating Curve Parameter Values: The Influence of Scale, Particle Size, and Entrainment Threshold," *Water Resour. Res.*, 2018.

[6] A. de Lorenzo, C. L. da Silva, F. C. C. Souza, and R. de S. L. Lima, "Value of the oxygen pulse curve for the diagnosis of coronary artery disease," *Physiol. Res.*, 2018.

[7] D. Byrne, N. Onder, and Z. Wang, "MPart: Miss-ratio curve guided partitioning in key-value stores," *ACM SIGPLAN Not.*, 2018.

[8] D. Pol, "On the values of logarithmic residues along curves," *Ann. l'Institut Fourier*, 2018.

[9] A. Krebs, J. Nyffeler, J. Rahnenführer, and M. Leist, "Normalization of data for viability and relative cell function curves," *ALTEX*. 2018.

[10] J. J. Zhang and X. Liu, "Aspirin plus dipyridamole has the highest surface under the cumulative ranking curves (SUCRA) values in terms of mortality, intracranial hemorrhage, and adverse event rate among 7 drug therapies in the treatment of cerebral infarction," *Medicine (United States)*. 2018.

[11] R. Zheng, D. Hill, D. Hedden, M. Moreau, S. Southon, and E. Lou, "Assessment of curve progression on children with idiopathic scoliosis using ultrasound imaging method," *Eur. Spine J.*, 2018.

[12] C. P. Wu, Y. K. Tu, S. L. Lu, J. H. Chang, and H. K. Lu, "Quantitative analysis of Miller mobility index for the diagnosis of moderate to severe periodontitis - A cross-sectional study," *J. Dent. Sci.*, 2018.

CHAPTER 6

BUSINESS TRENDS: A STRATEGIC APPROACH TO MARKET CREATION AND INNOVATION

Ms Malathi. H, Associate Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- h.malathi@jainuniversity.ac.in

ABSTRACT:

The dynamic relationship between businesses and external trends, emphasizing the pivotal role of strategic foresight in unlocking innovation and creating new market spaces. In contrast to passive adaptation, the narrative underscores the importance of actively shaping the future by identifying trends that are decisive, irreversible, and exhibit a clear trajectory. The discussion revolves around three critical principles for assessing trends across time: decisiveness, irreversibility, and trajectory clarity. Drawing from examples such as Enron and Cisco Systems, the article illustrates how businesses can identify opportunities within emerging trends and proactively transform markets. The narrative emphasizes the significance of examining how trends alter customer value, leading to the creation of new value curves. The approach encourages managers to envision future market landscapes, fostering the understanding that predicting the future is impossible, but deriving insights from observable trends is paramount. The article concludes by emphasizing the strategic importance of creating new market space for both start-ups and established companies, positioning market creation as a central challenge for sustained growth and regeneration in an ever-evolving business landscape.

KEYWORDS:

Remote Collaboration, Supply Chain Resilience, Sustainability, Technology Integration, Telecommuting, Virtual Events, Workforce Diversity.

INTRODUCTION

Every industry is vulnerable to outside trends that have an ongoing impact on their businesses. Consider the explosive growth of the Internet or the worldwide environmental movement. Taking the appropriate angle while examining these patterns may spur innovation and open up new markets. As events develop, most businesses adjust gradually and sometimes passively. Managers often concentrate on projecting the trend itself, regardless of the introduction of new technology or significant changes in regulations. In other words, they inquire as to how a technology will advance, be embraced, and if it will scale. To stay up with the evolution of the patterns they are monitoring, they pace their own activities. However, projecting the trend itself seldom yields important insights into future market areas. Rather, they originate from commercial insights on how the trend may alter the value proposition for customers. Managers may actively design their future and stake claims to new market space by looking across time, from the value a market gives now to the potential value it may deliver tomorrow. Although it may be more challenging than the other strategies we've covered, looking across time may be achieved using the same methodical approach. We are not discussing future prediction, which is by definition impossible. We are discussing how to draw conclusions from currently discernible patterns [1], [2].

When evaluating patterns throughout time, three guiding concepts are essential. These trends must have a clear direction, be irreversible, and be critical to your company in order to serve as the foundation for a new value curve. At any one period, a number of trends may be seen, such as a shift in the social or regulatory contexts, the emergence of a new lifestyle, or a discontinuity in technology. However, often, only one or two will significantly affect any one organization. Furthermore, it's conceivable to observe a significant trend or occurrence without being able to forecast its course. For instance, the growing Asian crisis in 1998 was a significant development that was certain to have a significant effect on financial services. However, it was difficult to forecast the path that trend would follow, therefore speculating on a potential new value curve that may arise from it would have been dangerous. As it replaces Europe's many currencies, the euro, on the other hand, is developing steadily. This is an unwavering, irrevocable, and visibly developing trend that might open up new financial services market space. Once managers have seen a pattern of this kind, they might ask themselves what the market would look like if the trend were followed through to its logical end. By deriving a new value curve from their vision, they may determine the current changes that need to be made in order to provide purchasers with higher value [3], [4].

Take Houston, Texas-based energy corporation Enron. Gas pipelines were the main focus of Enron's operations in the 1980s. The gas business was about to be liberalized. For Enron, such an incident would undoubtedly be pivotal. It seemed improbable that the US government would reverse its decision to deregulate the gas business given that it had recently deregulated the transportation and communications sectors. The trend was not only unstoppable, but it also had a logical end in sight: the dissolution of municipal gas monopolies and the repeal of price regulations. Enron obtained knowledge on how to create new market space by evaluating the difference between the markets as it was and the market as it was intended to be.

Once regional gas monopolies were dismantled, gas could be obtained from any location in the country. Gas prices at the time differed significantly across locations. For example, gas was far more expensive in New York and Chicago than it was in Oregon and Idaho. Enron recognized that the deregulation would allow for the creation of a nationwide gas market where gas could be purchased at low prices and sold at high prices. Through analyzing the potential for deregulation of the gas market, Enron saw an opportunity to release enormously imprisoned wealth on a nationwide level. Enron thus collaborated with governmental organizations to promote deregulatory measures. It bought local gas pipeline firms throughout the country, connected them, and established a national gas market. This made it possible for Enron to operate with the finest spreads in the business and purchase gas at the lowest cost from several suppliers throughout North America. Enron rose to prominence as North America's biggest natural gas carrier, offering its clients up to 40% cost savings and more dependable delivery.

Cisco Systems did likewise, carving out a new market niche. The rising need for high-speed data interchange was the first apparent indicator of a decisive and irreversible trend. Cisco observed the real world, which was beset by incompatible computer networks and sluggish data speeds. Demand was skyrocketing as the number of Internet users increased almost every 100 days, among other reasons. Cisco could thus plainly see that the issue would only become worse. Cisco created its routers, switches, and other networking equipment with the goal of providing clients with breakthrough value by enabling quick data transfers in a seamless online environment. As a result, Cisco's thinking is equally focused on value innovation and technology. Currently, Cisco's systems handle over 80% of all Internet traffic, and its margins in this emerging industry are in the order of 60%.

Reviving Big Businesses

Not only is expanding market share essential for new businesses, but it's also necessary for even the biggest corporations in the world to thrive and survive. Consider the case of Toyota. Despite accounting for only 2% of Toyota's unit sales, the Lexus contributed roughly one-third of the company's operating profit within three years of its 1989 introduction. Furthermore, the Lexus improved Toyota's reputation for its whole line of automobiles. Or consider Sony. The Walkman has had the most impact on Sony's reputation and profitable growth over the last 20 years. Ever since its launch in 1979, Sony's Walkman has dominated the personal stereo industry, greatly benefiting the company's other business lines globally. Similarly, consider SMH. Its roster of watch brands includes high-end brands like Blancpain, whose timepieces can fetch over $200,000, astronaut-approved Omega, midrange favorites like Hamilton and Tissot, and stylish, athletic Longines and Rado timepieces. However, the Swatch brand and the demand for quirky, stylish timepieces were what brought new life to the Swiss watch industry as a whole, making SMH the global favorite among investors and consumers [5], [6]. It makes sense that business executives throughout the globe consider developing new markets to be a major strategic obstacle for their companies in the next ten years. They realize that without establishing and re-creating markets, profit growth is not sustainable in an oversupplied and demand-starved economy. That is what makes it possible for small businesses to grow into large ones and for large businesses to reinvent themselves.

DISCUSSION

Motorola released a device in 1998 with the intention of completely redefining the mobile phone industry. The business claimed that the Iridium will be the first mobile phone to provide continuous wireless connectivity anywhere in the globe, regardless of the geography or nation. It was a total failure. Motorola disregarded the phone's many shortcomings in its haste to adopt new technology. It was bulky, required a lot of attachments, and couldn't be used in a vehicle or building exactly where globe-trotting executives needed it most. People saw no compelling incentive to upgrade from their $150 mobile phones, even at $3,000, to the new model. This story demonstrates how even the most prestigious businesses may make glaring mistakes when it comes to innovation. Occasionally, businesses push new technologies into the market too quickly or for too little money. Other times, they choose to overlook the novel concept used by a rival firm to force them out of business. For instance, CNN's rivals first derided its content as "Chicken Noodle News." It's not like businesses are unaware of the difficulties associated with innovation. A new product must provide outstanding utility to consumers at a competitive price, and the business must be able to make a healthy profit on its production. However, the uncertainty surrounding innovation is so high that even astute managers find it difficult to assess the viability and market readiness of novel company concepts [7], [8].

Over a decade ago, we investigated the causes of productivity increase and discovered that innovation plays a major role. This conclusion aligns with the New increase Theory of economics, which was developed by Paul Romer at Stanford University. Ever then, the emphasis of our study has been on how businesses really bring about breakthroughs. We started by compiling an extensive database that includes information on more than thirty inventive, successful businesses across several sectors. Our database grew to include more than 100 firms over time as the Internet took off and dot-com businesses started popping up. Some of these businesses have been successful at innovating, while others have not. We conducted in-depth interviews with hundreds of these organizations' management and methodically compared their achievements and shortcomings.

We have used our findings to illustrate how the inventions of successful businesses have changed their industry or even started new ones in our earlier HBR articles. We've also covered how businesses should foster an atmosphere that encourages the development, exchange, and creation of new information and ideas. We shift our focus in this piece from the businesses and sectors to the inventions themselves. Furthermore, we provide a suite of analytical instruments that managers may use to evaluate the financial viability of any novel concept. We provide a methodical strategy in this post to lessen the uncertainty around innovation. In an effort to ascertain the factors that contribute to a new idea's commercial success, we have compiled a list of over 100 businesses that have consistently and effectively innovated. Additionally, we have gathered information on the businesses whose goods and services our inventors have replaced. Based on that data, we developed three analytical tools to assist managers in identifying a promising company concept, regardless of the market niche it enters or develops. The buyer utility map, the first tool, shows how likely it is that buyers will be drawn to the novel concept. The price that will attract the largest number of buyers is determined by the second tool, known as "the price corridor of the mass." "The Business Model Guide," the third tool, provides a framework for determining [9], [10].

Among the Most Creative

Charles Schwab, a bargain broker, is one of the companies in our database. Making clients feel secure about trading over the phone and then online was Schwab's first breakthrough. Schwab realized that clients were really more concerned with the safe execution of their deals at a period when the majority of discount brokers were vying with one another on price. Through the provision of immediate computer confirmation, Schwab removed that perceived danger. Schwab continued by adding convenience to the purchase process. Customers weren't free during regular office hours, which was when the majority of bargain brokers were operating. The fact that customers had to transfer the money for their stock transactions from their banks which had even more constrained hours and far longer response times than brokers—exacerbated their concerns. To avoid such annoyances, Schwab provided clients with round-the-clock, seven-day-a-week support as well as a Schwab One cash management account that included checking and a Visa card [11], [12]. The next breakthrough from Schwab was in the area of ease of use and maintenance. It saw how difficult it was for clients to monitor their investments in mutual funds. Generally, any fund business a customer interacted with would send them a statement of their mutual fund accounts. Subsequently, they would be tasked with assembling all the components to see their financial performance in its entirety. In order to provide clients with a monthly aggregated statement of all mutual fund investments made via Schwab, the company introduced OneSource. Schwab has continued to lead the group by investigating new utility areas. Whether Schwab will continue on enhancing a business's present utility offering. However, this strategy is unlikely to result in breakthroughs that will change the market in many established businesses. Instead, let's examine how prosperous inventors have marked out new areas on the map. At the same point, using a fresh utility lever. Numerous noteworthy innovations establish novel standards for a recognizable experience. One example is Starbucks, which has transformed the coffee break for American office workers. Coffee was traditionally purchased at delis or fast-food restaurants, which vied with one another by providing quick, inexpensive coffee to customers. According to the map, the businesses concentrated on providing productivity to customers throughout the buying process. But Starbucks relocated to a whole different location. Its ability to maintain its advantage depends on its capacity to consistently occupy new utility locations before its rivals do.

Deciding on a Strategic Price

By alone, providing outstanding usefulness does not guarantee the success of an idea. The appropriate pricing must also be chosen. That wasn't as urgent of a problem back then. Businesses might test the waters by launching their products with an eye toward novelty and price-insensitive consumers, then gradually lowering their pricing to draw in more mainstream clients. However, in the new economy, managers need to know right away what pricing would draw in a sizable client base. It has become imperative to swiftly attain a big volume for two reasons. First, firms are finding that volume now yields greater returns than it did in an increasing number of industries. This is due to the fact that businesses today spend a lot more money on product development than on production, as the nature of products grows increasingly knowledge-intensive. Sales so directly impact the bottom line once development expenses are paid. Another explanation is that some businesses are forced to take early control of the mass market. A product's or service's value to a consumer, like eBay's online auctions, is directly proportional to the combined number of users. Consumers will not purchase a product or service if they believe that very few other people use it. Many goods and services are all-or-nothing; you either sell millions at once or you sell nothing at all as a consequence of this phenomena, known as network externalities.

A product's pricing should not only draw in a lot of customers, but also aid in keeping them loyal. This price is known as strategic pricing. A lot of inventions are quite susceptible to copying. Patents cannot be used to protect concepts like those of Starbucks and Home Depot, for instance. Customers need to be persuaded that they won't get a better deal from a copycat in order for them to stay faithful. Because brand creation these days mainly depends on word-of-mouth recommendations flowing swiftly across our networked society, a company's reputation must be built from the first. Therefore, businesses need to start with an offer that customers just can't turn down. The pricing corridor of the mass, which is our next tool, will assist managers in determining the appropriate price for that tempting offer—which isn't always the lowest price, by the way. There are two separate but connected processes in using the tool.

Determining the Mass's Price Corridor

All businesses start by determining the pricing by examining the goods and services that, in terms of form, most closely reflect their concept that is, other goods in their respective industry. Of course, it's still a required process, but innovations that shape the market succeed by attracting new consumer segments rather than just gaining market share from already-existing ones.

The mass market's pricing corridor

Finding the pricing corridor of the mass, or the price range that appeals to the greatest number of consumers, is the first step in determining the appropriate price for your new product. Then, determine the maximum price you can set without luring rivals with knockoff goods, based on the level of resource and legal protection you have. Same purpose, different form. Customers from other sectors who use a product or service that serves the same purpose as the new one but has a totally different physical shape are often drawn to successful innovations. For example, the majority of users of Intuit's financial program Quicken purchase it because it organizes their personal accounts rather than because it is a software product. The laborious and prone to mistake method of utilizing pencil and paper or hiring a pricey CPA are the alternatives to using Quicken. All three products—the software, the pencil, and the CPA—offer the same primary purpose, which is to assist individuals in managing and comprehending their financial matters.

Same goal, different shape and function. Customers from even further out have been drawn in by some improvements. For example, patrons of the European movie theater company Kinepolis have been drawn away from a variety of nighttime activities. With its first Megaplex, it increased the number of moviegoers in Brussels by more than 40%. People were drawn away from other pursuits that varied in shape and function, which contributed to this expansion. For instance, a movie theater and a bar or restaurant differ greatly in their physical attributes. Furthermore, bars and restaurants have different purposes. Compared to the visual fun that movies give, they provide a completely other kind of experience: culinary and convergenceal pleasure. In spite of these variations in format and purpose, individuals visit bars and restaurants for the same general purpose that they visit movie theaters: to have a great night out.

Managers will be able to view the whole spectrum of potential clients from both direct rivals and other sectors by identifying the groupings of substitute goods and services. The price and volume of these options should subsequently be plotted visually by managers, as seen in the illustration. This offers a very simple method for determining the locations of the greatest groups of prospective customers as well as the rates they are willing to pay for the goods and services they now consume. We refer to the price corridor of the mass as the price bandwidth that attracts the greatest number of consumers. Sometimes the range is very broad. For instance, the majority of prospective consumers for Southwest Airlines were spending, on average, $400 for a short-haul economy class ticket or around $60 for a vehicle ride covering the same distance.

Determining a Price Corridor Level

The tool's second section assists managers in figuring out how much they can charge in the corridor without drawing in rivals selling knockoff goods. This evaluation is contingent upon the extent to which the product or service is legally protected by patents or copyrights, as well as the company's possession of any proprietary assets, such a costly manufacturing facility or a well-known brand. Companies without this kind of protection must, of course, charge very little. Returning to the Southwest Airlines example, the airline's ticket rates were in line with the cost of driving a vehicle since their service was not patent and did not need any special assets. However, certain goods are sufficiently protected to justify a premium cost. For instance, since the product's 1995 introduction, Dyson Vacuum Cleaners has been able to charge a premium unit price for its bagless cleaners because of its robust patent portfolio and exceptional servicing capabilities. But few businesses are as protected from competitors as Dyson is. Businesses should think about setting their prices in the center of the corridor if their patent and asset protection are unclear.

Developing a Successful Business Plan

Price and usefulness are not the whole picture. All businesses, including dot-coms, must ultimately make a profit. Entrepreneurs that are successful have lean and flexible company structures from the start. Furthermore, a strong business strategy serves as a formidable barrier against copying. For over fifteen years, CNN's ability to provide twenty-four hours of news for a mere fifth of the hourly rate of network news prevented imitators from entering the market.

While there isn't a foolproof method for locating that sort of business model, managers may steer clear of several problems by using the methodical approach we have devised. The third tool we have is the business model guide, which is a set of questions meant to help managers think more broadly about their company's capabilities, production and distribution methods, and product pricing. In our opinion, businesses often set prices significantly higher than would be prudent from a strategic standpoint because they find it difficult to control the expenditures associated with new items. But profitable entrepreneurs never allow pricing to be set by costs. Because they set their cost objectives based on the market-driven strategic pricing and do not tolerate overruns, their businesses are often forced to reevaluate almost all assumptions about design, production, and materials.

Swatch, a Swiss watch manufacturer, is one example. Initially, the company's founder, Nicholas Hayek, mandated that a watch be produced with a goal profit margin of $40, setting a price objective for the product. Due of the high cost of labor in Switzerland, Hayek's aim could only be attained by Swatch with drastic modifications to the product and manufacturing processes. For instance, Swatch employed plastic as an alternative to more conventional materials like leather or metal.

Swatch merchandise

This is due to the fact that a company's cost objective will determine how it acquires the capabilities it need, and those capabilities will determine how easily it may alter its cost structure. The corporation should question the industry standard pricing model in order to expand its client base and boost profitability, once expenses and capabilities have been adjusted toward the cost goal, which is determined by the strategic price. Many inventors make the mistake of trying to handle every aspect of manufacturing and distribution when bringing a product to market. This is often the result of their perception of the product as a platform for creating additional capabilities. However, this strategy may be doomed to failure unless the product is exceptionally well-protected from copying; time works against the inventor and in favor of the imitator.

Take EMI as an example. It created the CAT scanner, a medical innovation that won Godfrey Hounsfield the Nobel Prize. EMI attempted to establish its own distribution capacity in the United States, the biggest and most demanding market for cutting-edge medical equipment, despite having no prior expertise in the field or presence in the country. Regretfully, since the CAT scanner's fundamental technologies were well known, although being a medical advance, it was very easy to copy. In less than three years, a plethora of CAT scanners produced by electrical behemoths such as Siemens and GE were competing for market dominance in the United States. EMI was forced to sell their scanner section to Thorn Electric in the same year that Houndsfield was awarded the Nobel Prize.

Astute entrepreneurs are increasingly choosing to partner and acquire to close the gaps in their skills rather than pursue organic development. They can move swiftly and deftly as a result. In spite of its quick growth to become the global leader in business resource planning software, SAP was founded in 1972 with significant technological and distribution gaps. It purchased talents instead of developing them organically. For instance, SAP and Oracle collaborated to provide SAP with access to the central database software that powers SAP's R/2 and R/3 products. In order to deploy and execute the product, SAP also enlisted the aid of consulting companies like Arthur Andersen and Cap Gemini, who could take use of their extensive networks among SAP's intended clientele. Additionally, it bought businesses like the German-based iXOS Software to quickly get UNIX knowledge. One of the reasons SAP has continued to lead the industry in business application software is its willingness to explore outside the organization to address gaps in capabilities. And its capacity to continue extending itself in this manner will determine its future success.

CONCLUSION

This strategic approach to market development and innovation emphasizes how important it is for companies to go beyond conventional models of adaptation and take an active role in shaping their futures. Through the identification of significant, unchangeable, and trajectory-clear trends, businesses may discover unrealized opportunities and steer towards unexplored markets. The transformational potential of predicting how trends will affect consumer value and identifying creative possibilities is shown by the cases of Enron and Cisco Systems. The story emphasizes the necessity to imagine future market landscapes and pushes for a methodical approach to studying patterns across time. The conclusion restates that proactive market space development is the key to long-term success, and this applies to both huge enterprises looking for renewal and agile start-ups. The author frames market formation as the primary strategic obstacle facing an oversupplied and demand-starved economy. The capacity to innovate and change markets becomes not just a competitive advantage but also a basic need for profitability and survival when organizations struggle with external disruptions. In the end, the essay exhorts business executives to adopt a forward-thinking perspective and acknowledge market development as a dynamic and crucial part of their companies' strategic efforts.

REFERENCES:

[1] K. Khurana, “An overview of textile and apparel business advances in Ethiopia,” *Research Journal of Textile and Apparel*. 2018.

[2] Y. Jin and S. Ji, “Mapping hotspots and emerging trends of business model innovation under networking in Internet of Things,” *Eurasip J. Wirel. Commun. Netw.*, 2018.

[3] A. Haque, N. Hashim, and F. Ahmed, “Business trends and opportunities: The emerging markets of religious food,” in *Preparation and Processing of Religious and Cultural Foods*, 2018.

[4] Z. Belyaeva, “Business Environment Challenges and Trends for Contemporary SMEs in Europe,” in *The Sustainable Marketing Concept in European Smes: Insights from the Food and Drink Industry*, 2018.

[5] C. Maciel, R. Neder, P. Ramalho, O. Rabelo, E. Zambra, and N. Benevides, “Business Process Management: Terms, Trends and Models,” in *Communication Papers of the 2018 Federated Conference on Computer Science and Information Systems*, 2018.

[6] X. Du, L. Deng, and K. Qian, “Current market top business scopes trend-a concurrent text and time series active learning study of NASDAQ and NYSE Stocks from 2012 to 2017,” *Appl. Sci.*, 2018.

[7] Gartner, “Applying Artificial Intelligence to Drive Business Transformation: A Gartner Trend Insight Report,” *Gartner*, 2018.

[8] B. Pallavi Reddy and D. Toshniwal, “Identifying the local business trends in cities using data mining techniques,” in *Advances in Intelligent Systems and Computing*, 2018.

[9] J. Hojnik, “Ecological modernization through servitization: EU regulatory support for sustainable product–service systems,” *Rev. Eur. Comp. Int. Environ. Law*, 2018.

[10] V. F. Gregorio, L. Pié, and A. Terceño, “A systematic literature review of bio, green and circular economy trends in publications in the field of economics and business management,” *Sustainability (Switzerland)*. 2018.

[11] R. C. Roberts and R. S. Laramee, “Visualising business data: A survey,” *Inf.*, 2018.

[12] M. G. Nikolaev, “Strategic company management in the digital business environment,” *Eur. J. Manag. Issues*, 2018.

CHAPTER 7

STRATEGIES FOR SUCCESSFUL PRODUCT PRICING AND STAKEHOLDER ENGAGEMENT

Ms Malathi.H, Associate Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- h.malathi@jainuniversity.ac.in

ABSTRACT:

Strategies for successful product pricing and stakeholder engagement in the dynamic landscape of innovation. It delves into the challenges faced by companies in setting strategic prices for their products and services and discusses the pitfalls of assuming a one-size-fits-all approach. Drawing on examples from various industries, the narrative highlights the importance of innovative pricing models, such as rentals, timeshares, slice-share, and even abandoning traditional pricing concepts. Furthermore, the article addresses the adoption hurdles associated with innovation, emphasizing the critical role of effectively managing the concerns of three primary stakeholders: employees, business partners, and the general public. Real-world cases, including those of Merrill Lynch, Blockbuster, SAP, and Monsanto, illustrate the impact of overlooking stakeholder sentiments and the necessity of open dialogue and education to overcome resistance. To provide practical insights, the article introduces the concept of a strategy canvas and walks through its application in the short-haul airline industry. The canvas is presented as a tool for visualizing competitive factors, focusing on successful companies like Southwest Airlines. The discussion revolves around the three essential qualities of an effective strategy: focus, divergence, and a compelling tagline.

KEYWORDS:

Customer Segmentation, Discount Strategies, Market, Pricing Models, Product Positioning, Stakeholder Communication.

INTRODUCTION

There are times when it appears that a firm will never be able to provide a product or service at the necessary strategic pricing, no matter how much redesigning or partnering it does. In these situations, managers have probably made the mistake of making assumptions about how much a product or service should cost. For example, the initial cost of film videotapes was around $80. Since nobody anticipated seeing the film more than twice or three times, few were ready to spend that much. Never do successful inventors believe that there is a single appropriate approach to price a thing. For instance, Blockbuster Video changed from selling to renting as a pricing mechanism to get around the cost-price issue in their sector. The home video business took off at just a few dollars a rental; Blockbuster earned more money renting the same $80 DVDs over and over again than it could have by selling them outright [1], [2].

Apart from Blockbuster's renting model, creative thinkers have used several additional pricing strategies to make high-end items accessible to a wider audience. The timeshare is one. Executive aircraft, a New Jersey-based firm, uses this business model to provide access to jets for a variety of corporate clients. Rather than purchasing the actual aircraft, these clients purchase the right to use it for a certain period of time. Another option is the slice-share, wherein mutual fund managers, for example, provide modest investors access to high-quality portfolio services that are often only available to wealthy individuals via private banks; they do this by selling a portion of the portfolio rather than the whole one. Some businesses have completely given up on the idea of pricing. Rather, they provide goods to clients in exchange for a stock stake in the client company. For instance, Hewlett-Packard exchanges powerful servers for a cut of the profits from Silicon Valley startups. Customers have instant access to a critical feature, and HP makes much more money than the computer costs. The goal is to meet the objective with a new pricing model, not to give up on the strategic price [3], [4].

Overcoming Obstacles in Adoption

It may not even need an exceptional value proposition and a stellar business plan to ensure the success of a product. Since innovations, by definition, challenge the status quo, they often elicit opposition and anxiety from a company's three primary constituencies: the public, business partners, and workers. It is risky for aspiring innovators to disregard their responses. The key to overcoming a fear of innovation, like other anxieties, is to educate the anxious.

Workers

It may be costly to ignore staff members' worries about how an invention can affect their ability to make a living. For instance, Merrill Lynch's stock price dropped by 14% when the company's management revealed intentions to launch an online brokerage service, amid rumors of opposition and internal strife within the sizable retail brokerage segment of the business. Therefore, before releasing an invention to the public, astute inventors make a deliberate effort to inform staff members that the firm is aware of the risks associated with it. Notwithstanding changes in people's positions, duties, and incentives, they collaborate with staff members to identify strategies for neutralizing the dangers so that everyone benefits the organization. Unlike Merrill Lynch, Morgan Stanley Dean Witter allowed staff members to freely debate the company's approach to addressing the Internet threat. Morgan's efforts were well rewarded. When Morgan ultimately announced the business, its shares shot up 13% as the market recognized that its workers saw the value in an e-venture.

Business associates

The reluctance of partners who worry that a fresh concept may jeopardize their income streams or market positioning is perhaps much more harmful than employee dissatisfaction. That was the issue SAP was dealing with when it developed AcceleratedSAP, a version of R/3 that is easier to adopt. For the first time, ASAP made ERP accessible to small and midsize businesses. The issue was that huge consulting companies who were heavily profiting from SAP's other product deployments had to actively cooperate in order to generate best-practice templates for ASAP. SAP came up with a solution by being transparent about the problems with its partners. Its executives persuaded the consulting businesses that working together would increase their business. While ASAP would shorten the time it took for small and midsized businesses to deploy ERP, consultants would gain access to a new clientele that would more than make up for the lost income from bigger businesses. Additionally, it would provide consultants with a means of responding to customers' growing complaints that the implementation of ERP software took too long. Public opposition to an invention may also grow, particularly if it is the product of a technical breakthrough that challenges long-standing social or political conventions. Devastating consequences are possible. Take the company Monsanto, which produces genetically engineered food. Thanks to the work of environmental organizations like Greenpeace, Friends of the Earth, and the Soil Association, it has come to be seen as something that European consumers who ought to be customers have dubious intents. These organizations' assaults have had a lot of emotional resonance in Europe, a continent long known for its strong agricultural lobbying and environmental concerns. It was Monsanto's error to allow others to assume control of the debate. It ought to have informed the public and environmental organizations about the advantages of genetically modified food and its potential to end global sickness and hunger. When the items were released, Monsanto ought to have labeled the ones that included genetically modified seeds so that customers could choose between organic and genetically modified meals. If Monsanto had done these actions, it may have been the supplier of vital technologies and became the "Intel Inside" of food for the future rather than being demonized [5], [6].

The main task in educating these three stakeholder groups is to have frank discussions about the innovation's benefits and need as well as to clearly define any expectations about its consequences and the company's plans to handle them. Stakeholders must be assured that no surprises will occur and that their opinions have been heard. Businesses who go to the bother of having these kinds of conversations with stakeholders will discover that the time and effort invested are more than compensated. We'll walk you through a strategy canvas we developed for the short-haul airline sector to show you how one operates. In the exhibit “The strategy canvas of the short-haul airline industry,” the variables of competition for the industry are presented on the horizontal axis. The vertical axis displays the amount of money invested on the competitive aspects by airlines and alternative service providers. A corporation that has a relatively low position spends less and, as a result, provides less in that component or, in the case of pricing, requests less. When it comes to meals, for instance, Southwest offers little complimentary refreshments, however not as little as you would get if you were to drive yourself. You may uncover the strategic profiles of Southwest, its immediate rivals, and its primary substitute, the automobile, by making connections between all the variables for each participant.

The short-haul airline sector's strategy canvas

In the short-haul airline sector, Southwest Airlines's rivals have quite different strategic profiles. Observe how southwest’s profile resembles that of the automobile more than it does that of other airlines. Focus, divergence, and a catchy tag line are the three complementing elements that define a strong strategy, and Southwest Airline's profile exemplifies these traits well. Your company's strategy will probably be confused, undifferentiated, and difficult to explain if its strategic profile does not make those characteristics evident.

DISCUSSION

Every successful strategy has a defined focus, which should be seen in a company's value curve or strategic profile. For example, glancing at Southwest's profile immediately reveals that the firm prioritizes courteous service, quickness, and frequent point-to-point departures. Focusing in this manner has allowed southwest to compete on pricing with vehicle transportation; it does not incur additional costs for meals, lounges, or seating options. It is much more difficult for Southwest's conventional rivals to match Southwest's rates since they invest in all of the competitive aspects that the airline industry faces. Generally speaking, investment indicates that a company's rivals are determining its course [7], [8].

Disturbance

A company's strategy becomes less distinctive when it is developed in a reactive manner in an attempt to stay competitive. Think about the similarities seen in business-class lounges and meals on most flights. Reactive strategists, therefore, often share a pro-file on the strategy canvas. In fact, we discovered that Southwest's rivals' value curves were almost exact replicas of one another, which is why the two companies' value curves are shown together in the presentation. The value curves of innovative tactics, on the other hand, are consistently distinct.

They might drastically raise investments in certain elements or cancel or significantly cut investments in others. They sometimes even produce new variables, which modifies the overall character of the industry. For example, Southwest led the way in establishing point-to-point service between midsize cities; formerly, the sector relied on hub-and-spoke arrangements.

Appealing headline

How effectively an image fits a tag line is the ultimate litmus test for a successful strategic picture. "Whenever you need it, the speed of a plane at the cost of a car." That might be the slogan for Southwest Airlines, at least in theory. What may rival airlines to Southwest say? The traditional provision of meals, seat selections, lounges, and hub linkages with regular service, slower speeds, and higher pricing would be hard for even the most skilled advertising firm to condense into a distinctive tag line. Customers will lose confidence and interest in a tag line that does not only provide a clear message but also honestly advertises an item. It's likely that you lack a good plan if you are unable to develop a compelling and genuine tag line.

Creating a Strategy Canvas

It's never simple to draw a strategic canvas. It's not even easy to pinpoint the main competitors' variables. The final list often differs much from the first draft, as we will see. Determining the degree to which your organization and its rivals provide the different elements is similarly difficult. Few managers are able to grasp the broad dynamics of their sector, but the majority have strong opinions about how they and their rivals perform along one or two dimensions inside their own sphere of influence. An airline's catering manager, for example, will pay close attention to how his airline stacks up when it comes to refreshments. However, this concentration makes consistent assessment challenging; clients, who consider the whole offering, may not find the difference that the catering manager finds to be extremely significant. Some managers may use internal benefits to determine what the competitive elements are. For instance, a chief information officer may value his company's IT infrastructure for its ability to mine data; most clients, on the other hand, are more interested in speed and convenience. We've created a methodical procedure throughout the years for creating and debating a strategy canvas that yields clear and concise plans. A 150-year-old financial services company that we'll refer to as European Financial Services just accepted it. EFS created a plan throughout the process that increased total income by 30%. There are four main parts to the procedure, which include a lot of visual stimulation to spark people's creativity [9], [10].

Awakening vision

One typical error that individuals do is to debate strategy adjustments before settling disagreements on the way the game is currently being played. Executives' reluctance to embrace change is another issue; they might have a stake in maintaining the status quo or believe that their past decisions would ultimately be validated. In fact, when we question CEOs what drives them to implement change, they often respond that it requires a very dire situation or a leader who is highly motivated. The corporate foreign exchange strategy canvas [11], [12]. Executives at EFS saw some concerning parallels when they analyzed the strategic characteristics of the major participants in the conventional corporate foreign exchange market. Actually, EFS had a similar role as its rivals who weren't banks. In many ways, the role of commercial banks the other suppliers of corporate foreign exchange services were similar to that of EFS.

Competition-related factors

Thankfully, we've discovered that pressing leaders to illustrate the value curve of their business plan effectively drives home the need for change. It functions as an alarm. That was undoubtedly the situation at EFS, which had been having trouble for a while with a poorly thought out and stated plan. Additionally, there was a great rift inside the corporation. The regional subsidiarities of EFS, led by its top executives, had a deep-seated resentment against the perceived haughtiness of the corporate officials. since of this disagreement, it was much harder for EFS to address its strategic issues since executives need to agree on the company's existing position before they can develop a new plan. Executives from EFS contrasted their company's online approach with Clearskies' and other rivals' on this strategy canvas. While EFS's profile is much the same as that of the other online foreign exchange service providers, take note of how specific and distinctive Clearskies' is.

Competition-related factors

More than twenty top managers from EFS's subsidiaries in Europe, North America, Asia, and Australia were assembled and divided into two teams to start the strategy process. A value curve illustrating EFS's present strategic profile in its conventional corporate foreign exchange business in comparison to its rivals has to be created by one team. For the newly-forming online foreign exchange business of EFS, the other team was given the identical assignment. They were only allowed 90 minutes since EFS would undoubtedly become apparent very soon if it had a well-defined plan.

It proved to be an unpleasant encounter. There were intense discussions between the two teams over the definition of a competitive element and its components. It seemed that various parameters mattered for different client categories and even for different areas. For instance, Europeans said that, given its clients' apparent risk aversion, EFS had to provide consulting services on risk management as part of its core business. But Americans brushed it off as mostly meaningless, emphasizing the importance of speed and usability. Many had pet notions that they were the only ones who supported. For example, one member of the online team argued that the promise of fast confirmations of transactions would attract users, even if no one else considered such a service essential. In spite of these challenges, the teams finished their tasks and showed their images to the whole group at a general meeting. The exhibit titled "The Strategy Canvas of Corporate Foreign Exchange" contains their findings.

The images amply demonstrated the flaws in the business plan. EFS was investing in a wide range of aspects in both industries, as seen by the company's seriously lacking concentration in both its conventional and online value curves. Furthermore, EFS's two curves resembled those of its rivals quite a bit. Not unexpectedly, neither team was able to develop a distinctive tagline that accurately reflected their value proposition. The images also emphasized inconsistencies. For instance, the online company made significant investments and even received prizes for making the website user-friendly, but it soon became clear that speed of usage had been neglected. Given that EFS's website was among the slowest in the industry, it is possible that this highly acclaimed site's poor client acquisition efforts were due to its sluggish speed. Perhaps the most startling revelations were from contrasting EFS's approach with those of its rivals. The online organization came to the realization that its most formidable rival, Clearskies, had a targeted, unique, and readily shareable tactic known as "One click E-Z FX." When confronted with concrete proof of the company's failings, the executives of EFS were unable to justify what they saw as a feeble, uninspired, and poorly explained plan. More of a case for change had been established by trying to sketch the strategy canvases than by any argument based only on words and statistics.

Visual investigation

Receiving the wake-up call is just the first step a plan still has to be developed. In order to help management understand how customers utilize their goods, the next step is to deploy a team into the field. There's really no way to replace firsthand observation. Great painters like to see the topic for oneself; they don't paint from descriptions or even from photographs. Great strategists are the same way. The mayor of New York City, Michael Bloomberg, was praised as a business whiz when he realized that companies that supply financial information also needed to provide online analytics so that consumers could understand the information. However, he would be the first to tell you that anybody who had ever observed traders utilizing Dow Jones Telerate or Reuters should have figured out the notion. Prior to Bloom-berg, traders recorded price quotations and fair market values using paper, pencil, and portable calculators before deciding which stocks to purchase or sell. This process was expensive in terms of time and money, and it also resulted in mistakes. Such brilliant strategic thoughts are more the result of field experience than pure genius.

The clients ought to be the first people you contact, of course. However, you shouldn't end there. Additionally, you want to target lost clients, competitors' clients, and, if applicable, clients' clients. Additionally, you must extend your observations to users when the user and the customer are not the same, like Bloomberg did. In addition to conversing with them, you need to see them in action. Identifying the range of supplementary goods and services that you use in addition to your own may help you spot potential for bundling. Couples who go to the movies, for instance, will hire a babysitter for the evening. The Bert Claeys Group, which owns the movie chain Kinepolis, found that offering on-site child care facilities made theaters in Europe more crowded. Lastly, you should consider how users could discover other means of doing the task that your product does. For example, driving is a substitute for flying, thus its own benefits and features must also be considered.

For four weeks, EFS sent its managers into the field. Each was tasked with observing and conducting interviews with 10 participants in corporate foreign exchange, including new and existing clients as well as those of EFS's rival companies. The managers also extended their reach outside the conventional bounds of the business to include corporations like Internet-based giants like Amazon.com that, while not now using corporate foreign exchange services, may do so in the future. They conducted interviews with company accounting and treasury departments, who are the final consumers of corporate foreign currency services. Lastly, they examined the auxiliary goods and services that their clients used, including price simulations and treasury management.

Many of the conclusions managers had drawn in the first phase of the strategy building process were contradicted by the field study. For example, account relationship managers—about whom almost everyone had agreed were essential to success and in which EFS took great pride—turned out to be the weakest link in the business. Clients disliked wasting time interacting with relationship managers. To everyone's surprise, the feature that consumers appreciated the most was receiving prompt confirmation of their transactions—something that, up until then, only one manager had mentioned as being significant. The accounting department staff of EFS's clients was spending a lot of time calling to ensure that payments had been made and to find out when they would be received, the company's managers saw. On the same topic, several calls were also received, and the time lost in addressing them was increased by the need to contact the foreign exchange provider EFS or a rival again. The teams from EFS were then told to start again from scratch. But this time, they had to come up with a fresh plan. Every team was required to create six unique value curves, each of which represented a distinct approach meant to differentiate the firm in its industry. We thought that by requiring six photos from each team, we would encourage managers to come up with creative ideas. The teams also had to come up with an attention-grabbing tag line that spoke directly to shoppers and encapsulated the essence of each visual approach.

CONCLUSION

The tactics for effective stakeholder participation and product pricing that are covered highlight how complex innovation is in today's cutthroat corporate environment. The essay highlights the necessity for flexibility via creative pricing models and highlights the possible drawbacks of inflexible pricing strategies. Using a variety of industrial examples, it is clear that innovative success goes beyond traditional approaches, using models like rentals, timeshares, slice-share, and, in some cases, doing away with the idea of pricing entirely. The paper critically examines stakeholder opposition and adoption issues. It highlights the important roles that workers, business partners, and the general public play in an innovation's success or failure. Situations like as those involving Merrill Lynch, Blockbuster, SAP, and Monsanto serve as warning examples of what happens when shareholder opinion is ignored. The story emphasizes the value of candid communication and education in resolving issues and creating a climate that encourages creativity. The strategy canvas, which is introduced as a visualization tool, gives the discussion a more practical aspect. The canvas illustrates how profitable businesses like Southwest Airlines get a competitive edge by including focus, divergence, and an engaging slogan into their strategic profiles. The example used to illustrate this point is the short-haul airline market. Businesses may evaluate and improve their plans in a practical way with the help of this graphic depiction.

REFERENCES:

[1] U. Wehn, K. Collins, K. Anema, L. Basco-Carrera, and A. Lerebours, “Stakeholder engagement in water governance as social learning: lessons from practice,” *Water Int.*, 2018.

[2] A. Kaur and S. Lodhia, “Stakeholder engagement in sustainability accounting and reporting: A study of Australian local councils,” *Accounting, Audit. Account. J.*, 2018.

[3] J. M. Jonas, J. Boha, D. Sörhammar, and K. M. Moeslein, “Stakeholder engagement in intra- and inter-organizational innovation: Exploring antecedents of engagement in service ecosystems,” *J. Serv. Manag.*, 2018.

[4] S. Day, M. Blumberg, T. Vu, Y. Zhao, S. Rennie, and J. D. Tucker, “Stakeholder engagement to inform HIV clinical trials: a systematic review of the evidence,” *Journal of the International AIDS Society*. 2018.

[5] C. Canella *et al.*, “Developing an Integrative Treatment Program for Cancer-Related Fatigue Using Stakeholder Engagement – A Qualitative Study,” *Integr. Cancer Ther.*, 2018.

[6] G. Viglia, R. Pera, and E. Bigné, “The determinants of stakeholder engagement in digital platforms,” *J. Bus. Res.*, 2018.

[7] J. M. Jonas, J. Boha, D. Sörhammar, and K. M. Moeslein, “Stakeholder engagement in intra- and inter-organizational innovation,” *J. Serv. Manag.*, 2018.

[8] C. Slack, A. Wilkinson, J. Salzwedel, and P. Ndebele, “Strengthening stakeholder engagement through ethics review in biomedical HIV prevention trials: opportunities and complexities,” *Journal of the International AIDS Society*. 2018.

[9] C. Stephenson, G. Lohmann, and B. Spasojevic, "Stakeholder engagement in the development of international air services: A case study on Adelaide Airport," *J. Air Transp. Manag.*, 2018.

[10] X. Keijser *et al.*, "Stakeholder engagement in Maritime Spatial Planning: The efficacy of a serious game approach," *Water (Switzerland)*, 2018.

[11] E. García-Meca and M. C. Pucheta-Martínez, "How Institutional Investors on Boards Impact on Stakeholder Engagement and Corporate Social Responsibility Reporting," *Corp. Soc. Responsib. Environ. Manag.*, 2018.

[12] J. Graafland, "Does Corporate Social Responsibility Put Reputation at Risk by Inviting Activist Targeting? An Empirical Test among European SMEs," *Corp. Soc. Responsib. Environ. Manag.*, 2018.

CHAPTER 8

TIPPING POINT LEADERSHIP: TRANSFORMING ORGANIZATIONS THROUGH STRATEGIC SPOTLIGHTING AND MOTIVATIONAL LEVERAGE

Ms. Renuka Jyothi. S, Assistant Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- j.renuka@jainuniversity.ac.in

ABSTRACT:

It explores the leadership approach exemplified by William Bratton, drawing insights from his successful turnarounds in various organizations, particularly his transformative role as the police commissioner of New York City. The article delves into the concept of tipping point leadership, a methodology characterized by strategic spotlighting, data-driven decision-making, and targeted motivational leverage. Bratton's ability to navigate organizational hurdles, such as resistance to change, limited resources, and motivational challenges, is dissected, revealing a consistent approach that emphasizes clear communication, data analysis, and the identification of key influencers within the organization. By framing ambitious goals in manageable terms and fostering a culture of performance, Bratton achieved remarkable results, offering valuable lessons for leaders seeking effective strategies to drive organizational transformation. The principles of strategic spotlighting and motivational leverage are not merely tied to his personality but constitute a learnable leadership framework. As organizations grapple with the imperative to adapt and evolve, the insights gleaned from Bratton's approach provide a roadmap for leaders aspiring to catalyze positive and lasting change within their respective domains.

KEYWORDS:

Change Management, Employee Motivation, Leadership, Organizational Transformation, Strategic Planning, Strategic Spotlighting.

INTRODUCTION

Teams presented their strategy canvases at a "visual strategy fair" after two weeks of sketching and redrawing. Senior business executives were among the attendees, but the majority were members of EFS's external constituencies individuals the managers had interacted with on their field visits. The teams, sensing that any notion that takes more than 10 minutes to express is definitely too complicated to be of any use, presented all twelve curves in under two hours. To make the images plainly visible to the audience, they were mounted on the walls. The judges, who were invited attendees, were given five Post-it Notes and instructed to place one next to their top picks after the 12 ideas were presented. If they thought a certain plan was so good, they may base all five on it. This approach's openness and promptness liberated it from the politics that sometimes seem to be inherent in the strategic-planning process. It was up to the managers to depend on the creativity and precision of their pitches and curves. "We've got a strategy so cunning that you won't be our customers, you'll be our fans," was one example of how one started. An additional layer of input was added to the strategy-making process when the judges were requested to justify their choices after the remarks were posted. Additionally, judges were required to justify their vote against value curves [1], [2].

The teams discovered that completely one-third of the things they had believed to be important competitive criteria were, in reality, minor to buyers when they combined the judges' shared likes and dislikes. A further third were either poorly expressed or had been missed at the visual-awakening stage. It was evident that they had to reconsider a number of long-held beliefs, including the division between EFS's conventional and online operations. They discovered that consumers across all markets had comparable expectations for services and had a core set of wants. If you could satisfy those specific demands, clients would gladly put aside all other considerations. Regional disparities only became noteworthy when fundamental issues arose. Many of the individuals who had claimed that their areas were special were unaware of this [3], [4].

At last, the teams were allowed to finish their task after the strategy fair. They were able to create a value curve that more closely resembled the current strategic profile than any previous one they had created, in part because the previous image disregarded the specific differentiation that EFS had established between its online and offline operations. What's more, they were now in a position to create a new curve that would be noticeable and address a genuine but unmet market demand. View the "EFS Before and after" display. The new approach lowered investment in account executives and removed relationship management entirely, as the chart illustrates. Account executives were thereafter limited to "AAA" accounts. EFS's new approach placed a strong emphasis on speed, accuracy, security, and simplicity of use. Computerization would be used to provide these elements, EFS Before and After. The end product of EFS's strategy building process was this image. Since then, the corporation has used the ability to transition from the old curve to the new one as a foundation for making investment choices. A lot of unnecessary components were eliminated throughout the process of revising the "before" curve to include both online and offline enterprises. The "after" approach adds confirmation and monitoring services while doing away with relationship management, altering the industry's overall strategic position.

Strategy Visualization Can Be Very Informative

The communication between the corporate core and individual company divisions. Business units have a deeper grasp of the other companies in the corporate portfolio when they exchange strategy canvases. Additionally, the procedure promotes the cross-unit transfer of best practices in strategic planning. To see how this works, have a look at the strategy canvases that Samsung Electronics of Korea utilized in 2000 at its corporate conference, which was attended by the CEO and over 70 other senior management. Senior executives and unit heads alike were given presentations on their canvases and implementation strategies. During the contentious discussions, some heads of units said that the level of competition their units faced limited their ability to devise innovative tactics; underperforming units believed they were forced to match their rivals' offers. When the mobile phone business one of the fastest-growing units presented their strategy canvas, that supposition was shown to be incorrect. The unit faced the fiercest competition in addition to having a unique value curve.

Do the leaders of your business units have little knowledge of the other companies in your corporate portfolio? Are your business divisions not effectively communicating your best practices for strategic planning? Are your underperforming teams often blaming their performance on the competitive environment? Try creating and sharing your business units' strategy canvases if any of these questions resonated with you. Prior to. Additionally, it deviated from the industry's current me-too curves and made the tagline "The Federal Express of corporate foreign exchange easy, reliable, fast, and trackable" seem appealing.

Visual exchange

The last stage is to make sure that every employee understands the new plan once it has been established. To ensure that every employee understood the company's position and the areas in which they needed to concentrate their efforts, EFS published a one-page image of its previous and new strategic profiles. In order to guide their direct reports through the picture and explain what needed to be deleted, decreased, increased, and produced in order to accomplish the new strategy, the top managers who took part in its development conducted meetings with them. The message was sent to those individuals' immediate reports. Many employees hung a copy of the image in their desks as a constant reminder of EFS's new goals and the holes that needed to be filled since they were so inspired by the well-defined strategy [5], [6].

The updated image was used as the benchmark for all investment decisions. Ideas were only approved if they would assist EFS in transitioning from the old to the new value curve. For example, when regional offices asked the IT department to add links to the website, something that would have been readily approved in the past, IT required them to justify the links' contribution to EFS's new profile. If the regional offices were unable to provide a justification, the request was turned down. Similarly, the primary criterion used to evaluate the IT department's multimillion-dollar back-office system proposal to upper management was its capacity to satisfy the strategic requirements of the new value curve. Of course, creating a strategy canvas is only one step in the strategic-planning process. Numbers and papers have to be gathered and discussed at some point. But if managers start with the larger vision, we think the minutiae will fall into place more effortlessly. Putting strategy back into strategic planning by completing the four phases of visualizing strategy can increase your chances of developing a successful formula.

DISCUSSION

William Bratton was named New York City's police commissioner in February 1994. The cards were not in his favor. With a $2 billion budget and 35,000 police officers on staff, the New York Police Department was famously hard to run. There were frequent turf conflicts over resources and authority. Officers in nearby areas had higher salaries than their colleagues, but there was no apparent correlation between performance and advancement opportunities. The Big Apple was dubbed the Rotten Apple by the tabloids because crime had grown so out of hand. After three decades of rises, many social scientists had come to the conclusion that police involvement could not reduce crime in New York City. The police were only able to respond to crimes after they were committed. But Bill Bratton made New York the safest big city in the country in less than two years, all without raising his salary.

Theft decreased by 35%, felony crime by 39%, and killings by 50% between 1994 and 1996. While internal surveys indicated that employment satisfaction in the police department had reached an all-time high, Gallup polls revealed that public trust in the NYPD had increased from 37% to 73%. Unsurprisingly, Bratton's star rose, and in 1996, Time featured him on its cover. What's perhaps most amazing is that the modifications have persisted longer than their initiator, suggesting a profound transformation in the organizational culture and tactics of the department. Crime rates have been declining. According to statistics from December 2002, New York has the lowest total crime rate out of the 25 biggest US cities. Any police commander would find the NYPD's turnaround to be sufficiently outstanding. For Bratton, however, it is only the most recent of no less than five triumphant comebacks over a two-decade career in law enforcement. Los Angeles has enlisted him to undertake the task of revitalizing the LAPD, hoping he can duplicate his achievements in New York and Boston [7], [8].

What then motivates Bill Bratton? As management scholars, we have always been interested in what spurs exceptional performance or unexpectedly revitalizes a failing company. To identify the shared components driving these kinds of performance increases, we have compiled a database of over 125 company and nonbusiness entities. When word leaked out in the early 1990s about Bratton's transformation of the New York Transit Police, we became interested in him. For us, Bratton was unique because, in all of his turnarounds, he overcame in record time while encountering all four of the obstacles that managers frequently assert stand in the way of high performance: a status quo-abiding organization, scarce resources, a disgruntled workforce, and resistance from influential special interests. We reasoned that if Bratton could succeed despite these difficulties, other leaders had a lot to learn from him.

Through our personal and professional networks as well as the wealth of publicly accessible data on the police industry, we have methodically examined the turnarounds of Bratton in terms of strategy, management, and performance throughout the years. Interviews with the important participants including Bratton himself as well as several others who followed the events for work-related or sometimes private purposes have been conducted in the wake of the incident. We came to the conclusion after our analysis that Bratton's turnarounds are all prime instances of what we refer to as tipping point leadership. The well-known tipping point theory, which has its roots in epidemiology, is based on the understanding that, in any organization, once a critical mass of people's beliefs and energies are mobilized, a new concept will spread like an epidemic and swiftly bring about fundamental change. According to theory, only those who make unforged its safest may launch such a movement. Using tipping point leadership, Bratton was able to quiet critics, focus resources on what was most important, rally the commitment of key actors, and make unarguable demands for change. While not every CEO has Bratton's temperament, most do have his potential that is, provided they adhere to his recipe for success. And unquestionable demands for change, who focus their resources on what matters most, who enlist the support of the organization's major actors, and who are successful in quieting the loudest critics. In each of his turnarounds, Bratton performed all of these actions [9], [10].

The performance increases that Bratton achieved are something most managers can only aspire to achieve. For GE to become the industry leader it is today, even Jack Welch required about 10 years and tens of millions of dollars in restructuring and training. Not many CEOs have the resources and time that Welch had, and most, even those trying relatively small changes, quickly get intimidated by the enormity of the challenges they must overcome. However, we've discovered that the goal is definitely attainable. We find Bratton's turnarounds particularly impressive since he has shown a remarkable consistent approach to overcome obstacles that stand in the way of excellent performance. His accomplishments, therefore, seem to be repeatable since they are the result of both technique and personality. One may learn to be a tipping point leader.

For all these reasons, in order to overcome the cognitive barriers inside the business, tipping point leaders like as Bratton do not depend on numerical data. Rather of avoiding reality, they force their senior management to confront the operational issues head-on. They start to see poor performance rather than hear about it. This kind of communication ensures that the message that the performance is subpar and has to be improved sticks with the audience, which is crucial if they are to be persuaded that a turnaround is both required and achievable [11], [12].

Upon his arrival in New York in April 1990 to take charge of the transit police, Bratton found that none of the top staff officers used the subway. They used city-provided automobiles to go about and make their daily trip to work. The top management showed little empathy for the common concerns of passengers about safety since they were comfortably insulated from the realities of underground living and comforted by data indicating that just 3% of the city's main crimes were committed there. Bratton started mandating that all transit police officers, starting with himself, take the train to work, to meetings, and at night in an effort to break the complacency of the staff. For many employees, it was their first chance in years to experience what an average person had to go through on the subway, witnessing the chaos caused by clogged turnstiles, belligerent beggars, groups of young people hopping turnstiles and shoving people on the platforms, drunks, and homeless people sprawled out on benches. It was obvious that the subway was a place of terror and chaos even if there weren't many significant crimes committed there. Senior management at the transit force were forced to acknowledge the need for a shift in their police strategies once this unpleasant truth hit them in the face.

Bratton employs a similar strategy to make his bosses more aware of his issues. For example, the board of the Massachusetts Bay Transportation Authority, which operates the buses and subway system in the Boston region, chose to acquire smaller squad vehicles because they were less expensive to buy and operate while he was in charge of the police division. Rather of contesting the ruling, Bratton asked the general manager of the MBTA to take a tour of the neighborhood. He drove him there in a little vehicle identical to the one that was supposed to be ordered. He pushed the seats forward to give the general manager an idea of how little space a six-foot police officer would have, and then proceeded to drive over every possible pothole. For the journey, Bratton also donned his rifle, belt, and handcuffs so the general manager could see how little room there was for the officer's equipment. The general manager requested to leave after only two hours. He expressed his uncertainty about Bratton's ability to tolerate the tight space in the automobile for an extended period of time, especially with a child in the rear. Bratton received his desired bigger automobiles.

Bratton demands that his personnel interact with the communities they are guarding, which bolsters firsthand knowledge. Feedback is often revealing. Boston's Police District 4, which was home to Symphony Hall, the Christian Science Mother Church, and other cultural organizations, was dealing with an increase in crime in the late 1970s. The town was spiraling downhill as people were selling and moving out, and the public was becoming more and more afraid. But this fact was not reflected in the performance statistics of the Boston police. It seemed like District 4 police were doing an excellent job of finding the culprits behind significant crimes and quickly processing 911 calls. at order to resolve this conundrum, Bratton ordered the unit to set up community forums at civic centers and classrooms where residents could address district sergeants and detectives about their concerns. Even though the logic of this approach seems apparent, it was a first for Boston police history, mostly because the practice up to that point had advocated for a separation of police and community to lessen the likelihood of police corruption. The drawbacks of such approach were apparent very fast. The officers gave a show-and-tell at the start of the sessions, outlining what they were working on and why. However, a significant perception gap was shown when residents were asked to discuss the subjects that were important to them. Few people felt in risk from major crimes like grand theft and murder, even if police personnel took delight in solving these cases. Their continual little irritations prostitutes, panhandlers, abandoned automobiles, drunks in the gutters, and dirt on the sidewalks bothered them more. The town hall discussions soon resulted in a thorough reorganization of District 4's police objectives. Similar community gatherings have been utilized by Bratton in each subsequent turnaround.

Overcoming the cognitive obstacles is also significantly aided by Bratton's internal communications strategy. Traditionally, staff bulletins, memoranda, and other papers have been the main source of internal police communication. Bratton is aware that not many police officers have the time or desire to do much more than place these papers in the trash. Instead, officers depend on hearsay and news reports to learn about the activities of headquarters. Thus, Bratton usually enlists the assistance of outside experts in communication. For example, he appointed John Miller, an investigative television reporter renowned for his fearless and inventive approach, as his communications czar in New York. Miller set up video messages for Bratton to speak via, which were aired during roll calls. This allowed Bratton to express his thoughts more openly to the individuals he needed to win over. Miller's journalistic acumen also made it simpler for the NYPD to make sure that press appearances and articles reflected the forceful internal messaging Bratton was conveying.

Avoid the Resource Obstacle

When change is acknowledged as necessary and actions are mostly agreed upon, executives in an organization are often confronted with the harsh reality of little resources. Do they have the funds to make the required adjustments? At this stage, most reformist CEOs take one of two actions. They either lower their goals, condemning the business to at best mediocrity and depressing the workers once again, or they battle their bankers and shareholders for additional resources, a process that may be drawn out and distract from the real issues.

There's a full way to escape that trap. Without more resources, Bratton and other leaders are able to get their company to a tipping point. With the resources at their disposal, they can do a lot. They focus their efforts on the areas that have the most potential for improvement and that need the greatest amount of adjustment. Actually, the core of Bratton's well-known zero-tolerance police theory is this notion. After converting others to the notion of change, Bratton has to convince them to examine closely at the specific issues with their current methods of operation. At this point, he turns to the statistics, which he can use to push through significant adjustments with ease. Consider the New York City drug squad. Because they believed that answering 911 calls should come first, Bratton's predecessors had placed it at a lower priority. As a consequence, the NYPD's personnel allocated to combating drug-related offenses was less than 5%.

Jack Maple, the deputy commissioner of crime strategy for Bratton, requested those in the area to estimate the proportion of offenses linked to drug use at an initial meeting with the chiefs of the New York Police Department. The lowest estimate was 30%; the majority estimated 50%; some, 70%. Consequently, Maple said, a drugs section with less than 5% of the police force's personnel was woefully understaffed. Furthermore, it was discovered that the drugs squad mostly operated from Monday to Friday, despite the fact that weekends were when drugs were sold in bulk and drug-related crimes continued to happen. Why is the timetable set for weekdays? as that was the way it had always been done and it was accepted practice. Bratton's request for a significant reallocation of personnel and resources within the NYPD was promptly granted when these facts were made public.

As Bratton demonstrated while serving as the head of New York's transit police, a close study of the facts may also highlight areas where important policy changes might lessen the need for resources. His predecessors had vigorously fought for funding to hire more subway police, claiming that having officers monitor all 700 exits and entrances of the system would be the best way to deter muggers. Contrarily, Bratton thought that improving the targeting of existing resources would be a more effective strategy to address subway crime than just increasing their availability. He had staff members investigate the locations of subway crimes to substantiate his thesis. They discovered that the great majority happened at a small number of stations and on a few lines, indicating that a focused approach might be effective. Simultaneously, he redistributed extra troops to the hotspots in normal clothing rather than uniforms. Criminologists quickly came to the conclusion that police were not always present when uniforms were missing.

There were other issues besides the officers' distribution. According to Bratton's analysis, processing arrests took an excessive amount of police time. To book the suspect and complete incident reports, it might take an officer up to sixteen hours for each arrest. Furthermore, the cops shied away from making small-time arrests because they detested the bureaucratic procedure. If Bratton could somehow improvise around this issue, he might significantly enhance his available police resources not to mention the cops' motivation. His idea was to put "bust buses," which are former buses that have been transformed into centers for processing arrests, right next to certain subway stops. The 16-hour processing time was reduced to only one. Bratton was able to significantly lower subway crime thanks to innovations like those, even without increasing the number of cops on duty at any one moment. Bratton's determination to develop data-driven police strategies resulted in the development of the renowned Compstat crime database. The database records weekly crime and arrest activity at the precinct, borough, and city levels. It is used to identify hot zones for intensive police involvement. The times, places, and related enforcement operations are also captured. Bratton and the police department as a whole were able to quickly identify both new and known hotspots for effective resource targeting and retargeting thanks to the Compstat information.

Brat- ton has shown skill in exchanging resources he doesn't need for those he does, in addition to redirecting the resources he currently has. Leaders in the public sector are hesitant to share surplus resources, much less lend them to other groups, since recognized surplus resources often wind up being reassigned. Thus, even if they lack certain resources, some organizations eventually find themselves well-endowed with ones they don't need. For example, Dean Esserman, the general counsel and policy advisor to Bratton and the current police chief of Providence, Rhode Island, found that the transit unit had more unmarked vehicles than it required but was desperately short of office space when Bratton took over as head of the transit police. Conversely, the New York Division of Parole had an excess of office space but lacked automobiles. Bratton and Esserman made the obvious trade offer. The parole division gladly accepted it, and transit officials were thrilled to acquire the first floor of a highly desirable downtown building. The deal enhanced Bratton's reputation within the organization, paving the way for him to eventually implement more significant changes, and it demonstrated to his political bosses that he was a problem-solver.

Overcome the Motivational Obstacle

Reaching an organization's tipping point requires educating staff members about the need for change and figuring out how to implement it on a shoestring. However, for a new plan to become a movement, staff members must desire to implement it in addition to realizing what has to be done. Many CEOs understand how important it is to inspire change in others, but often make the error of attempting to modify incentives across the board in their organizations. The implementation of that method is time-consuming and might be costly due to the diverse range of motivating requirements in big organizations.

Singling out the major influencer’s individuals inside or outside the organization with disproportionate power because of their ties to the organization, their persuasiveness, or their capacity to obstruct access to resources is one method Bratton addresses the issue of motivation. Bratton understands that these influences function similarly to bowling pins if you strike them precisely, all the pins fall to the ground. A company may avoid having to encourage everyone by focusing on motivating the top influencers, yet everyone is ultimately impacted and transformed. Additionally, it is often simple for CEOs to identify and inspire key influencers in most firms since they tend to be small groups of individuals with similar issues and worries.

Putting his main influences in the limelight is how Bratton motivates them. Bringing the top brass and the 76 precinct commanders in the city together for a semiweekly strategy review conference was perhaps his most important change to the NYPD's operational procedures. Because each of the commanders directly managed between 200 and 400 policemen, Bratton had designated them as important and prominent figures in the NYPD. All senior staff members, including deputy commissioners, three-star chiefs, and branch heads, were required to be there. Bratton tried to visit as much as he could.

A senior staff panel summoned a precinct commander of their choice to the meetings, which were held at the police command center's auditorium. The panel and other commanders questioned the commander under focus over the performance of the precinct. He or she was in charge of elucidating projected maps and charts that displayed the patterns of crimes in the precinct as well as the times and locations of police responses, all based on Compstat data. If police activity did not correspond with rises in crime, the commander would have to explain everything in detail. In addition, the commander would be questioned about how officers were addressing the problems facing the precinct and why performance was either increasing or declining. During the sessions, Bratton and his senior staff were able to closely observe and evaluate the commanders' performance in motivating and overseeing their subordinates as well as their ability to concentrate on key strategic areas.

The meetings had a number of cultural effects on the NYPD. The sessions assisted in establishing a performance-based culture by clearly outlining expectations and roles for all participants. In fact, the top page of the handout that each attendee got had a picture of the commander who was about to be questioned, underscoring the fact that the commander was accountable for the precinct's outcomes. Because his neighbors were present and able to react, an inept commander could no longer justify his own faults by blaming the performance of his precinct on the inadequacies of other precincts. Similarly, the sessions provided an opportunity for top performers to get recognition for their contributions to other commanders as well as for improving their own precincts. Prior to Bratton's arrival, precinct commanders never ever convened as a group; the sessions facilitated the sharing of notes among police officials about their respective experiences. Due to the precinct commanders' experimentation with modifying Bratton's sessions, this management approach eventually permeated lower levels of the organization. The commanders were very eager to have all the officers under their control and marching to the new plan because of the intense attention on their performance.

Naturally, the biggest obstacles in implementing this kind of motivating tool are making sure that people believe it is founded on fair procedures and making sure they can learn from both positive and negative outcomes. By doing this, everyone's chances of winning are increased and the organization's overall strength is increased. In order to address the problem of fair process, Bratton includes all significant stakeholders in the processes, establishes precise performance standards, and explains why some meetings—such as strategy meetings—are necessary for the prompt implementation of policies. In order to solve the problem of learning, he demands that the senior brass team participate actively in meetings and actively participates in the moderating process. Precinct commanders are free to discuss their successes and setbacks without coming out as arrogant or conceited. Because it is obvious to everybody that they were required by Bratton's top staff to demonstrate, in detail, how they accomplished their results, successful commanders are not seen as boastful. Additionally, the fact that commanders receiving the lesson don't have to endure the humiliation of having to ask for it lessens the hurt that comes with having to learn a lesson from a colleague. When Bratton made a funny video mocking the questioning precinct commanders received, it became very popular and demonstrated to the officers that he knew exactly how much they were expected to do.

Additionally, Bratton employs a different motivating tool by framing the reform task. One of the most delicate and complex jobs of the tipping point leader is framing the problem; without people believing that the desired outcomes are possible, a turnaround is unlikely to be successful. Bratton's aim in New York seemed almost unreal on its face because it was so lofty. Who would have thought that the city could rank among the safest in the nation? Furthermore, who would want to devote time and effort to pursuing such an impossibly lofty goal?

Bratton presented the problem as a set of concrete objectives that officers of all ranks could identify with in order to make it seem doable. Making New York's streets safe "block by block, precinct by precinct, and borough by borough" was the issue the NYPD faced, as he put it. When presented this way, the job was both comprehensive and manageable. Making their beats or blocks safe was the only problem facing the street officers. The commanders' task was to ensure that their precincts remained secure and nothing more. Additionally, borough leaders had a specific objective within their power to ensure that their boroughs remained secure. Officers were not allowed to claim that the demands placed on them were excessively onerous, regardless of their status. They also couldn't argue that they had no chance of succeeding. In this sense, every one of the thousands of police officers on the department took on responsibility for the reversal from Bratton.

CONCLUSION

Businesses confronting complex difficulties may benefit from the convergence of strategic highlighting, data-driven decision-making, and motivational leverage to bring about dramatic change. A fascinating case study in leadership innovation is William Bratton's accomplishments in reorganizing intricate institutions, most notably the New York Police Department. The notion of tipping point leadership, as presented in this article, emphasizes how crucial it is to include important stakeholders, concentrate on focused interventions, and develop a performance-based culture. Leaders who want to overcome obstacles like organizational opposition, resource limitations, and motivational barriers may benefit greatly from Bratton's method of breaking down big objectives into doable, practical stages. In addition, the essay emphasizes how important it is for leaders to have transparent communication, equitable procedures, and a dedication to lifelong learning. In addition to creating a forum for the exchange of best practices and ideas, Bratton's strategic spotlighting sessions, which bring together senior executives and influential figures to critically assess performance, also promote responsibility. Bratton decentralizes accountability and makes each team member an essential component of the transformation process by articulating the reform problem in language that appeals to people at all organizational levels. This inclusive strategy increases workers' engagement and feeling of responsibility, which helps organizational transformation last.

REFERENCES:

[1] F. Cavarretta, S. Hannah, R. F. Piccolo, and M. Uhl-Bien, "Leadership Beyond the Tipping Point: Toward the Discovery of Inversions and Complementary Hypotheses," *SSRN Electron. J.*, 2018.

[2] K. Ram, "Complexity: The tipping point for leadership," in *The Future of Leadership: Addressing Complex Global Issues*, 2018.

[3] S. G. Barsade, C. G. V. Coutifaris, and J. Pillemer, "Emotional contagion in organizational life," *Research in Organizational Behavior*. 2018.

[4] M. Molines, A. El Akremi, M. Storme, and P. Celik, "Beyond the tipping point: The curvilinear relationships between transformational leadership, leader-member exchange, and emotional exhaustion," in *78th Annual Meeting of the Academy of Management, AOM 2018*, 2018.

[5] J. Reis, M. Amorim, N. Melao, and P. Matos, *Trends and Advances in Information Systems and Technologies*. 2018.

[6] I. Katchanovski, "The Maidan massacre in Ukraine," in *The Return of the Cold War*, 2018.

[7] M. M. Krekova, Y. S. Konoplin, N. N. Vasneva, N. K. Martynenko, and Y. S. Volkova, "Theoretical and methodological foundations of crisis management in the enterprise," *Int. J. Appl. Bus. Econ. Res.*, 2017.

[8] S. D'Agostino, "Thinking about Tipping Points," *Math. Teach.*, 2017.

[9] S. J. Tucker and L. J. Carr, "Translating Physical Activity Evidence to Hospital Settings: A Call for Culture Change," *Clin. Nurse Spec.*, 2016.

[10] C. Ogbonnaya, K. Daniels, S. Connolly, M. J. P. M. van Veldhoven, and K. Nielsen, "Employees, managers, and high performance work practices: A 'Win-win' or the transformational leader's exploitative approach to organizational performance," in *Understanding the High Performance Workplace: The Line Between Motivation and Abuse*, 2016.

[11] T. Hess, A. Benlian, C. Matt, and F. Wiesböck, "Digital Transformation is a High-Priority Management Challenge1," *MIS Q. Exec.*, 2016.

[12] D. Iain Smith, "Digital Disruption: How FinTech is Forcing Banking to a Tipping Point," *Citi GPS*, 2016.

CHAPTER 9

ORGANIZATIONAL POLITICS: LESSONS FROM BRATTON'S TIPPING POINT LEADERSHIP

Dr. Suhas Ballal, Assistant Professor
Department of Chemistry and Biochemistry, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- b.suhas@jainuniversity.ac.in

ABSTRACT:

The intricate dynamics of organizational politics and leadership through the lens of Bill Bratton's transformative approach. The narrative delves into Bratton's early career experiences, emphasizing the vital lessons he learned about the pervasive reality of organizational politics. The text underscores Bratton's strategic methods for identifying and managing opposition, both internal and external, as organizations undergo substantial reforms. A focal point is Bratton's adept handling of powerful naysayers and vested interests, showcasing his skill in silencing opposition through strategic alliances, example setting, and compelling arguments. The narrative also highlights Bratton's successful navigation of external threats, such as resistance from the courts, by building broad coalitions and leveraging media support. The conclusion emphasizes the significance of Bratton's leadership model in overcoming organizational hurdles and achieving a tipping point for positive change, providing valuable insights for executives aiming to drive transformative results within their companies.

KEYWORDS:

Conflict Resolution, Influence, Office Politics, Organizational Behavior, Social Influence, Stakeholder Management.

INTRODUCTION

In public and corporate life, organizational politics are an unavoidable reality a fact Bratton learned the hard way. He proudly displayed a plaque in his office in 1980, when he was one of the youngest lieutenants in the Boston Police Department at the age of 34. The inscription said, "Youth and skill will win out over age and treachery every time." In a matter of months, Bratton removed the sign after being forced into a position of no return by a combination of office politics and his own arrogance. He never lost sight of how crucial it is to comprehend the politics, intrigue, and planning involved in enacting change. Powerful vested interests will oppose the upcoming changes even if an organization has reached the tipping point. These negative influences, who might be internal or external, will battle more and louder to maintain their positions the more probable change is to occur. Their opposition can do significant harm, even derail the reform process [1], [2].

Bratton foresees these risks by early on recognizing and stifling influential critics. In order to do this, he makes sure he has a senior insider on the top team who is well-respected. For example, Bratton designated Miami's police commissioner, John Timoney, as his number two at the NYPD. Timoney was a police officer of the highest caliber, both feared and revered for his devotion to the NYPD and his accumulation of over 60 honors. He had learned the names and political game strategies of all the major players from his two decades in the ranks. One of Timoney's first responsibilities was to inform Bratton on the senior staff's expected opinions of

Bratton's zero-tolerance policing concept and to identify people who would oppose or subtly undermine the new programs. This resulted in a significant shift in power.

Naturally, not every critic should be given the death penalty there may not be enough people to staff the barriers after all. Therefore, Bratton often uses factual inconsistency and his own example to suppress critics. For example, the majority of precinct commanders objected that the work of compiling comprehensive crime maps and information packages for the strategy review meetings would take too long and squander police time that might be better used combating crime. Deputy Commissioner Jack Maple established a reporting system that included the most criminalized regions of the city in anticipation of this dispute. He informed the precinct commanders that the system's operation took a maximum of eighteen minutes per day, which equated to less than one percent of the typical station's workload. Make an attempt to refute that.

The most significant resistance to change often originates from outside. Similar to business, the public sector is not exempt from the effects of one organization's strategic changes on other organizations, including competitors and partners. If such players are content with the current situation and have the capacity to oppose the changes, they are likely to oppose the change. Creating a wide alliance with the other autonomous forces in his domain is Bratton's method of isolating these adversaries. One of the biggest challenges to his changes, for instance, came from the courts in New York, who feared that zero-tolerance enforcement would lead to a huge backlog of minor offenses cases on the docket. In order to overcome the court's resistance, Bratton sought the support of none other than Rudolph Giuliani, the mayor, who had significant power over the district attorneys, the courts, and the municipal prison located on Rikers Island. Even though it would probably not be to the mayor's liking, Bratton's staff showed him that the court system could handle little "quality of life" offenses [3], [4].

The mayor made the choice to step in. Although he acknowledged before the courts that a crackdown campaign would result in a temporary increase in court cases, he made it apparent that both he and the NYPD thought the courts' burden would ultimately decrease as a result of it. By cooperating, Bratton and the mayor were able to persuade the courts to handle offenses pertaining to quality of life. The courts appealed to the city's legislators after seeing that the mayor supported Bratton. They argued that legislation exempting them from processing small criminal cases would be beneficial to the city since it would streamline the system and save expenses. Weekly strategic talks between Bratton and the mayor gained them another supporter when they took their case to the media, especially the New York Times. The topic of zero tolerance was brought to the forefront of public discussion with a straightforward message via a series of press conferences, articles, and interviews. The city's crime rate would not go down if the courts did not assist in taking criminals who violate people's quality of life. It was more important to save the city than to save money.

The courts were effectively kept apart by Bratton's coalition with the mayor's office and the most influential media outlet in the city. It would be difficult for the courts to be seen as openly opposing a measure that would both increase the appeal of living in New York and eventually lower the volume of cases that come before them. The consequences of opposing Bratton's tactic were high, given the mayor's forceful public statements advocating for the pursuit of quality-of-life offenses and the endorsement of the program by the city's most reputable and liberal newspaper. This deft political maneuvering helped Bratton win one of his major fights and prevent the legislation from becoming law. Quality-of-life offenses would be handled by the courts. The crime rates did in fact start to decline over time.

Like any leader, Bill Bratton must, of course, take some of the credit for his accomplishments. It takes a team to turn around an institution as big and as committed to the status quo as the NYPD. But without him, or another leader like him, the tipping point would never have been achieved. Even while we acknowledge that not every CEO has the temperament of Bill Bratton, many do possess the ability once they understand the recipe for success. We have attempted to provide this method, and we strongly advise managers who want to turn around their organizations but are short on time and funds to pay attention. They will be able to do for their shareholders what Bratton has accomplished for the people of New York by tackling the obstacles to tipping point transformation outlined in these pages [5], [6].

Blue Ocean Approach

Guy Laliberté, once an acclaimed accordion player, stilt walker, and fire eater, is now the CEO of Cirque du Soleil, one of Canada's biggest exports of culture. A group of street performers founded Cirque in 1984, and since then, the company has presented several shows in 90 locations throughout the globe, seen by an estimated 40 million people. The world's top circus, Ringling Bros. and Barnum & Bailey, took more than a century to reach the same income levels as Cirque has in only 20 years.

Cirque's explosive expansion took place in an unexpected place. The circus industry has been declining for a while. Alternative entertainment sources like TV, video games, and athletic events were becoming more and more prevalent. The core of the circus audience, the kids, were more interested in PlayStations than circus performances. Animal rights organizations were also the source of growing opposition to the usage of animals, which is often a necessary component of the circus. From the supply side, the star acts that Ringling and the other circuses used to entice the public were often free to choose their own pricing. Consequently, the industry saw a decline in viewership and a rise in expenses. Furthermore, a strong incumbent that had established the industry standard for the most of the past century would be the competition for any newcomer to this field [7], [8].

In such an unappealing setting, how could Cirque raise profits by a factor of 22 while still being profitable over the last 10 years? One of the first Cirque shows had the intriguing motto, "We reinvent the circus." Cirque did not get wealthy by taking business from Ringling and the others or by competing within the parameters of the already established industry. Rather, it cleared off market space that rendered the rivals obsolete. It attracted a whole new demographic of consumers who had never before patronized the business: adults and corporate clients who had discovered opera, ballet, or theater and were willing to spend many times more for an unparalleled entertainment experience than they would have for a regular circus ticket. The corporate world is made up of two different types of space, which we may conceptualize as red and blue seas, in order to fully appreciate the significance of Cirque du Soleil's accomplishment. Red seas stand in for all of the current industries and the recognized market area. Industry borders are established and acknowledged in red seas, and the rules of competition are widely known. In this scenario, companies strive to surpass their competitors to get a larger portion of the current market. The prospects for expansion and profitability diminish as the area becomes more congested. Goods become commodities, and escalating rivalry makes the waters a gory mess.

Blue seas are all the businesses that do not yet exist; they are uncharted territory free from rivalry. Demand is generated in blue waters as opposed to being battled for. There is a lot of room for quick and professional development. Blue seas may be produced in two different methods. Rarely, as happened with eBay and the online auction sector, does a company create a whole new business. However, most often, when a business expands outside the confines of an already-existing industry, a blue ocean is born from inside a red ocean. This, as it will be clearer later, is what Cirque accomplished. It created a new and profi blue ocean from inside the red ocean of the circus business by piercing the line that has historically divided theater from circus.

Using data spanning over a century, we have examined over 150 blue ocean productions in over 30 sectors, including Cirque. We examined the businesses that carved out those blue seas as well as their less prosperous rivals that found themselves in red oceans. Through the analysis of these data, we have identified a recurring pattern of strategic thinking dubbed "blue ocean strategy" that underlies the emergence of new markets and sectors.

DISCUSSION

Regretfully, the majority of businesses seem to be stuck in their red waters. A survey of 108 organizations' company launches revealed that just 14% of those new ventures were focused on developing new markets or industries, while 86% of them were line expansions, or incremental upgrades to current industry offers. Even while line expansions brought in 62% of overall revenue, they only produced 39% of total profits. In comparison, 38% of all sales and an astounding 61% of total profits were generated by the 14% spent in developing new markets and sectors.

What then accounts for the stark disparity favoring crimson oceans? The fact that business strategy has strong origins in military strategy helps to explain some of the situation. There are several military allusions in strategy jargon, such as "troops" on the "front lines" and chief executive "officers" at "headquarters." To put it another way, red ocean competition is the foundation of strategy. It involves facing an adversary and forcing him from a small area of the battlefield. In contrast, operating in an uncontested market is known as the "blue ocean" approach. Not splitting up existing property, but rather generating new land is the goal. Therefore, focusing on the red ocean involves acknowledging the two main limitations of warfare: the terrain's finite size and the need of defeating the opposition to triumph. It also entails downplaying the corporate world's unique strength, which is its ability to carve out uncontested new market space.

Corporate strategy's propensity to prioritize outperforming competitors was made worse by the explosive growth of Japanese businesses in the 1970s and 1980s. Customers were leaving Western corporations in large numbers for the first time in the history of the industry. A plethora of red ocean strategies arose as competition increased in the global economy, all of which maintained that competition was the primary driver of both business success and failure. These days, it is rare to discuss strategy without bringing up the vocabulary of rivalry. The easiest way to describe this is as "competitive advantage." Businesses are often motivated by the competitive advantage to surpass competitors and seize larger portions of the market. Naturally, competition is important. However, by emphasizing competition, academics, businesses, and consultants have disregarded two crucial—and, we contend, considerably more profitable—aspects of strategy. The first is to identify and cultivate "blue oceans," or markets with little to no rivalry, and the second is to take advantage of and safeguard these areas. Compared to the difficulties that strategists have focused on the most, these challenges are significantly different [9], [10].

Moving Towards Blue Ocean Strategy

How does the formation of blue seas need a certain sort of strategic logic? We examined more than a century's worth of data on blue ocean formation to seek for any trends that could help us answer that question. A portion of our information is shown in "A snapshot of blue ocean creation." It provides a summary of the major blue ocean innovations in three domains that have a direct impact on people's lives: automobiles, which are used for commuting to work; computers, which are used for work; and movie theaters, which are frequented by people for leisure after work. We discovered that an image showing the formation of the blue ocean. This lists the strategic components shared by blue ocean innovations across three distinct sectors and historical periods. It is not meant to be exhaustive in terms of substance or coverage. Since American businesses constituted the biggest and least regulated market throughout the time of our analysis, we decided to highlight them. The blue ocean generation pattern shown by these three businesses aligns with the findings of our other industries under investigation.

While it is not a distinguishing characteristic of blue seas, cutting edge technology may play a role in their formation. Even in technologically advanced sectors, this is often the case. The display shows that, in all three of the relevant businesses, blue seas were often the consequence of pre-existing technology rather than pure technical innovation. Ford's revolutionary assembly line has its roots in America's meatpacking sector. The blue seas in the computer business, like those in the car sector, were created by connecting technology to consumer values rather than just by technological advancements. Similar to the IBM 650 and the Compaq PC server, this often required making technological changes simpler. When they opened up new markets for the car industry, GM, the Japanese manufacturers, and Chrysler became well-established competitors. In the computer business, so were CTR and its reincarnation, IBM, and Compaq. The same is true of AMC and Palladium theaters in the movie business. Only the following four companies Ford, Apple, Dell, and Nickelodeon were newcomers to their respective industries; the other three were start-ups, while the fourth was an established company joining a previously unexplored market. This implies that incumbents have no disadvantage when establishing new markets. Furthermore, incumbents often created blue seas within their primary industries. As the exhibit demonstrates, most blue seas are really formed within the red oceans of current industries rather than outside of them. This casts doubt on the idea that new markets are found in far-off places. In any sector, blue waters are immediately next to you. Businesses and industries are the incorrect units of analysis.

The conventional strategic analysis divisions of industry and corporation provide nothing in the way of explanation for the formation of blue seas. No corporation is ever consistently good; the same company might be misguided at one point in time and wonderful at another. Every business has ups and downs. Similarly, no company can be consistently great; instead, what makes an industry somewhat attractive is the way blue seas are created inside it.

The strategic move, or the collection of management choices and activities required in launching a significant market-creating business product, is the most suitable unit of study for understanding the emergence of blue seas. For instance, a lot of people see Compaq as "unsuccessful" because the firm was bought by Hewlett-Packard in 2001 and eventually went out of business. However, the company's eventual demise does not negate the astute strategic choice Compaq made, which helped to spark the multibillion-dollar PC server industry and was a major factor in the business's spectacular 1990s resurgence [11], [12].

Building blue seas strengthens brands.

Blue ocean strategy is so effective that a single strategic action may build decades' worth of brand value. A significant portion of the enterprises included in the show are still known for the blue waters they once helped to build. The first Model T came off Henry Ford's assembly line in 1908, and although very few people living today were there, the company's brand still benefits from that bold decision. Because of the computer industries it pioneered, IBM is often frequently recognized as a "American institution." The 360 series was IBM's response to the Model T.

Executives at big, established companies who are often thought of as the victims of the emergence of new market space will find our results heartening. They show that substantial R&D expenditures are not necessary to open up new markets. Making the appropriate strategic decisions is crucial. Furthermore, businesses who know what makes a smart strategic decision will be in a good position to gradually develop many blue seas, which will enable them to maintain strong growth and profitability over an extended period of time. Put another way, the development of blue seas is a strategy-driven outcome, and as such, it is mostly the result of administrative activity.

The Distinguishing Features

Our analysis reveals a number of shared traits among the strategic choices that form blue seas. We discovered that, in stark contrast to businesses operating under conventional guidelines, those that create blue seas never consider their competitors as a standard. Rather, they elevate it to a meaningful level by generating a significant increase in value for customers and the business.

The rejection of the core concept of conventional strategy that there is a trade-off between value and cost is perhaps the most significant aspect of blue ocean strategy. This thesis states that businesses may either provide consumers with more value at a higher cost or appropriate value at a cheaper cost. Stated differently, strategy is fundamentally a decision between low cost and distinction. However, the research suggests that successful businesses seek both low cost and distinctiveness at the same time when it comes to building blue seas.

Let us return to Cirque du Soleil to see how this is accomplished. When Cirque debuted, other circuses were more concerned with benchmarking against one other and making the most of their decreasing market shares by modifying conventional shows. This included making an attempt to hire more well-known clowns and lion tamers, actions that increased the expense structure of circuses without significantly changing the nature of the circus experience. Rising expenses without corresponding increases in income led to a decline in overall demand for circus goods. Now enter Cirque. It redefined the problem by giving people the excitement and thrill of the circus combined with the intellectual stimulation and artistic richness of the theater, as opposed to adhering to the conventional logic of outperforming the competition by providing a better solution to the given problem—creating a circus with even greater fun and thrills.

Cirque had to reconsider the elements of the conventional circus act in order to create shows that successfully delivered on both of these punches. The organization discovered that many of the components thought to be vital for the excitement and pleasure of the circus were really superfluous and, in many instances, expensive. For example, animal performances are a feature of most circuses. They place a significant financial strain on circuses, since they must pay for the animals' training, care, lodging, insurance, and transportation in addition to the animals themselves. However, Cirque discovered that the public's interest for animal performances was quickly dwindling due to growing worries about the care and morality of showcasing circus animals.

Comparably, Cirque discovered that although conventional circuses marketed its performers as stars, the general public no longer saw circus performers as stars—at least not in the sense of a movie star. Additionally, Cirque eliminated typical three-ring presentations. These not only caused confusion among onlookers, forcing them to shift their focus from one ring to another, but they also increased the number of performers required, which had clear financial ramifications. Additionally, even though aisle concession sales seemed like a smart way to make money, parents were put off by the high pricing and felt taken advantage of.

Cirque discovered that the original acrobatic performances, the tent, and the clowns were the three main components that contributed to the conventional circus's enduring appeal. Therefore, Cirque retained the clowns but changed the tone of their comedy from slapstick to something more captivating and refined. It gave the tent a glamorous feel, something that many circuses had given up in favor of hired spaces. Recognizing that the tent embodied the circus's charm beyond all else, Cirque created this iconic emblem with an exquisite exterior and exceptional audience comfort. The hard benches and sawdust were vanished. Acrobats and other thrilling performers were kept on, but Cirque gave them smaller roles and added artistic flare to make their performances more refined.

Cirque included fresh components taken from the theater industry even as it eliminated some of the classic circus offerings. For instance, every Cirque production has a theme and plot, much like a theatrical production, in contrast to typical circuses that include a number of disconnected performances. The themes, although purposefully ambiguous, give the acts coherence and a thought-provoking quality. Broadway provides inspiration to Cirque as well. For instance, Cirque presents many shows based on various themes and plot lines as opposed to the conventional "once and for all" presentation. Similar to Broadway shows, every Cirque production has an original musical soundtrack that directs the acts' timing, lighting, and performance, instead of the other way around. The dancing in the shows is abstract and spiritual; the concept comes from theater and ballet. Cirque has produced very sophisticated entertainments by using these elements. Additionally, Cirque increases attendance at the circus by presenting a number of shows, which boosts income. The greatest of theater and circus are combined in Cirque. Additionally, the circus has been able to achieve both cheap cost and distinctiveness by drastically cutting down on many of its most costly components.

A business may increase value for both itself and its clients by cutting expenses and raising buyer value at the same time. Blue ocean strategy can only be realized when a company's utility, price, and cost activities are all appropriately aligned across its whole system. This is because a company's value is generated by its cost structure and pricing, and buyer value is derived from the utility and price it delivers. Because of this holistic approach, the development of blue seas is a plan that is sustainable. The spectrum of an organization's operational and functional operations is integrated by the blue ocean approach.

It is important to note that rejecting the trade-off between low cost and distinction suggests a fundamental shift in strategic mindset. Academics refer to this point of view as the structuralist perspective, or environmental determinism, and it is the foundation of the red ocean assumption, which holds that industry structural circumstances are predetermined and businesses must compete within them. This point of view contends that managers and businesses are mostly powerless against external economic factors. In contrast, blue ocean tactics are predicated on the idea that industry actors' actions and attitudes have the power to reconfigure market borders and industries.

CONCLUSION

The vital role cunning leadership plays in negotiating the intricate terrain of organizational politics. The experiences of Bill Bratton provide for an engaging case study, offering deep insights into the difficulties faced by executives trying to implement significant change within big, established companies. One particularly noteworthy tenet of Bratton's leadership style is his aptitude for recognizing, comprehending, and dismantling resistance from both within and outside the company. Bratton's selection of John Timoney as a senior insider shows how important it is to have a trusted insider on the leadership team and emphasizes the value of internal information and strategic partnerships in handling any pushback. The story demonstrates Bratton's ability to use the media and his connections with powerful people like Mayor Rudolph Giuliani to his advantage when facing up against outside challenges like opposition from the courts. The accomplishment of these initiatives demonstrates the ability of large coalitions and popular support to overcome outside resistance. Crucially, the conclusion highlights that while Bill Bratton's personality may not be suited for every leader, the fundamental ideas of his leadership style are applicable to most. As the story explains, overcoming the obstacles to tipping point transformation is the key to success. Bratton's insights provide a road map for executives looking to negotiate the complex world of organizational politics and promote positive change as companies aim for revolutionary outcomes.

REFERENCES:

[1] M. Nurhayati, A. Thoyib, Noermijati, and D. W. Irawanto, "Impersonal trust and perceived organizational politics on organizational commitment," *Eur. Res. Stud. J.*, 2018.

[2] C. M. Lau, G. Scully, and A. Lee, "The effects of organizational politics on employee motivations to participate in target setting and employee budgetary participation," *J. Bus. Res.*, 2018.

[3] J. O. Cheong and C. Kim, "Determinants of Performance in Government: Focusing on the Effect of Organizational Politics and Conflicts in Organizations," *Int. J. Public Adm.*, 2018.

[4] C. Varela-Neira, M. del R. Araujo, and E. R. Sanmartín, "How and when a salesperson's perception of organizational politics relates to proactive performance," *Eur. Manag. J.*, 2018.

[5] I. Belausteguigoitia Rius and D. De Clercq, "Knowledge sharing and unethical pro-organizational behavior in a Mexican organization: Moderating effects of dispositional resistance to change and perceived organizational politics," *Manag. Res.*, 2018.

[6] F. K. Opoku and D. D. Arthur, "Perceived organisational politics, political behaviour and employee commitment in the Wenchi Municipal Assembly, Ghana," *Ghana J. Dev. Stud.*, 2018.

[7] M. Umer and S. Salman, "Effect of Organizational Politics on Job Commitment Leading to Job Performance: Evidence from Private Banking Sector in Lahore," *J. Organ. Stud. Innov.*, 2018.

[8] T. IMAM, H. ALI, and H. S. SOO, "Dilemma of Employee Retention through the Lens of Organizational Politics: A Quantitative Study on Pharmaceutical Industry of Pakistan," *Int. J. Acad. Res. Accounting, Financ. Manag. Sci.*, 2018.

[9] A. Kidron and H. Vinarski Peretz, "Organizational political climate and employee engagement in political behavior in public sector organizations: A mixed methods study," *Int. J. Organ. Anal.*, 2018.

[10] M. R. W. Hiebl, "Management accounting as a political resource for enabling embedded agency," *Manag. Account. Res.*, 2018.

[11] M. Z. ud Din, B. Iram, and F. Farooq, "Impact of Organization Politics on Organization Citizenship Behavior," *Int. J. Acad. Res. Bus. Soc. Sci.*, 2018.

[12] E. MacKillop, "Leadership in organisational change: A post-structuralist research agenda," *Organization*, 2018.

CHAPTER 10

BLUE OCEAN STRATEGY: UNLOCKING SUSTAINABLE GROWTH THROUGH DIFFERENTIATION AND LOW COST

Dr. Roopashree R, Assistant Professor
Department of Chemistry and Biochemistry, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- r.roopashree@jainuniversity.ac.in

ABSTRACT:

The concept of Blue Ocean Strategy, exploring the enduring success of companies that create new market spaces uncontested by competitors. The narrative is illustrated with examples from diverse industries, including Cirque du Soleil, Home Depot, Federal Express, Southwest Airlines, and CNN. The article underscores the formidable economic and cognitive barriers that shield pioneers of blue oceans from imitation, emphasizing the rapid realization of scale economies and immediate cost advantages. It introduces the notion of a blue ocean, where companies simultaneously enhance cost structures and buyer value. The challenges associated with organizational politics hindering imitation, especially when comprehensive systemic changes are required, are discussed. Historical cases, such as Ford's Model T and Cirque du Soleil, are presented to underscore the longstanding existence of blue ocean strategies. The article advocates for a balanced strategic approach, acknowledging both red and blue oceans, and stresses the importance of comprehending the distinct underlying logic of each. Overall, it provides insights for organizations to navigate the strategic landscape and achieve sustainable growth through differentiation and low cost.

KEYWORDS:

Innovation, Market Creation, Market Space, Non-competitive Strategy, Red Ocean, Strategic Planning, Value Innovation.

INTRODUCTION

Businesses that establish blue seas often enjoy the advantages for ten to fifteen years without facing serious competition. A few examples of such businesses include CNN, Home Depot, Federal Express, Southwest Airlines, and Cirque du Soleil. The rationale is that imitation is severely hampered by blue ocean strategy's significant cognitive and financial obstacles. Adopting a blue ocean creator's business strategy is, to begin with, easier said than done. Blue ocean innovators are able to quickly create scale economies since they draw clients in huge quantities right away. This puts potential competitors at a financial disadvantage that doesn't go away. Enormous scale economies [1], [2].

Where a company's efforts positively impact both its cost structure and its value offer to customers, a "blue ocean" is formed. Reducing and getting rid of the things that an industry competes on may save money. Elevating and providing things that the sector has never offered increases buyer value. The enormous sales volumes that Wal-Mart enjoys from its greater value in purchases, for example, have greatly deterred other businesses from copying its business model. Over time, expenses are further decreased as scale economies take hold. Large-scale client acquisition right away might also result in network externalities. There are few reasons for users to visit other auction sites when eBay has a large number of online shoppers. This makes the site more appealing to both sellers and purchasers of goods.

Organizational politics may make it difficult for a potential rival to adopt the different business model of a blue ocean strategy because imitation necessitates alterations to a whole system of operations. Airlines, for example, are attempting to follow Southwest's model, which combined the speed of air travel with the freedom and expense of driving, would have required significant adjustments to pricing, marketing, scheduling, and employee training, not to mention cultural shifts. Not many well-established airlines were able to quickly and easily implement such radical organizational and operational changes. It's difficult to mimic a whole-system approach.

The cognitive obstacles may function equally well. When a business provides a significant improvement in value, it quickly gains market recognition and a devoted customer base. Experience demonstrates that a blue ocean creator is difficult to overcome by even the most expensive marketing initiatives. For instance, Microsoft has been vying for control of the financial software market share that Intuit established with Quicken for more than a decade. Microsoft's efforts and financial resources have not succeeded in dethroning Intuit as the market leader. In other cases, copying the work of a blue ocean artist might damage the copycat's already established reputation. For example, The Body Shop avoids using high-profile models and doesn't guarantee perpetual youth or beauty. Imitation was very difficult for the well-known cosmetic manufacturers, like as Estée Lauder and L'Oréal, since it would have completely undermined their present brand reputations, which are predicated on claims of perpetual youth and beauty [3], [4].

A Regular Arrangement

Whether or not businesses have been aware of it, blue ocean strategy has always existed, even if our conceptualization of the pattern may be new. Just take note of the remarkable similarities between Ford's invention of the Model T and the Cirque du Soleil theater-circus experience. The car business was little and unappealing toward the end of the nineteenth century. In America, over 500 manufactures vied to produce handcrafted luxury vehicles that retailed at around $1,500 and were very unfavorable to all except the wealthiest. Anticar demonstrators blocked roads, surrounded parked automobiles with barbed wire, and planned boycotts of officials and businesspeople who used cars. When Woodrow Wilson said in 1906 that "nothing has spread socialistic feeling more than the automobile," he encapsulated the spirit of the era. "A picture of the arrogance of wealth," as he put it.

Rather from attempting to outperform other manufacturers and take market share from them, Ford rebuilt the industry borders between automobiles and horse-drawn carriages to create a "blue ocean." Horse-drawn carriages were the main mode of local transportation in America at the time. Compared to autos, the carriage had two clear benefits. The nation's many dirt roads had lumps and mud that slowed down automobiles, particularly in the rain and winter. Horses, however, could readily navigate these obstacles. Additionally, maintaining horses and carriages was much simpler than maintaining the opulent cars of the day, which often broke down and required costly and scarce skilled repairmen. Henry Ford was able to differentiate himself from the competition and meet a huge unmet need because to his comprehension of these benefits. For the great multitude, constructed of the best materials," was how Ford described the Model T. Ford Motor Company, like Cirque, rendered the opposition obsolete. Ford made an automobile that was meant to be used on a daily basis, much like a horse-drawn carriage, as opposed to designing stylish, customized vehicles for weekend trips in the country, a luxury that only a select few could afford. The Model T was only available in black, with very few additions available as options. It was built to move on dirt roads without difficulty in the rain, snow, or sun. It was dependable and strong. You could utilize and repair it easily. It may be driven by anybody in a day. Similar to Cirque, Ford looked to horse-drawn carriages rather than other cars in order to find a pricing range. The first Model T cost $850 in 1908; by

1909, it was just $609; and by 1924, it had plummeted to $290. In the same manner that Cirque transformed theatergoers into circus patrons, Ford did the same with customers of horse-drawn carriages. Model T sales took off. With Ford's market share rising from 9% in 1908 to 61% in 1921, most American homes had an automobile by 1923.

Similar to what Cirque accomplished later, Ford achieved the lowest cost structure in the industry while yet providing a jump in value to the majority of purchasers. Ford was able to do away with the previous production technique, which included experienced artisans assembling automobiles piece by piece from start to finish around a single workstation, by keeping the cars extremely standardized with few alternatives and interchangeable components. With Ford's groundbreaking assembly line, unskilled workers took the position of artisans, and each worker completed a single job swiftly and effectively. Ford was able to achieve significant cost reductions by producing an automobile in only four days, as opposed to the industry standard of 21 days [5], [6].

Oceans that are blue and crimson will always coexist. Therefore, businesses must comprehend the strategic logic of both kinds of seas in order to operate in the actual world. Currently, despite companies' growing need to construct blue seas, strategy is dominated in theory and practice by competing in red oceans. It's time to level the playing field in terms of strategy by appropriately allocating resources to both seas. Because although there have always been blue ocean strategists, their tactics have often been unproven. However, companies will be able to construct many more blue seas in the future if they understand that the tactics used to develop and capture these areas follow a distinct set of principles than those used to generate red oceans.

DISCUSSION

They almost usually start by doing an analysis of the environment or sector they work in. Next, they evaluate the advantages and disadvantages of the opponents. They set out to carve out a unique strategic position where they may outperform their competitors by developing a competitive edge, keeping these industry and competitive assessments in mind. A corporation often choose to seek cheap expenses or separate itself from the competition for a premium price in order to get such an edge. The company develops production, marketing, and human resource initiatives as a result of aligning its value chain appropriately. Budgetary allocations and financial objectives are established based on these strategies. The basic reasoning behind this is that the environment limits a company's strategic alternatives. Stated differently, strategy is shaped by structure. For the last 30 years, the structure-conduct-performance paradigm of industrial organization economics has served as the foundation for this "structuralist" approach, which has taken the lead in strategy practice. It states that a company's behavior determines its success, which is based on fundamental structural elements like the quantity of suppliers and customers as well as entry hurdles. According to this deterritorial worldview, business choices that aim to take advantage of external circumstances are causally related to those factors.

But even a quick glance at business history shows that there are many examples from Ford's Model T to Nintendo's Wii—where businesses' tactics influenced the structure of their industries. Blue ocean strategy is a theory of strategy that we have been building over the last 15 years. It acknowledges that an industry's competitive environment does not always dictate a company's success. Businesses may systematically rebuild their industries and tip the structure-strategy sequence to their advantage by using the blue ocean strategy framework. The endogenous growth school of economics, whose basic thesis is that the opinions and deeds of individual actors may influence the industrial and economic environment, is where blue ocean approach first emerged.3. Stated differently, structure may be shaped by strategy. This method is referred to as "reconstructionist."

In certain economic and industrial contexts, the Reconstructionist method is more suitable, even if the structuralist approach has value and relevance. In fact, the demand for a Reconstructionist option has increased due to the current economic downturn. Therefore, the first responsibility of an organization's leadership is to choose the best strategic course of action given the obstacles the business must overcome. But picking the appropriate strategy is insufficient. After that, in order to achieve sustained success, executives must ensure that their groups are on the same page. The majority of executives are aware of how to implement the structuralist method, thus this article will concentrate on aligning an organization with the Reconstructionist strategy to achieve high and long-term performance.

Appropriate Strategic Method

The organizational structure in which an organization functions, its resources and capabilities, and its strategic mindset are the three elements that decide the appropriate strategy. The structuralist method is likely to provide positive results when the structural conditions of an industry or environment are favorable and you possess the means and skills necessary to carve out a competitive advantage. If a corporation implements the structuralist method, it may be effective even in an unappealing sector. The propositions' alignment is where the two methods diverge. First, let's elaborate on what we mean by strategy. The contents of a strategy—what a business offers to customers and how it will profit from that offering—are outlined in the value and profit propositions. The quality of execution is determined by the people proposition. The three proposed strategies align with the conventional activity system of an organization. The value that an organization produces for the customer and its own income are its outputs; the costs of producing them and the labor required to distribute them are its inputs. Thus, we characterize strategy as the formulation and synchronization of the three ideas in order to either capitalize on or restructure the industrial and economic landscape within which a company functions [7], [8].

A business is unlikely to have a high-performing and long-lasting strategy unless it has a comprehensive set of consistent propositions. The company may have brief but unsustainable success, for example, if the value and profit propositions are compelling but the people proposition fails to inspire workers or other stakeholders. This is the quintessential example of an execution failure. Similarly, a company with an attractive people offering but no compelling value or profit proposal would be sunk by subpar performance. This is an example of poor formulation. Every proposal could have to target several stakeholder groups, such as in situations when the implementation of a plan depends on the support of both internal and external parties, such supply chain partners. Similar to this, a firm in a business-to-business sector could need to create two value propositions: one for the client and another for the client's clients.

Let's now examine the areas where the two strategies differ. The structuralism approach states that a company's whole system of operations, and therefore all of its strategy proposals, must be in line with the distinct decision to pursue low cost or distinctiveness, each of which is an alternate strategic position in an industry. For example, if the people offer is low cost but the value and profit propositions are oriented toward distinctiveness, the approach is unlikely to succeed. Reconstructionist strategy holds that when all three strategy propositions aim for low cost and distinctiveness, great performance may be attained. By breaking the current value-cost trade-off, a firm may open up new market space thanks to this alignment of low cost and support for distinctiveness. It lets structure be shaped by strategy. For any technique, alignment is also the path to a more sustainable plan. It is possible to mimic one or two strategy propositions, but it is challenging to mimic all three, particularly the people proposition.

The senior executives of a company have the task of ensuring that each proposal is well explored and that the three are in harmony. Executives with a strong functional bias—marketing, manufacturing, human resources, or other functions—tend to overlook the bigger picture of strategy, which is why they are the only ones qualified for this kind of wide strategy job. For example, the marketing team can focus too much on the value proposition and give the other two less consideration. Similar to this, CEOs with a manufacturing mindset might disregard the demands of customers or see them as a variable in the cost process. An organization's leadership is unlikely to create a comprehensive collection of properly aligned strategy propositions if it is unaware of these tendencies.

Managers are aware of how structure influences strategy, but they are not as familiar with how to connect the three propositions so that strategy influences structure. The city-state of Dubai is examined in the next section of this article to demonstrate how a business might reconstruct its surroundings via the alignment of its blue ocean strategy. Dubai's economy has been among the fastest-growing in the world for the last 20 years as a result of the government's role and actions being redefined.

Reaching Alignment with the Blue Ocean Strategy

Thirty years ago, Dubai's prosperity would have been unimaginable. Its merciless desert lacked cement buildings almost entirely. There were few job possibilities and inadequate medical care. People cared for sheep in the sweltering heat while living in shelters covered with palm leaves. On the other hand, Dubai was able to overcome apparent structural obstacles thanks to the strategic choices made by the emirate's authorities. In an area that has seen political unrest, it has served as an oasis of stability. Oil and natural gas currently account for only 5% of company income, compared to 30% ten years ago. In fact, Dubai's economy may be the only Arab one to have successfully integrated into the global economy outside of the petroleum industry, and it has grown to become one of the most popular travel and business destinations worldwide. Dubai's future depends on how it handles the global financial crisis, which is affecting the entire world. However, the emirate has already experienced unprecedented profi growth as a result of its reconstructionist blue ocean strategic move, which aligns the three propositions around differentiation and low cost.

The goal of Dubai's value offer is to attract international investors, whose capital drives the state's economic growth. The government has benefited from it and been able to collect money from those investors thanks to its profit proposition. Dubai's people pitch has inspired both its domestic populace and international expat partners to embrace the nation's value and profit promises and support its policies [9], [10].

The value statement

Dubai's success has largely been attributed to its unique value offer to foreign investors in comparison to other growing countries. Twelve top-notch free zones with amazing investment incentives are the first part of the value offer. The government permits 100% foreign ownership and unrestricted capital and profit repatriation in order to develop distinctiveness. It levies no import or re-export tariffs in order to reduce the expenses for overseas investors. For the first 15 to 50 years of business, there is no corporation tax rate; this may be prolonged [11], [12].

In an effort to differentiate itself even further and save expenses for investors, Dubai has sped up the registration procedure, enabling companies to get a business license in less than thirty minutes. The clear legal system of the emirate is founded on British law, and all documents is in English. To further improve corporate logistics, Dubai also provides top-notch shipping, port, and aviation services.

It is obvious that Dubai has offered low-cost, unique packages to international investors, and it is this combination that has driven Dubai's rapid expansion. Compare Shanghai, the largest business hub in China, and its value offer for international investors. Foreign investors must navigate Shanghai's complicated and opaque legal system, and entering corporations must be conversant with Chinese politics, cultures, and conventions. Dubai has surpassed Shanghai's economy in several areas, despite Shanghai being one of the biggest and fastest-growing in the world.

CONCLUSION

The ability of strategic innovation to carve out uncontested market niches has revolutionary potential. The article highlights the accomplishments of some businesses that have not only revolutionized their respective sectors but also shown their ability to maintain their positions throughout time. The article's emphasis on the cognitive and financial hurdles to imitation highlights the strategic advantage that blue ocean pioneers have had. These organizations obtain a distinct advantage over their competitors by improving buyer value and cost structures at the same time. The historical connections between Ford's Model T and Cirque du Soleil, for example, show how the ideas of blue ocean strategy have persisted throughout company history often unwittingly. While admitting the need of creating blue seas and the dominance of red ocean competition, the paper argues for a more balanced approach to strategy. The particular difficulties posed by organizational politics that prevent copying highlight how difficult it is to implement a different company strategy. The post is an appeal to leaders to reconsider tried-and-true tactics as companies struggle with the changing environment. It promotes moving away from the structuralist perspective and focuses on how strategy shapes industrial structure. The Dubai case study demonstrates how low cost and differentiation-focused strategy choices may overcome structural constraints to produce previously unheard-of growth.

REFERENCES:

[1] J. Xu and B. Wang, “Intellectual capital, financial performance and companies’ sustainable growth: Evidence from the Korean manufacturing industry,” *Sustain.*, 2018.

[2] C. A. Cancino, A. I. La Paz, A. Ramaprasad, and T. Syn, “Technological innovation for sustainable growth: An ontological perspective,” *J. Clean. Prod.*, 2018.

[3] T. Yusoff, S. A. Wahab, A. S. A. Latiff, S. I. W. Osman, N. F. M. Zawawi, and S. A. Fazal, “Sustainable Growth in SMEs: A Review from the Malaysian Perspective,” *J. Manag. Sustain.*, 2018.

[4] L. Arora, S. Kumar, and P. Verma, “The Anatomy of Sustainable Growth Rate of Indian Manufacturing Firms,” *Glob. Bus. Rev.*, 2018.

[5] D. Benešová, V. Kubičková, A. Michálková, and M. Krošláková, “Innovation activities of gazelles in business services as a factor of sustainable growth in the Slovak Republic,” *Entrep. Sustain. Issues*, 2018.

[6] X. Wang, M. Chen, X. He, and F. Zhang, “Credit constraint, credit adjustment, and sustainable growth of farmers’ income,” *Sustain.*, 2018.

[7] E. V. Ryabova and M. A. Samodelkina, “Factors of sustainable growth of russian companies,” *Financ. Theory Pract.*, 2018.

[8] Y. Yeo and C. Park, “Managing growing pains for the sustainable growth of organizations: Evidence from the growth pathways and strategic choices of Korean Firms,” *Sustain.*, 2018.

[9] R. Kurniawan and S. Managi, “Economic Growth and Sustainable Development in Indonesia: An Assessment *,” *Bull. Indones. Econ. Stud.*, 2018.

[10] D. Ş. Armeanu, G. Vintilă, and Ş. C. Gherghina, “Empirical study towards the drivers of sustainable economic growth in EU-28 countries,” *Sustain.*, 2018.

[11] L. Daniela, A. Visvizi, C. Gutiérrez-Braojos, and M. D. Lytras, “Sustainable higher education and Technology-Enhanced Learning (TEL),” *Sustain.*, 2018.

[12] M. S. Salimath and V. Chandna, “Sustainable consumption and growth: Examining complementary perspectives,” *Manag. Decis.*, 2018.

CHAPTER 11

BLUE OCEAN LEADERSHIP: TRANSFORMING ORGANIZATIONS THROUGH STRATEGIC ALIGNMENT AND ACTIONABLE INSIGHTS

Dr. Rekha M M, Assistant Professor
Department of Chemistry and Biochemistry, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- mm.rekha@jainuniversity.ac.in

ABSTRACT:

This leadership model aims to bridge the gap between potential and realized talent within organizations by leveraging strategic alignment and insightful actions. The paper introduces a four-step process, starting with an in-depth analysis of the current leadership reality through the creation of Leadership Canvases. These canvases reveal how leaders at different organizational levels invest their time and effort, providing a foundation for discussions on effective leadership. The approach emphasizes focusing on specific acts and activities, connecting leadership practices to market realities, and distributing leadership capabilities across all management levels. The article showcases real-world examples, such as the case of British Retail Group, to illustrate how this Blue Ocean Leadership model can bring about a step change in leadership strength. The findings suggest that a failure to align leadership strategies often leads to disengagement, hindering organizational success. The paper concludes with a call for leaders to embrace a more dynamic and tailored approach to leadership development, aligning strategies with market needs and fostering engagement across all levels of an organization.

KEYWORDS:

Innovation, Market Creation, Market Space, Red Ocean, Strategic Planning, Value Innovation.

INTRODUCTION

The three strategy propositions of an organization may be expressed using the analytical framework we created in our study on blue ocean strategy. The variety of factors that organizations provide is shown on the horizontal axis. The offering level is in the vertical axis. The relative performance of a firm across these crucial variables is represented graphically by its strategic portfolio. The strategic advantages of Dubai's three strategy proposals are shown below in comparison to those of other developing markets and Arab economies [1], [2].

The proposal for profit

With such low rates of personal and business taxes, how does Dubai get money to fund the government? It has achieved this by identifying unique strategies for raising income and cutting expenses. Dubai's government has operated much like a big company, in contrast to other Arab administrations. Its ruler, Sheikh Mohammed bin Rashid al-Maktoum, is often cited as stating that "Dubai benefits from business success." Rather than taking advantage of traditional revenue streams like personal and corporate taxes, which would deter foreign investors, the government has made investments in the infrastructure that facilitates the activities of the investors, including real estate development, shipping and port services, transportation, tourism, aviation, and telecommunications. The government has been able to immediately benefit from its distinctive, low-cost value offer thanks to these investments [3], [4].

One such is DP World, which Dubai World owns 80 percent of. The Jebel Ali port and complex in Dubai, home to over 6,000 businesses, is run by DP World. Another is Nakheel, which is now among the largest real estate developers in the world and is entirely owned by Dubai. Over the next ten years, Nakheel is expected to build 50% of the emirate's residential development projects, giving the government the opportunity to benefit from the housing demands of foreign workers. Additionally, the government benefits financially from the large number of cargo and business travelers who arrive in Dubai thanks to its ownership of Emirates Airlines. The government's companies have gained the knowledge necessary to establish international operations that bring in additional revenue by catering to foreign investors. For example, DP World now manages more than 50 ports across 31 nations. The outcome has been a notable increase in the state's income and an international reputation for excellence [5], [6].

Dubai offers a profit potential that is not only unique. The concurrent quest of low costs supports both economic progress and government profitability. Foreigners in Dubai will always be foreigners currently, around 80% of its expanding population is foreign. The government has limited its social responsibilities by limiting citizenship. Furthermore, because Dubai chose to join the United Arab Emirates, it no longer needs a military, diplomatic corps, or monetary organization of its own. With its enormous oil reserves, Abu Dhabi, the capital of the United Arab Emirates, pays the majority of the federal government's operating expenses. Together, these elements have created a profitable proposal that eliminates the current value-cost trade-off.

The proposal of the people

With over a million residents from more than 100 nationalities, Dubai has developed into a cosmopolitan state. In the face of a wave of immigration, mostly from the West and Asia, how has Dubai managed to maintain its Arab customs and encourage social cohesion among its residents? In addition, how could Dubai draw in the foreign talent that is essential to the government's ability to carry out its plan when it offered neither citizenship rights nor social benefits? By developing human propositions that have reduced costs and provided distinct value for both constituencies. Economic and emotional elements are both included in the "people proposition" since they have the potential to either significantly improve people's lives or significantly worsen them.

First, let's examine the citizens' people proposal. They are almost guaranteed a job with the government and have access to a generous social security system. Their quality of life has significantly improved as a result of the substantial state help they get, which includes health care, maternity and sickness benefits, child care, free or subsidized education, pensions, unemployment benefits, and, in some cases, housing and disability benefits. Simultaneously, the government has implemented strategies to protect Dubai's cultural legacy and customs, including encouraging virtual barriers between locals and visitors. The government provides free land lots and interest-free loans or subsidies to citizens so they may construct houses outside of cities. Their kids attend Arabic schools in the area that provide both contemporary instruction and Islamic religious instruction. Traditional Arab values and cultural conventions are the main focus here. Furthermore, the government has been able to finance the welfare of the populace at no cost to them because of a tiny citizen population and revenues from corporate investments.

Dubai has offered expatriates an equally alluring people offering. Their already large income has become even more alluring due to the absence of income tax. Housing is also reasonably priced; according to a recent research, premium real estate in Dubai is between one-fifth and one-third less expensive than in other significant business hubs. Dubai sets itself apart from growing nations like China and India by granting foreigners full ownership of their real estate. A cosmopolitan atmosphere has emerged in Dubai as a result of these incentives for immigrants, and almost anybody can find items from their native country, such as French wines, Indian saris, and Japanese sushi. It even has the biggest indoor ski facility in the world. In summary, Dubai's people offering has affordably provided international talent with an extensive and distinctive experience.

Aligning the three strategy proposals results in mutually reinforcing synergies, as Dubai's case study demonstrates. Dubai has drawn international businesses with its alluring low-cost and unique value offer, and in doing so, it has discovered new and profitable revenue streams. Additionally, because to the large number of international visitors drawn to Dubai by its value and people offers, the city has managed to cultivate a global atmosphere that makes it a desirable place to live and vacation. Finally, the profit proposition has made it possible for Dubai to lower government overhead and reinvest commercial earnings into the company, increasing its appeal to international investors and offering its own residents a standard of living beyond the wildest dreams of their forebears. Of course, an external shock like the current global financial crisis might reduce these synergies. On the other hand, Dubai will get stronger if and when they are able to recover from the crisis.

In Case Strategy Is Misaligned

According to our study, a major factor in the failure of many market-creating innovations to become sustainable enterprises is a lack of alignment between the three strategic propositions. Consider the digital music provider Napster. When it was founded in 1999, its value proposition—simple, user-friendly software that enabled music files to be indexed, searched, and freely shared between computers worldwide—drew in more over 80 million registered users. Still, Napster was under attack after a year. Record companies contacted Napster to devise a revenue-sharing plan that would satisfy both parties because they were concerned that the unrestricted distribution of music would ruin their sales. However, Napster was too excited about its spectacular development to realize that it required a people proposition targeted at this important group of individuals. Rather of attempting to develop a mutually beneficial agreement with the labels, Napster angrily proclaimed that it would proceed with or without the industry's backing. The remainder is historical information. Before Napster had created a business plan to capitalize on its enormous user base, a flurry of copyright infringement lawsuits pushed company to close. The market-creating innovation of Napster was not able to achieve commercial success in the absence of three other strategic proposals.

Compare Napster's conduct to that of Apple, which introduced the iTunes Music Store in 2003 and in only five years rose to the top of the US music sales charts. Similar to Napster, iTunes provided a strong value proposition. In 1985, the company launched an online music shop where customers could peruse over 200,000 songs, including exclusive tracks, listen to 30-second snippets, and download individual songs for charity. In an oversaturated business, it gained 96% national brand recognition in under 20 years. Raising over £550 million in the UK alone, it has garnered money from youngsters, low-income families, and even rich contributors. It changed the landscape of fundraising for charities.

Proposition of Value

Conventional fundraising organizations concentrate on obtaining and acknowledging large contributions from high-income senior contributors, raise money all year round, and use emotions of guilt and sympathy to entice donations. On the other hand, Comic Relief employs a ground-breaking strategy called Red Nose Day, which combines a day of wild grassroots fund-raising with a star-studded comedic telethon called Red Nose Night. All they have to do is purchase a red nose for £1 or collect funds by engaging in ridiculous activities that their friends fund. The smallest donation is appreciated and acknowledged. Every two years, Comic Relief crafts this one-of-a-kind experience to keep people from becoming bored or annoyed. Thanks to its value offer, contributors may enjoy themselves well and contribute significantly at a little expense. In the UK nowadays, Red Nose Day is almost a national holiday.

Proposition for Profit

Comic Relief's proof engine is unbeatable. Red Nose Night is free of charge even though it's an extravagant event. The celebs, the networks, and the studios all provide their services for free. Similarly, Red Nose Day has relatively little overhead since most of the fundraising is done by the general population. Due to the extensive media coverage that Red Nose Day garners, Comic Relief is able to save significant advertising expenses in contrast to typical UK organizations. Additionally, Comic Relief's cheap expenses come from its donations to other charities rather than the introduction of rival programs into an already saturated market, making it a unique low-cost option.

Individuals' Proposition

Comic Relief's people proposal is centered on the general public, corporate sponsors, and celebrities who provide the necessary support for the value and profit propositions to be sustained. The organization has a limited number of highly motivated employees who are inspired by its value proposition. These groups benefit greatly from the organization's strong feeling of pride and belonging, as well as the opportunity to have fun and have a positive impact on the world at little or no financial expense. Celebrities and corporate sponsors both get a great deal of favorable free exposure. Every socioeconomic group finds attraction in the unique, affordable people concept. Apple, however, didn't stop there. It created a compelling people-oriented positioning for the five major record labels. BMG, EMI Group, Sony, Universal Music Group, and Warner Bros. Records all backed Apple from the beginning by making sure that music was downloaded with appropriate copyright protection and by giving the record companies 65 cents for each song that was downloaded. Additionally, iTunes generated a profit loop that benefited both platforms since it not only made money from each song that was downloaded but also increased sales of Apple's already well-liked iPod. Not only did iTunes bring in a new age of music, but its congruence across its value, profit, and people propositions is so difficult to replicate that no other online music retailer has been able to get a solid foothold in the market to yet.

The narrative of Napster and iTunes is sadly typical. While it is evident that innovations targeted at opening up new markets are strategically important for an organization's profi development, many of these efforts end in failure or just temporary success. Simply pose this question to yourself. Which business invented or was the pioneer of the video recorder? When we pose this issue to MBA and executive audiences, Sony or JVC is almost invariably the response. Almost always, IBM or Apple is cited as the firm that invented the personal computer first. Naturally, these are incorrect responses. The business Ampex is responsible for creating the video recorder. The PC was developed by MITS, a business. We recall Apple, IBM, Sony, and JVC because they were the first to create their brands in that market segment via strategic alignment and subsequent commercial success. The important takeaway from this is that managers shouldn't become too enthused about innovation in general. This is just the start. Aligning strategies is what really makes the difference between success and failure. Executives will continue to squander billions of dollars on failed market-creating inventions until they learn this lesson.

DISCUSSION

Increasingly, governments, corporations, and nonprofit organizations are dealing with unfavorable structural and environmental circumstances, so leaders can no longer afford to always let structure dictate strategy. The contemporary economic obstacles that businesses encounter emphasize the significance of comprehending how strategy might influence structure. That does not imply, however, that the structuralist method is out of date. Consider any multi-business firm. varied business units have varied strategic mindsets, resources, and structural circumstances to deal with; hence, certain units will benefit more from a structuralist strategy, while others will benefit more from a reconstructionist one. The theories and presumptions of the two strategy schools differ, and none is enough to address the wide range of shifting structural and commercial environments that businesses encounter both now and in the future. Hence, the task for leaders is to facilitate a lively discussion about the optimal strategic approach for each business and then apply the framework's principles to create the best plan of action for that division, whether it be a reconstructionist blue ocean strategy model or a structuralist competitive strategy model [7], [8].

Leadership in the Blue Ocean

The truth about the workplace is depressing. Merely thirty percent of workers actively strive to perform well. Gallup's 2013 State of the American Workplace study states that although 50% of workers just put in their time, the remaining 20% use their dissatisfaction as an excuse to behave counterproductively, such as acting rudely toward their colleagues, skipping work, or providing poor customer service. According to Gallup, the 20% group alone damages the American economy around half a trillion dollars annually. What causes the general disengagement of employees?

The majority of CEOs, not just those in America, understand that one of their greatest obstacles is narrowing the enormous gap between their team members' potential and actualized skill and energy. We have a sizable team with a strong desire to do well at all levels, as one CEO said. There will be a ton of people doing a ton of good in the world if we can change them and access them via strong leadership.

Naturally, managers don't want to be bad leaders. The issue is that they don't really know what adjustments would be necessary to achieve high impact and bring out the best in everyone. We think that leaders may achieve this comprehension by using a strategy known as "blue ocean leadership." It utilizes its principles and analytical frameworks to assist executives in unlocking the blue ocean of underutilized talent and energy inside their organizations—quickly and inexpensively. It is based on our study on blue ocean strategy, our model for expanding market space by converting noncustomers into customers.

The fundamental realization is that, at its core, leadership can be seen as a service that members of an organization either "buy" or "don't buy." In that sense, every leader has two types of customers: followers who depend on the leader's direction and encouragement to succeed, and bosses to whom the leader must perform. People effectively purchase your leadership when they respect your leadership methods. They are motivated to perform well and sincerely. However, if staff members don't believe in your leadership, they will disconnect and stop becoming your customers. After adopting this perspective on leadership, we saw that leaders might also benefit from using the ideas and frameworks we were creating to turn disengaged workers into engaged ones in order to generate new demand. In the last ten years, hundreds of individuals in organizations have been interviewed by us and Blue Ocean Strategy Network expert Gavin Fraser to determine where leadership was lacking and how to improve it while preserving leaders' most valuable resource time. The findings of our investigation are presented in this article [9], [10].

Important Distinctions from Traditional Leadership Methods

A step shift in leadership power is brought very quickly by blue ocean leadership. It differs from conventional methods of leadership development in a number of broad ways. These are the top three most notable.

Concentrate on deeds and undertakings

The principles of development programs and executive coaching are based on the insights gained over many years of study about the traits, values, and behavioral styles of effective leadership. It is implicitly assumed that great performance is eventually translated into changes in values, qualities, and behavioral styles.

Establish a direct connection with market realities

Conventional leadership development programs are often extremely generic and disconnected from the market outcomes that employees are expected to attain as well as from what businesses stand for in the eyes of their clients. As opposed to this, under blue ocean leadership, individuals who must deal with the realities of the market are directly consulted on how their leaders are impeding them and what those leaders may do to support them in providing the best possible service to customers and other important stakeholders. People are also strongly driven to develop the best profile for leaders and ensure the success of innovative solutions when they are actively involved in designing the leadership practices that will allow them to flourish and those practices are tied to the market realities against which they must perform. Their voluntary participation minimizes implementation costs while optimizing adoption of new leadership profiles.

Assign leadership to each level of management.

Executives and their potential to make an influence both now and in the future are the main emphasis of most leadership programs. Having empowered leaders at every level is crucial for a successful business, since exceptional performance is often determined by the actions and drive of middle and frontline executives, who have more direct access to the market. The reality is that we, the top management, are not in the field to fully appreciate the intermediate and frontline activities, as one senior executive put it. Effective leaders are required at all levels in order to optimize business success [11], [12].

The top, medium, and frontline are the three separate management levels at which blue ocean leadership is intended to be applied. It requires that leaders have profiles that are specific to the various roles, levels of authority, and settings that exist at each level. A critical mass of workers' latent potential and motivation may be unlocked by extending leadership skills deep into the front line, and excellent dispersed leadership greatly improves performance across the whole business.

The Blue Ocean Leadership Four Steps

Let's now go over how to implement blue ocean leadership in real life. There are four stages in all.

Recognize the realities of your leadership

Organizations often make the error of debating changes in leadership before settling disagreements about what leaders are really accomplishing. Making a strong argument for change is impossible without a shared understanding of where leadership is lacking. The first step's goal is to arrive at this knowledge. It takes the shape of what we refer to as-is Leadership Canvases, which are analytical graphics that illustrate how managers at every level allocate their time and energy as seen by their leadership's clients. Creating a canvas for each of the three management levels inside a company is the first step in the process.

Usually, a group of 12 to 15 top managers is chosen to work on this project. To provide the team instant credibility, the individuals selected should be well-known as effective leaders inside the organization and cut across functional boundaries. The team is then divided into three smaller subteams, each concentrating on a single level. These subteams are tasked with conducting appropriate leadership customer interviews (i.e., both superiors and subordinates) and making sure a representative sample of each is included.

The purpose is to learn more about how people perceive present leadership and to initiate a dialogue about what each level of leader should and shouldn't be doing inside the organization. Customers of leaders are questioned about the behaviors and actions—both good and bad—that their leaders prioritize and those that are essential to performance and motivation but that their leaders overlook. It is crucial to focus on the details; the as-is canvases need to be based on actions and activities that represent the unique market realities and performance objectives of each level. There is some probing involved in this. Many interviewees at a business we'll call British Retail Group said that middle managers played politics for a large portion of their workday. The subteam that was working on that level of clarification found that two actions were primarily responsible for this ruling. One was that the leaders often distributed responsibilities, which led to a certain amount of internal rivalry and confusion regarding accountability. As a consequence, there was a lot of finger-pointing and a sense that the leaders were manipulating individuals against one other. The subteam also discovered that the leaders' meetings with senior management accounted for a large portion of their time. Because of this, followers came to believe that their superiors weren't really there to help them, but rather were more concerned with generating political "face time" and fabricating stories.

Following four to six weeks of interviews, subteam members combine their findings to develop as-is Leadership Profiles. They accomplish this by identifying the most prevalent leadership actions and activities at each level based on how often they are cited. Generally speaking, we ask for no more than 10 to 15 leadership actions and activities each level to assist the subteams concentrate on what matters most. These are recorded on the as-is canvas's horizontal axis, and the degree to which leaders carry them out is recorded on the vertical axis. The canvas won't become a statement of everything and nothing thanks to the limit of 10 to 15.

Almost often, the outcome is eye-opening. It is not unusual to discover that 20% to 40% of the deeds and endeavors of leader’s at all three levels provide only dubious benefits to people in higher positions than them. Additionally, it's not unusual to discover that 20% to 40% of the actions and endeavors that interviewers at their level consider significant are being underfunded by leaders.

At BRG, the middle managers' questionnaire suggested that they were preoccupied with upholding bureaucratic processes, while the senior managers' questionnaire showed that their customers believed they spent the majority of their time on basically middle-management actions and activities. Frontline leaders were seen to be preoccupied with attempting to satisfy their superiors by delegating client inquiries to them, which satisfied their need for control. As part of the process, we asked team members to provide a tagline to each canvas. They came up with the following: "Please the Boss" for the frontline leadership profile, "Control and Play

Safe" for the middle management profile, and "Focus on the Day-to-Day" for the senior manager profile.

The ramifications were dismal. The sub-teams' largest "aha" moment came when they realized that senior managers didn't seem to have much time for the actual duties of top management, which include thinking, probing, seeing possibilities ahead of time, and preparing the company to seize them. The subteams were unable to support the existing Leadership Profiles when presented with direct, consistent proof of the flaws in leadership methods. The canvases presented a compelling argument for change on all three levels, demonstrating the widespread desire for it inside the business.

CONCLUSION

The study proposes a paradigm change in leadership techniques by focusing a focus on particular actions and activities that directly affect organizational performance. This approach to strategic alignment is inspired by the Blue Ocean Strategy. The four-step method offers businesses a useful manual for identifying and resolving the flaws in their current leadership approaches. It begins with a study of the current leadership reality using Leadership Canvases. In addition to stressing the value of input from those who are directly impacted by leadership choices, the study emphasizes the relevance of linking leadership practices to market realities. The Blue Ocean Leadership concept seeks to unleash the potential and energy that lie dormant inside a company by dispersing leadership talents among all levels of management. Examples from the real world, like the British Retail Group instance, show how this strategy may revolutionize an organization and lead to a step shift in leadership power. The results imply that a lack of alignment in leadership tactics often leads to disengagement, which impedes the performance and growth of organizations. The importance of adopting a flexible and dynamic approach to leadership development, matching plans to market demands, and encouraging involvement at all organizational levels is emphasized in the conclusion. Blue Ocean Leadership provides practical insights to enable businesses to manage change, inspire commitment, and create sustainable success in a fast changing business world.

REFERENCES:

[1] S. W. N. W. H. Daud, “Blue Ocean Leadership Style and Strategic Decision Making Among Leaders at Government Link Companies (GLCs): The Role of Emotional Intelligence as Moderator,” *Glob. Bus. Manag. Res. An Int. J.*, 2018.

[2] W. N. W. Hanafi, S. Daud, and N. L. Baharin, “Blue Ocean Leadership and Emotional Intelligence in Government Link Companies (GLCs): Preparing for Industry 4.0,” *SHS Web Conf.*, 2018.

[3] A. Al, J. Lec, and R. S. AL-Jam, “The Role of Blue Ocean Leadership in Achieving Entrepreneurial University Requirements. A Comparative Study Between Some Government & Private Universities in …,” *J. kirkuk Univ. …*, 2018.

[4] M. Shawosh, “Information Systems Strategic Leadership in the Last Decade: New Advancements and Blue Ocean Opportunties,” in *Southern Association for Information Systems Conference, Atlanta, GA, USA March 23rd–24th, 2018*, 2018.

[5] A. Kalam, *Bangladesh’s maritime policy: Entwining challenges*. 2018.

[6] European Commission Joint Research Centre, “New technologies in the ocean energy sector,” *Science Daily*, 2018. .

[7] Z. Zakaria, K. Idris, and M. B. Ismail, "Blue ocean leadership (BOL) practices towards promoting employee engagement in public service," *Int. J. Acad. Res. Bus. Soc. Sci.*, 2017.

[8] K. W. Chan and R. Mauborgne, *Blue Ocean Strategy with Harvard Business Review Classic Article "Blue Ocean Leadership" (2 Books)*. 2017.

[9] M. Iansity and K. R. Lakhani, "The Definitive Management Ideas of the Year from Harvard Business Review," *Harv. Bus. Rev.*, 2017.

[10] A. Sengar, V. Sharma, and R. Agrawal, "Market development through integrating value chains – a case of Patanjali Food and Herbal Park," *Emerald Emerg. Mark. Case Stud.*, 2017.

[11] R. N. Gamage, "Blue economy in Southeast Asia: Oceans as the new frontier of economic development," *Marit. Aff.*, 2016.

[12] D. OREM, "Blue Ocean Thinking.," *Indep. Sch.*, 2016.

CHAPTER 12

CREATION OF BLUE OCEAN MARKETS IN TANJUNG BALAI: UNLEASHING TOURISM AND ECONOMIC POTENTIAL

Ms Malathi.H, Associate Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- h.malathi@jainuniversity.ac.in

ABSTRACT:

The strategic initiatives undertaken in Tanjung Balai to create Blue Ocean Markets, focusing on unleashing both tourism and economic potential. Formerly recognized as the pearl of the Malacca Straits, Tanjung Balai has endeavored to leverage its historical significance and cultural richness to develop a thriving tourism industry. The city's commitment to promoting local wisdom communities, hosting cultural events, and showcasing Dutch heritage has played a pivotal role in shaping its identity. Moreover, Tanjung Balai has strategically diversified its economic landscape by emphasizing sectors such as lodging services, restaurants, and trade. A significant emphasis has been placed on the creative industries, producing unique souvenirs and culinary delights. Small and medium industries, identified as the economic pillars, have been strategically clustered in various districts, contributing to economic growth. While Tanjung Balai's tourism potential and economic development have progressed, this abstract emphasizes the importance of adopting a Blue Ocean Strategy. By creating an affordable market space and exploring untapped opportunities, Tanjung Balai aims to escape the constraints of a red ocean a saturated market with intense competition. The Blue Ocean Strategy encourages businesses to focus on value innovation rather than engaging in fierce competition.

KEYWORDS:

Value Proposition, Market Differentiation, Cost Leadership, Business Strategy, Customer Value, Strategic Canvas.

INTRODUCTION

By now, the subteams are generally excited to investigate the potential forms of effective Leadership Profiles at every level. They return to their respondents with two sets of questions in order to accomplish this. Determining how much each act and activity on the canvas is a hot area or a cool place is the goal of the first set. The second series of questions asks interviewers to look beyond the firm and concentrate on successful leadership actions they have performed outside the company, especially those that may have a big influence if internal leaders at their level adopted them. Here, novel concepts on actions that leaders may do but do not surface. However, employees' own experiences are more likely to provide insights than measuring against corporate iconography. In our lives, most of us have encountered individuals who have had an outsized good impact on us. It might be a previous supervisor, scoutmaster, educator, sports coach, or grandmother. Regardless of who those role models are, it's critical to ask interview subjects to in reality, middle managers exercise leadership. Canvases display the activities that staff members see leaders participating in, along with how much time and effort they believe leaders devote to each activity. People saw intermediate managers at the retail business BRG as rule enforcers who played it safe, according to the canvas. It also discloses what actions and activities they think their present leaders should take on to really generate value for them [1], [2].

The analytical tool known as the Blue Ocean Leader- ship Grid is used by the subteams to analyze the results obtained from the second round of interviews. The interview findings are integrated into this grid at every level of leadership. Usually, we begin with the cold-spot behaviors and activities, which, based on how adversely interviewees see them, fall into the Eliminate or Reduce quadrants. This instantly energizes the sub teams because everyone sees the advantages of preventing leaders from taking on tasks that have little to no value. Reducing such responsibilities also provides leaders with the time and space they need to step up their game. With leaders' plates already full, a step shift in leadership power without such breathing space would remain purely wishful thinking. We go from the frigid areas to the heated areas [3], [4].

The Leadership Grid for the Blue Ocean

An analytical tool called the Blue Ocean Leadership Grid pushes individuals to consider what behaviors and actions leaders should avoid doing because they discourage others and what they should prioritize because they motivate others to give their best. The four categories in the grid are used to group together new activities that staff members think would be very beneficial if leaders began implementing them, as well as ongoing activities from the leaders' "as-is" profiles. The grids are then used by organizations to create new, effective leadership roles.

Choose prospective leadership roles

The subteams present their Leadership Canvases during a "leadership fair" after two to three weeks of iteratively creating them. Board members and frontline, middle, and upper management are among the guests of the fair. Members of the original leadership team that spearheaded the project present the three canvases exactly as they are and explain the process. With the use of those three images, the team demonstrates the need for change, attests to the fact that feedback from interviewees at all levels was considered, and provides a framework for understanding and appreciating the future Leadership Profiles. The Leadership Profiles are only presented in aggregate form, even if the as-is canvases often depict a dismal reality, as they did at BRG. Because they believe that everyone is in the same situation, individual leaders become more receptive to change as a result.

After setting up the stage, the subteams display the future profiles by hanging their canvases from the walls for easy viewing by the spectators. The subteam that concentrated on frontline leaders would usually lead the way. Following the presentation, each participant receives three Post-it notes, which they are instructed to place next to their preferred Leadership Profile. And they may place up to three Post-it’s on the painting if they think it's particularly captivating. Senior executives of the firm question the participants about their voting decisions once the results are in. After that, the two more leadership levels go through the same procedure. Following around four hours, all participants possess a comprehensive image of the existing Leadership Profiles at every level, the finished Blue Ocean Leadership Grids, and a range of potential Leadership Profiles that have the potential to significantly alter leadership performance. Equipped with this data, together with the votes and remarks of the participants, the top managers gather outside the fair room to choose which Leadership Profile at each level to go on. Then they go back and address the attendees of the fair, outlining their choices [5], [6].

More than 125 individuals cast votes on the profiles at BRG, and the three finalists were warmly welcomed by fair attendees. The slogan for the soon-to-be profile of frontline commanders was "Cut through the Crap." Frontline executives in this profile spent less time hopping through formalities and did not refer the great majority of client inquiries to middle management. Their time was spent teaching frontline staff how to promptly fulfill company commitments, handle customer issues, assist customers in need, and close meaningful cross-selling deals. These were leadership actions and activities that inspired the frontline staff, were sure to thrill customers, and would directly affect the bottom line of the business.

The slogan for the future profile of middle management was "Liberate, Coach, and Empower." In this situation, managers' focus switched from managing staff to providing assistance. This included getting rid of and cutting down on a number of supervisory responsibilities that depleted employees' energy and kept frontline executives seated at their desks, such requesting weekly reports on customer calls and money spent on office supplies. New initiatives to manage, share, and integrate frontline leaders' and their staffs' knowledge were also included in the profile. Practically speaking, this meant devoting a lot more time to provide in-person coaching and feedback. The slogan for the next senior management profile was "Lead and Navigate the Company's Future." Senior managers would have more time to focus on the big picture—the changes in the industry and how they affect the organization's strategy—if frontline and intermediate managers' actions and responsibilities were rearranged. They'd put out fewer flames in less time.

The prospective Leadership Profiles, in the opinion of the board members who visited the leadership fair, firmly backed both the growth and profit goals of the shareholders and the interests of the consumers. The leaders in the front were excited and prepared to surge forward. Senior managers experienced a shift in perspective from feeling overwhelmed by the middle-management responsibilities they had to handle to feeling like they could finally rise above the surface and appreciate the beauty of the ocean they had to navigate. Middle management's Leadership Profile was the most challenging to master. It might be difficult for those at this organizational layer to relinquish control and give others more authority. However, in order to bring about change at this level, the future Leadership Profiles of senior management and frontline staff were crucial [7], [8].

Establish new leadership standards

The original subteam members inform those they interviewed who weren't present at the fair of the findings once it's finished. The leaders at each level are subsequently given the agreed-upon profiles by the organizations. The heads of the subteams meet with the members of the subteams to go over their canvases and discuss what should be elevated, decreased, removed, and created. By informing executives throughout the whole company of the major findings at every stage of the process and soliciting their feedback, this phase reinforces the buy-in that the program has been fostering. Furthermore, because every leader is essentially purchasing a higher degree of leadership, managers will be striving for change even while they are aware that their superiors will continue to act in accordance with their direct input.

The leaders are then tasked with informing their direct subordinates about the new Leadership Profiles and outlining how they will make them more productive. The to-be canvases are pinned up conspicuously in the offices of the leaders and their reports to help them remember the new pro-files. It is the responsibility of leaders to organize regular monthly meetings where they solicit input from their direct reports about how smoothly they are adjusting to the new profiles. Every statement has to be supported by concrete examples. Even though the bosses' actions are being scrutinized and employees must criticize them, the meetings can be unsettling at first. However, it doesn't take long for a sense of teamwork and mutual respect to develop as everyone realizes how the new leadership is improving their performance. By implementing the adjustments that the to-be profiles indicated, BRG was able to strengthen its leading position and accomplish significant results at a reduced expense. Think about the outcomes achieved just at the frontline level. In the first year, BRG's frontline workforce turnover decreased from around 40% to 11%, saving the company almost 50% on hiring and training expenses. That year, the savings including those resulting from lower absenteeism—totaled more than $50 million. Furthermore, leaders at all levels reported feeling less worried, more invigorated by their capacity to act, and more sure that they were making a better contribution to the business, consumers, and their own personal growth. BRG's customer satisfaction ratings also increased by over 30%.

DISCUSSION

Every transformation endeavor encounters resistance. Consider it akin to the "bend over—here it comes again" phenomenon. Blue ocean leadership encounters this same initial response, but it overcomes it by including excellent execution into the process. The four phases are based on the ideas of clear expectations, explanation, and equitable process involvement. It is impossible to exaggerate the importance of these ideas, and we have spent more than 20 years writing about how they affect execution quality. The corporation wanted to attract a large consumer base to the e-reader sector in order to open up new market space for books. It turned to the experiences of current e-reader users, who were disappointed with the size and subpar display quality of current devices, to figure out how to achieve that aim. Sony's answer was a small, lightweight gadget with a clear screen. The PRS lost out to Amazon's Kindle despite positive reviews from the media and contented consumers because it was unable to draw in the large number of non-users who rejected e-readers due to a lack of good books, not the devices' size or display. The noncustomers were forced to use print books as there was a limited selection of titles and no simple method to download them. When Amazon released the Kindle in 2007, it recognized this and provided access to almost four times as many e-titles as the PRS, all of which could be downloaded quickly over Wi-Fi. Kindles sold out just six hours after they were released, as readers of print books quickly switched to e-readers. The Kindle propelled the e-reader sector from about 2% of all book consumers in 2008 to 28% in 2014, despite Sony's eventual withdrawal from the market. More than 2.5 million e-titles are now available [9], [10].

Trap 2: Viewing strategies for creating markets as niche strategies

Utilizing ever-more-finer market segmentation to locate and seize niche markets has become more important in the marketing industry. Finding a niche in an existing market is not the same as finding a new market, even if niche techniques are sometimes quite successful. Take Song, a carrier that Delta established in 2003. Delta sought to break into a new market for low-cost airlines by focusing on a certain traveler demographic. It made the decision to concentrate on chic, businesswomen travelers, a market category whose demands and tastes differed from those of the businessmen and other travelers that most airlines catered to. This group has never been the focus of any airline. Following several focus groups with professional and upwardly mobile women, Delta devised a strategy to serve them: organic cuisine, house-made drinks, a range of entertainment options, complimentary exercise bands for in-flight exercises, and crew members wearing Kate Spade outfits. The plan was designed to close a gap in the industry. Although it may have done so well, the market proved to be too tiny to support it even with competitive pricing. Just 36 months after its debut, in April 2006, Song made its last flight. Finer segmentation is not the main emphasis of market-creating strategies that are successful. Most often, they "desegment" markets by figuring out the important similarities across various buyer groups that could support the creation of more demand. Three distinct prepared-lunch consumer groups were examined by the British restaurant company Pret A Manger: fast-food patrons, restaurant-going professionals, and the brown bag set. Three main characteristics unites these groups despite their many differences: they all want a speedy, reasonably priced, and nutritious meal that was served fresh. With this newfound understanding, Pret A Manger was able to identify unmet demand in each of those segments and bring them together to form a new market with significant potential for growth. The idea behind the project was to provide high-end, freshly produced sandwiches every day using faster preparation times than fast food, all while providing a stylish environment at affordable costs. Nearly thirty years later, Pret A Manger is still seeing strong profit growth in the newly created industry.

Trap Three: Mixing Market-Creating Strategies and Technology Innovation

It is often acknowledged that R&D and technological innovation are important factors in the expansion of markets and industries. Therefore, it seems sense that managers would believe they are also instrumental in the identification of new markets. However, the truth is that technical innovation is not always a prerequisite for creating new markets. Without using any cutting-edge technology, Yellow Tail created a new market. Both the performing arts organization Cirque du Soleil and the coffee brand Starbucks did as well. Technology alone does not explain the success of new services, even when it plays a significant role—as it did in the cases of Uber, Intuit's Quicken, and industry pioneers Salesforce.com. People fall in love with these goods and services because they are easy to use, enjoyable, and productive. This is why they prosper. The technology that makes them possible almost vanishes from consumers' thoughts.

Take the 2001 debut of the Segway Personal Transporter. Was it a breakthrough in technology? Yes. It was the first self-balancing human transporter ever created, and it functioned admirably. You move forward when you lean forward and backward when you lean back. One of the most talked-about technological advances of its day was this wonder of engineering. However, the majority of consumers refused to spend up to $5,000 on a product that presented convenience and usability issues. Despite the fact that the Segway was supposed to break even in only six months after its introduction, sales fared much below early projections, and the business was sold in 2009. Not everyone was taken aback. One of the hardest truths for any technologist to hear is that success or failure in business is rarely determined by the quality of the technology. Value innovation, not technology innovation, is what launches commercially compelling new markets, as noted in a foresighted Time magazine article about Segway inventor Dean Kamen at the time of the product's release. By providing a quantum jump in productivity, simplicity, ease of use, convenience, enjoyment, or environmental friendliness, successful new goods or services create new market opportunities. However, businesses who erroneously believe that the development of new technology is what would create a market sometimes advocate for too complex, too "out there," or, in the case of the Segway, unsupported by an ecosystem. In actuality, even when technological advancements get praise from the industry and scientific awards for their creators, they often fail to open up new markets [11], [12].

Trap Four: Linking Market Creation with Creative Destruction

The foundation of innovation economics is the notion of creative destruction developed by Joseph Schumpeter. When a new invention upends a market by replacing an outdated technology or an existing product or service, it's known as creative destruction. For instance, the photographic film sector was destroyed by digital photography, which then took over as the standard. According to Schumpeter's theory, the new constantly replaces the old. No, is the response. Nondestructive creation is another aspect of it, in which new demand is generated without displacing already-existing goods or services. Consider Viagra, which created a new market for recreational pharmaceuticals. Did Viagra render any previous technology, product, or service outdated? No. By providing a genuine solution for the first time to a significant issue that many men faced in their personal relationships, it opened up fresh demand. Another example is the microfinance industry that Grameen Bank created. Since they provide answers where none previously existed, many market-creating actions are nondestructive. This has also occurred in the fields of crowdsourcing and social networking. Furthermore, nondestructive invention often plays a bigger role in market development than you would imagine, even when some degree of damage is involved. For instance, Nintendo's Wii game player drew younger kids and people who had never played video games, therefore it enhanced rather than replaced the current gaming systems. A company's range of potential is restricted when market creation and creative destruction are confused, and resistance to market-creating tactics is also sparked. The idea of creative destruction or disruption usually doesn't sit well with those in established firms since it might jeopardize their careers and present standing. Consequently, managers often undercut their organization's market-creating efforts by depriving the projects of necessary resources, attaching excessive overhead expenses to them, or refusing to collaborate with the team members working on them. Market makers must acknowledge that their endeavor is about nondestructive creation just as much as it is about disruption in order to avoid this risk as soon as possible.

Equating Differentiation with Market-Creating Strategies: Trap Five

Businesses in competitive industries often decide where to place themselves along the "productivity frontier," or the range of possible value-cost trade-offs based on industry conventions and structure. On this frontier, differentiation refers to a company's strategic stance where it sets itself apart from rivals by offering premium value; often, this comes at a greater cost to the business and a higher price for consumers. We've discovered that a lot of managers believe that creating a market is the same thing.

In actuality, the value-cost trade-off is broken by a market-creating action. It involves aiming for both cheap cost and distinction at the same time. What sets Salesforce.com and Yellow Tail apart from other players? Indeed. But are Salesforce.com and Yellow Tail similarly inexpensive? Yes once again. A move that creates a market is a "both-and" tactic rather than a "either-or" one. It's critical to understand this distinction because, when businesses erroneously believe that creating a market is the same as differentiating themselves, they often concentrate on improving or creating unique offerings while paying little attention to what they can cut or remove to save costs at the same time. Consequently, instead of finding a new market niche of their own, they can unintentionally become premium rivals in an already-existing business area.

Consider BMW, which launched the C1 in 2000 with the goal of creating a new market in urban transportation. Because European cities have terrible traffic and people spend a lot of time traveling there by automobile, BMW set out to create a car that would help people avoid the rush-hour gridlock. A two-wheeled scooter targeting the high end of the market was the C1. It was a roofed scooter, unlike others, and it featured a complete windshield with wipers. And BMW made significant investments in safety. A four-point seat belt system, an aluminum roll cage, two shoulder-height roll bars, and a crumple zone around the front wheel kept drivers safe and secure in the C1. The C1 cost a lot to produce, costing between $7,000 and $10,000, significantly more than the $3,000 to $5,000 that standard scooters sold for. This was because it had so many additional features. Despite being able to set itself apart in the scooter market, the C1 did not open up the new transportation sector that BMW had planned for. BMW said at the end of 2003 that it was going to cease manufacture of the C1, citing low sales.

Trap Six: Comparing Low-Cost and Market-Creating Strategies

The apparent opposite of trap number five is this one, when management believe that cutting expenses is the only way to generate a new market. When companies see market-creating strategies as being synonymous with low-cost strategies alone, they tend to concentrate on what needs to be removed or reduced from their present products while generally ignoring what needs to be improved or created to raise the value of those goods. The manufacturer of video gaming consoles, Ouya, was duped by this. Big companies like Sony, Microsoft, and Nintendo were producing consoles connected to TV displays and controllers that delivered a high-quality gaming experience for costs ranging from $199 to $419 when the business started selling its devices in June 2013. Many would play video games on handheld devices or on TV displays linked to mobile devices via cheap connections if there was no low-cost console available.

In an effort to bridge the gap between expensive consoles and portable handhelds, the $99 Ouya was released as an open-source, low-cost "microconsole" with decent TV screen quality and the majority of games available for free. Even while the low-cost, straightforward gadget was well-received, Ouya lacked the extensive library of high-caliber games, intense 3-D visuals, fast processing speed, and rich gaming library that more established gamers enjoyed. However, the business had to make certain compromises in order to reduce costs and pricing. However, Ouya does not have the unique benefit of portable handheld devices, which is the ability to play while on the move. Should such features be absent, prospective gamers would have no strong incentive to purchase Ouyas.

The firm is now selling itself to potential acquirers, focusing more on the skill of its employees than the profitability of its console business, but it hasn't found one yet. Once again, our argument is that a market-creating strategy adopts a "both-and" mentality, pursuing low cost and distinction simultaneously. According to this approach, new market space is generated by setting prices that compete with alternatives and replacements that non-customers are presently utilizing, rather than by setting prices against competitors inside an industry. In light of this, it is not necessary to establish a new market at the bottom of an industry. Alternatively, it may be produced at a high end level, as shown by the success of Cirque du Soleil in the circus, Starbucks in coffee, and Dyson in vacuum cleaners.

Customers see a strong difference in the offers even when firms enter new, lower-end industries. Think about Swatch and Southwest Airlines. Southwest is distinguished by its welcoming, quick, and airborne ground transit experience, and Swatches' fashionable, whimsical designs create a statement in fashion. Offerings from both businesses are seen to be inexpensive and unique. The methods or tactics referred to as "red ocean traps" are not inherently flawed nor improper. Each of them fulfills a vital function. A customer-centric approach, for instance, may enhance goods and services, while technological innovation is essential to market expansion and economic expansion. Differentiation or low cost can work well as competitive strategies. These methods aren't the way to effective market-creating techniques, however. Furthermore, as seen here, when they propel market-creating initiatives involving substantial financial outlays, they may give rise to new companies that fail to recoup their costs. For this reason, it's critical to identify and validate the presumptions and mental models of those who play a vital role in carrying out market-creating initiatives. You must confront, reexamine, and redefine such models and presumptions if they conflict with the stated strategic goal of creating new markets. If not, you could be sucked into the red ocean traps.

Tanjung Balai served as a gateway in the spice trade to several nations before to Indonesia's independence because of its geographic location across from Port Klang in Negeri Selangor, Malaysia. It makes sense why this city was formerly referred to as the Malacca Straits jewel. Tanjung Balai city is now working to better itself by fostering the local wisdom community in order to boost the tourist potential. It all started with cultural performance events, attractions across the "Asahan" and "Silau" rivers, and the seashell festival, which has grown to be an annual tradition. There are many historic Dutch-era buildings in Tanjung Balai, including the Great Mosque from the Sultanate of Asahan. Tanjung Balai has developed the economic engine by relocating the different sectors, such as accommodation services, restaurants, and commerce, in light of the current tourist potential. Additionally, the creative businesses that create traditional food items and souvenirs. The city's six districts are home to the many creative sectors. The small and medium-sized industries are the backbone of the economy in developing nations like Indonesia. Data from the Industry Department in 2015 shows that these industries have the largest cluster in each sub-district, which is as follows. The drive to create economic creativity while adding value in order to meet the demands of an environment that is conducive to industry. Regretfully, the competitors in small and medium-sized businesses were more sophisticated when it came to adapting to changes in the industry and achieving company expansion. Businesses always strive for a competitive edge in order to gain market share and establish uniqueness. The effects of corporate bankruptcy have often been brought about by competition.

Kim and Moubourgne pointed out that companies often make different efforts to adapt to changes in the market by figuring out how to erect barriers to the market that would prevent or lessen the entry of new companies. The goal is to safeguard their company's market share. This move demonstrates how toxic the industry competitive environment is and how it should be firmly understood as a red ocean. The market was becoming more and more congested in this instance, making the possibility of profit less certain. Furthermore, company development is often slow and the products being produced have already started to become commodities. The situation with Blue Ocean was different since there were still plenty of prospects for corporate expansion and there remained an unfinished market. The blue ocean strategy is a tactic that forces companies to avoid a scenario in which there is a fierce competition characterized by a significant reduction in profit margins. The Blue Ocean Strategy attempted to push the company into a prospective market and a new market, but its rivals disregarded it.

The Blue Sea

A well-defined, reasonably priced market that offers room for industry expansion and does not see balancing cost and value as a trade-off when it comes to company development. In this case, there is a trade-off between improved quality and higher pricing for customers. By extending the present market constraints, blue oceans may be established both within and outside of the current markets, encouraging businesses to go beyond the bounds that can still be attained later. When Kim and Mauborgne attempted to identify a new market sector without intense rivalry, the phrase "Blue Ocean" first appeared. The term "Blue Ocean" describes a market or sector that has not yet been identified. Instead of competing over an alleged limitless market need, the market demand is generated. Six fundamental ideas make up the Blue Ocean plan.

The Red Sea

The number of competitors, customer preferences, and the most suitable technology for the sector were all subject to constant change in the market. In these situations, the market leader tries to put restrictions and hurdles in the way of their rivals. This is referred to as a "red ocean" scenario. In order to incite bloodshed, the approach is heightening the struggle between the corporate players and their rivals. The corporation attempted to outperform its rivals in the red ocean in order to get a sizable market share. Prospects and profit growth decline as market space becomes more constrained, turning goods into commodities. The competitive climate tightens to the point that the red ocean becomes a bloody ocean.

Value Innovation Creation

The Blue Ocean Strategy places a strong emphasis on carving out new market space via industry competitive divergence and market demand development. Blue Ocean shifted their emphasis from rivalry to value innovation. By adopting a cheap cost, they avoid the competition and create creative value. The first phase of the blue ocean strategy, which aims to include the whole system of business operations, is value innovation. In order to create a jump in values for both firms and purchasers, the company's value innovation was oriented toward an entire system. Value innovation was predicated on the idea that the market had boundaries and that the industry structure was not to be taken for granted. Instead, it was "reconstructed"—that is, it was reconstructed via the actions and ideologies of firms. The business concentrated on methodically analyzing the boundaries of competition and reconstructing the components in various marketplaces to determine the degree of market demand for newly produced ones. Additionally, Kim and Mauborgne clarified that the Blue Ocean's creation relied heavily on value innovation. The businesses may concurrently use innovative value with cost leadership and distinctiveness. Differentiation by the addition and development of a new element never provided by the industry. Cost leadership was achieved by lowering or doing away with the elements that serve as the foundation for competitors, but the advantages did not directly support the company's gains. The goal of innovation value was to reach out to potential new customers as well as keep hold of current ones.

CONCLUSION

The establishment of Tanjung Balai's Blue Ocean Markets is a smart, all-encompassing strategy for maximizing the city's tourist and economic potential. Sustainable development has been made possible by Tanjung Balai's dedication to supporting its local knowledge communities, protecting cultural assets, and encouraging economic diversification. The city has shown a deep understanding of harnessing its distinct character via its efforts to establish a vibrant tourist business through cultural events, attractions, and history preservation. In addition, the strategic focus on businesses like hospitality, dining, and the creative industries highlights the dedication to a comprehensive economic growth strategy. Tanjung Balai is attempting to set itself apart from red seas, or oversaturated markets with fierce rivalry, by implementing a Blue Ocean Strategy. Tanjung Balai is positioned as a leader in establishing new economic frontiers due to its concentration on value creation, generating new market demand, and investigating unexplored prospects.

REFERENCES:

[1] Ş. Gündüz, "Preventing blue ocean from turning into red ocean: A case study of a room escape game," *J. Hum. Sci.*, 2018.

[2] J. Dvorak and I. Razova, "Empirical Validation of Blue Ocean Strategy Sustainability in an International Environment," *Found. Manag.*, 2018.

[3] J. Tang *et al.*, "Coastal blue carbon: Concept, study method, and the application to ecological restoration," *Sci. China Earth Sci.*, 2018.

[4] O. C. Ebele, M. P. Chigozie, and O. E. Eberechukwu, "Applicability of Blue Ocean Strategy among Selected Manufacturing Firms in South-East, Nigeria," *Sch. J. Econ. Bus. Manag.*, 2018.

[5] G. L. Jordaan, J. Santos, and J. C. Groeneveld, “Effects of inconsistent reporting, regulation changes and market demand on abundance indices of sharks caught by pelagic longliners off southern Africa,” *PeerJ*, 2018.

[6] J. B. H. Yap and K. L. Chua, “Application of e-booking system in enhancing Malaysian property developers’ competitive advantage: A blue ocean strategy?,” *Prop. Manag.*, 2018.

[7] S. Gunduz, “Preventing blue ocean from turning into red ocean: A case study of a room escape game,” *J. Hum. Sci.*, 2018.

[8] C. C. Poon and T. M. A. L. Lee, “The profitability of just-cut barbershops: A case study of QB HOUSEs in Hong Kong,” *Int. J. Revenue Manag.*, 2018.

[9] S. S. Smith, “Corporate Venturing: Implications in a Globalized Environment,” in *Springer Proceedings in Business and Economics*, 2018.

[10] N. Hubballimath, “A methodology of design thinking process application to value innovate the rear under-run protection device for a heavy commercial vehicle,” in *FISITA World Automotive Congress 2018*, 2018.

[11] S. Roth, A. Melkonyan, J. Kaivooja, B. Manke, and L. P. Dana, “Interfunctional business models: Map grid for an uncharted quadrant of the blue ocean,” in *International Journal of Entrepreneurial Venturing*, 2018.

[12] P. R. Newswire, “Algae Products Market by Type, Source, Form, and Application: Global Opportunity Analysis and Industry Forecast, 2018 - 2025,” *NY-REPORTLINKER*. 2018.

CHAPTER 13

NON-CONSUMERS: THE FORMATION OF BLUE OCEAN STRATEGY

Ms. Renuka Jyothi.S, Assistant Professor
Department of Biotechnology and Genetics, School of Sciences, Jain(Deemed to be University),JC Road, Bangalore-560027., Karnataka, India
Email Id- j.renuka@jainuniversity.ac.in

ABSTRACT:

The concept of Blue Ocean Strategy challenges traditional competitive norms by emphasizing the importance of non-consumers in the strategic formulation process. This abstract explores the role of non-consumers in shaping and driving Blue Ocean Strategy, highlighting how businesses can unlock untapped market spaces and create innovative value propositions. By identifying and understanding the needs of non-consumers individuals who are not currently engaged in a particular market organizations can break away from the constraints of existing industry boundaries and cultivate new demand. The abstract delves into the principles of Blue Ocean Strategy, emphasizing the simultaneous pursuit of differentiation and cost leadership. It underscores the strategic shift from competing in crowded, red ocean markets to exploring blue ocean territories, where non-consumers become a pivotal force in market creation. This exploration elucidates how businesses can leverage non-consumer insights to innovate, redefine industry boundaries, and ultimately thrive in uncontested market spaces.

KEYWORDS:

Market Creation, Non-consumers, Strategy Formulation, Innovation, Value Innovation, Untapped Markets.

INTRODUCTION

Opposing the two approaches that were often utilized to attain the red ocean focusing on the current clientele and honing segmentation to account for different buyer types was one method to get to the blue ocean. Businesses need to focus on non-consumers and create something that has the potential to be valued by consumers in general. Three tiers of non-consumers who have the potential to become customers. The relative distance on the market varied between three tiers. The first level, which represented the nearest market group that made the necessary product purchases. If the things on sale were more acceptable and suitable, this group would be open to become customers. When the firm supplied a jump in value above their expectations, this group would break down the enormous latent demand and increase the frequency of purchases. The community's refusal to buy the goods that the industry sold constituted the second rung. The group evaluates the sector as a means of meeting demand, but they nonetheless decline to buy the items on offer. The group explains why the items were either beyond of their reach or had vague aims. Other items have been able to meet their wants. The third level was society's lack of consideration for the industry's offerings. Because the groups were distant from the market, they weren't often seen as prospective buyers. When the number of non-consumer groups rose, the market would have become saturated and stagnant [1], [2].

Canvas approach

Blue ocean strategy was built using the canvas strategy as a framework for action and diagnostics. Canvas strategy is used to illustrate the industry's strategic profile and explain the several elements that influence industry participants' competitiveness. By identifying these variables, the canvas strategy will be able to demonstrate the strategic profile of both existing and future rivals in the strategic investment area. The company's strategic profile, which outlined how it invests in several variables to compete and how it plans to do so in the future, is shown via the canvas strategy [3], [4].

Value of Curve

The cornerstone of a canvas approach was the curve value. The curve value shows how well a firm is doing in relation to industry competitive considerations. Businesses that could compete in the market without using the blue ocean strategy or vision often used differentiation or cost leadership tactics. It was predicated on the business environment in the red ocean competition, where the organization had to make a trade-off choice over whether to use cost leadership or differentiation tactics. The primary motto, migration away, and curve value emphasis are the three complementary aspects of the blue ocean approach.

Without this attribute, the company's approach would be prejudiced. Its high cost structure, lack of specificity, and communication difficulties were all present. The company's curve value would be seen as drifting away as the blue ocean strategy's curve value would constantly appear to stand out. But, if the business lacked uniqueness, its corporate strategy would turn it into an imitator that blended in with the competition. Additionally, a strong strategy can provide to the market and has a catchy slogan that will pique interest in the given goods and services. On the other hand, the firm strategy would only be discussed in secret or turn into a typical case of innovation lacking both natural aptitude and commercial potential if the slogan lacked appeal and the ability to draw in customers.

Formulate a Blue Ocean Strategy

Specifically, Kim and Mauborgne discovered six methods known as the six-way framework to determine the boundaries of the market. Many organizations' strategies were based on fundamental assumptions that the six-way framework contradicted, forcing them to remain caught in the red ocean of competition. In addition to competing with other businesses in the same sector, a corporation also faces competition from businesses that provide more unique goods and services. Alternative products are goods or services that have the same objectives but vary in form and function. The concept of alternative goods is more comprehensive than that of replacements. While product and service substitutions take diverse forms, they always serve the same purpose or essential usefulness. The industry's strategic group to follow a common course of action. The main goal of breaking through the boundaries of understanding what influences consumers' decisions to move up or down from one group to another is to create a blue ocean across strategic groupings. Rivals agree on a definition of the target customer. In actuality, however, there are chain purchasers who have a direct or indirect say in the purchasing choice.

Customers who pay for the goods or services could use them differently, and depending on the buyer group, there might also be a significant influencer. The business may take buyer groups into account and learn new techniques for redesigning curve values that highlight buyer groups that have been overlooked. Most of the time, the value of the product may be impacted by other goods or services. Untapped values are often concealed in supplementary goods or services. The secret is to specify the whole search strategy that purchasers will use to choose the product or service. Consider what transpired before to, during, and after the usage of the product. When businesses are prepared to challenge the functional emotional direction of the industry, they often discover new markets. Industries with a strong emotional component provide more benefits at the expense of decreased functionality. Removing the benefits could result in a more straightforward business plan with cheaper costs and prices that customers will accept. Functionally oriented industries are frequently skewed by adding emotional elements that can drive demand in new markets and give every new commodity product a fresh lease on life. The present market is given consideration for the potential future worthwhile accounting for time value. The blue ocean method is based on three concepts that are used to evaluate changes throughout time. These trends have to be essential to the operations of the corporation, unchangeable, and characterized by a distinct trajectory. The framework consisting of four processes is used to rebuild the value aspects of the customer in order to develop a Blue Ocean Strategy. Kim and Mauborgne state that the following framework eliminates elements that are regarded as industry norms and standards. The goal is to look beyond the boundaries of previously established commercial prospects [5], [6].

Diminish

Limit elements that provide undue pressure on the product to follow the competitive game's rules. That indicates a rise in product costs without resulting in any additional output. The goods tend to spend excessively without offering more advantages to the user, following the existing rivalry.

Boost

Enhancing the elements that may outperform the sector. Eliminating the concessions that the industry imposed on customers was the goal. The corporation strives to enhance what is deemed fair for the industry in order to show that there is room for commercial development. Provide the elements that the industry has never before supplied. Companies may locate new sources of customers, generate new demand, and set the industry's strategic price by creating a new factor.

The Blue Ocean Strategy Series

The next stage is to develop a strong business model once the strategy discovered and produced a new curve value. The goal was to confirm if the plan might result in the anticipated company development and profitability. Create a set of Blue Ocean Strategies, and businesses must test a few items related to the usefulness, cost, and adoption of the product by the customer. Whether or whether customers are willing to test the things on offer is the first step in the purchasing process. If not, there is less likelihood that the blue ocean approach will succeed in making the market recognize the superiority of the given items over those of the rivals. Furthermore, figuring out the strategic pricing comes next when the market responds "yes." The use of cheap prices to get people to sample the items being provided is not advised by the Blue Ocean Strategy. The cost is used in the third stage as a signal to ensure that the profit effect on cost factor rates is independent of price. When a product has significant expenses and requires corporate activity at utilities expense, the corporation has to either eliminate it or postpone it and alter its plan. Value-cost trade-off is incompatible with the tenets of the Blue Ocean Strategy. Meeting the adoption is the last stage. This barrier was acquired from outside organizations, such as partners in business or other interested parties. Internal impediments, on the other hand, come from workers who are content before implementing the plan. When adoption impediments are removed, it is deemed economically possible to implement the Blue Ocean Strategy. An examination of Tanjung Balai's small- and medium-sized industry situation

A nation's economic concentration demonstrates how industrialization is a selective process given its geographic context. The geographic concentration of a group within the same industry is reflected in the cluster. In its narrowest sense, an industry is a collection of businesses that can manufacture goods that are comparable in terms of the raw materials used, the manufacturing process, and the final customer. In the meanwhile, a collection of businesses that create products and services with positive and high cross-elasticity is referred to as a wide industry. In this study, a variety of Tanjung Balai small and medium-sized businesses that manufacture and sell goods such distinctive handicrafts were investigated. Tanjung Balai is home to a number of home-based small and medium-sized businesses that operate manufacturing and marketing facilities. Every company has a plan in place to deal with competition. The strategic profile of any sector reveals this approach. The strategic profile of Tanjung Balai's small and medium-sized industrial analysis includes handicrafts related to embroidery, cooking, weed, coconut shells, and seashell skins [7], [8].

Needlework

Tanjung Balai, Johor, is home to the "Beach" embroidery craft. The kebaya outfit and bag were embroidered by this private enterprise. An embroidery craftsman already has the knowledge and expertise necessary to manufacture goods of the caliber that buyers anticipate. The embroidered village is known for its reasonable costs and large assortment of needlework themes.

Decorative Sticks

Tanjung Balai community organizations have members who have been crafting handicrafts since their parents. This situation is noteworthy, particularly in light of the ongoing efforts to save the nation's culture and the traditional handicrafts, which have been preserved and enhanced in terms of both quantity and quality to this day. Tanjung Balai boasts a diverse ethnic background that includes arts and crafts. One of these crafts is found in the villages of "Sijambi, Pahang, Sirantau, Pantai Johor, Gading." In the age of globalization, handicrafts are becoming less and less common. This is because advancements in technology have made it possible to produce art objects more quickly and in large quantities.

DISCUSSION

The elements or crucial components that function as rivalry to boost a company's advantages and benefits in the market are known as competition factors. The competitive characteristics were acquired and used as the foundation for determining each company's strategic profile in Tanjung Balai. Same elements customers and non-customers that the first identified. In addition to the characteristics included in the product attribute, the competition aspects presented to customers and non-consumers also included factors pertaining to the marketing system and supporting services. Using the surveys, the competitive variables affecting both consumers and non-customers were determined. Each group in this study received two distinct types of questionnaires. In the first group's questions, the competition was represented by a simple measuring scale with the options "YES" or "NO." The purpose of this case study was to ascertain if the relevant variables are competitive in the small- and medium-sized business sector [9], [10].

Tanjung Balai's Canvas Strategy for Small and Medium-Sized Enterprises

With the formation of the competitive factors, canvas tactics are used to characterize the competitiveness that exists in Tanjung Balai's small and medium-sized industries. The canvas approach was developed based on the data from the second part of the questionnaire, which was given to up to 38 consumers and other customers. In order to determine the competitive landscape of the industry, a canvas strategy for small and medium-sized businesses was required for comparisons. The map image coupled by the horizontal and vertical axes served as the canvas approach. Based on the Cochran Test, the strategy's horizontal axis displayed the competitive elements. The responses given by participants to the small- and medium-sized industry competitiveness factor are shown below. The canvas approach has the curve value description that follows.

Number of product variations factored

The number of product variants offered by the needlework was more than the number of product variations offered by five other small and medium-sized enterprises, as can be seen from the strategy canvas curve value. The findings indicate that compared to other small and medium sectors, the embroidery sector produces a greater variety of product models. Because this product's variants have a significant impact on customer preferences, they are a crucial component of the product processing sector. In order to encourage recurring purchases, customers are more drawn to items with a wide range of options.

A product's pricing factor

The performance factor in the price of goods provided by Tanjung Balai's small and medium-sized businesses on weed handicrafts and Crafts Skin shells has the same values, as shown by the curve values that is, the price given is reasonable. Comparing this performance number to other small and medium-sized industries, it remains higher. Low cost has a big impact on prices, and vice versa.

Factor product data

Tanjung Balai's small and medium-sized industries embroidery, craft, and culinary have similar performance values on various criteria, demonstrating a highly comprehensive picture. Offering goods produced by small and medium-sized businesses is what led to this case; the idea of an order in which the product information is already there in the requested product is what triggered it. Tanjung Balai's small and medium-sized businesses have the same performance values, meaning that the value of the goods' benefit is positive, according to the curve value. The management of small and medium-sized businesses may find this argument persuasive enough to take a risk and make significant investments to increase the advantages and effectiveness of consumer-facing goods [11], [12].

Factor the items' ease of acquisition

The embroidery and craft industries are the small and medium-sized businesses with the greatest performance values on these criteria, according to the strategy's curve value on the canvas. Customers feel protected and at ease, which is why small and medium-sized businesses do well in this area. The importance of excellence at In order to keep consumers and entice them to make more purchases, small and medium-sized businesses must ensure that their products are easy to get.

Talk

Tanjung Balai's small and medium-sized businesses were used in the competitive strategy.

Application of business strategy skills in the external and internal environment, strategy formation, action planning and design to accomplish the company's objectives, and evaluation to gather input for future strategy creation are the components of a competitive strategy for small and medium-sized businesses. The following indicators are used to fuel business competition:

1) Constantly launch new goods

2) Making goods stand out

3) Carry out market analysis

4) Pressuring cheaper prices than rivals

5) Offering cost-effective products

6) Better synchronization between different goods

7) Enhancement of the device and the manufacturing plant

8) Compute expenses

9) Expand the amount of functional equipment available.

10) Concentrate on a single client

11) Pay attention to certain goods

12) Pay attention to a certain market

Competitive strategy is used to determine the aspects that compete with one another, such as pricing, product variety, and business acumen to provide goods and services precisely and on time. Consequently, provide accurate and timely product processing and information. Blue Ocean Strategy is used to build a competitive strategy for small and medium-sized industries. The topic of discussion was the issue phenomenon in the field that provided evidence for the earlier studies. Canvas strategies include curve values that are used to display the strategic profile data from every small and medium-sized organization. Based on the explanation provided by Kim and Mauborgne for the interpretation of the canvas strategy's curve value. The following is an examination of Tanjung Balai's small- and medium-sized industry scenario using the curve value interpretation:

Businesses discovered that the curve values of the competition and the red ocean were almost identical. Furthermore, rivals in the red ocean are represented by the curve value that has a meeting point with the curve values. This example shows that small and medium-sized businesses often face intense competition in a crowded market creation of small and medium-sized businesses that provide handcrafted goods, as well as all parties involved. Companies that engage in excessive consumer offers without offering enough added value to the business fall into this category. The company's curve value in this area indicates a high level of all the elements, however the investment made did not result in a market share. Small and medium-sized businesses must rebuild in a methodical manner to carve out unclaimed market space until risk may be reduced via investigation. According to data from the survey, customers have several motives for buying presents and souvenirs made by small and medium-sized businesses, among other things. Since the strategic groups often have different viewpoints than what was sought, any less strategic groups generally give regard to the other strategic groups. This industrial group is positioned to provide crafts and culinary goods.

Small and medium-sized businesses can consider alternative strategic groups, such as those that sell their goods on social media. Social networks play an important role in collaborating on possibilities and marketing products at reasonable prices that are simple to use. Social media platforms are used to connect with both current and potential customers. Those who are not customers in this research are those who lack the opportunity or need because they are not informed about the distinctive qualities of the goods produced by small and medium-sized businesses. The Blue Ocean Strategy was developed using a four-step methodology.

Take out

A company's method of elimination takes into account the elements that have vanished and have shown industry rivalry. These elements were generally accepted even if they had no value or even diminished value. Step eliminations are used in this study to construct the undefinable blue ocean approach. The six elements that were found to be the primary determinants in small and medium-sized industries based on the questionnaire responses are the cause of this instance.

Diminish

Reduce is the process by which the business must reconsider if the goods or services generated during design were created with undue force in order to keep up with the competition and emerge victorious. The business uses enormous force to serve consumers and has raised costs without producing anything. It is necessary to focus on minimizing the small and medium-sized industries. On the other hand, the manufacturer's lead might take some significant factors into consideration while reducing that. This instance is the result of some elements that affect the industry's ability to attract more clients. Even so, the costs are incurred without appreciably increasing the benefits. A contributing aspect is the variety of items offered, which necessitated that the manufacturers provide different types of raw materials from the products.

There are sometimes items that are less popular but nonetheless need expenditure for the purchase of the product's basic components. The price for small and medium-sized businesses would be that. Additionally, this issue may be examined from the perspective of the customer, since the majority of customers do not choose it as the primary consideration when making a purchase in any sector, including small and medium-sized businesses. Examining the whole product line to see which items are often requested and which ones consumers don't buy is one strategy to decrease the variety of goods. Raw material supply would be decreased for the items that customers requested in smaller quantities. This situation might reduce the amount of money spent on raw material supply.

Elevate

Raise is a procedure that incentivizes businesses to do away with the concessions that the sector makes to customers. This stage targets the elements in the canvas approach that perform poorly on curve values. Thus, the following are elements of Tanjung Balai's small- and medium-sized industry that might improve performance:

Elements of politeness and hospitality

These elements will have a direct impact on how customers perceive the industry's success. There are several techniques to increase performance, including instruction for developing customer service methods and attitudes. Employees with the greatest performance should be rewarded, and those who commit mistakes often should face sanctions. Standard operating procedures should clearly outline working governance. Accentuation variables for decoration, such as the addition of decorations and the proper product painting that serves the intended purpose.

Produce

The process of "create" requires the business to identify sources of completely new value for consumers, generate fresh demand, and alter the strategically important pricing in the gift sector. The actions taken with the goal of creating value and blue ocean innovation for Tanjung Balai's small and medium-sized businesses.

Hall for a display

This component was developed as a consequence of researching different industries. This element seeks to generate more demand while it operates an exhibition. Given that Tanjung Balai currently lacks an auditorium or hall for exhibition activities, and since the majority of customers anticipate the arrival of an exhibition space, the hall for these events has the potential to boost sales in addition to other advantages. Another industry that has contributed to the establishment of this element is promotion. This element is used to enhance the events held in the auditorium or hall. In addition to other people's interests, the goal of consumers is to stop saturated products from entering the market.

Marketing

The manufacturer's most important consideration, which comes from strategic groupings, is the promotion component. One way to promote a product is to disseminate information about it and market it extensively. The social network may be used for promotion. One kind of alternative media is the social network, which is accessible to the community, simple to use, and does not need a significant financial investment. Using social media to promote media content may convert non-consumers into buyers.

Resources to assist

This element is the outcome of providing supplementary goods and services. The industry must provide a compelling offer for its goods and services that will influence the choices of consumers. Using this idea, amenities may be offered that provide customers more value without raising costs. Provide playground amenities, for instance, to break up the monotony of their patrons' visits.

Blue Ocean Strategy was used to develop competitive strategies for small and medium-sized businesses. In summary, almost all of the participants acknowledged the significance of this endeavor in the development of the Blue Ocean Strategy. The scenario in Tanjung Balai's Small and Medium Industries demonstrates how business players strive to get market share in the red ocean region, which is where the curve value is located. Every sector also includes a subset of companies who offer exorbitant prices without providing satisfactory outcomes. The firms may have a high factor value on the curve, which indicates a large investment, according to the company. Tanjung Balai's Small and Medium Industries may benefit from the creation of a blue ocean plan, among other things. Small and medium-sized businesses can use the six-way framework to reconstruct market boundaries, observe alternative industries across strategic groups, address complementary products and services, and address the emotional and functional appeal of their offerings to consumers. The four-step strategy for improving politeness and friendliness includes creating exhibition spaces, using auditoriums as supplementary amenities, and using social media to promote items. Three features of the strategy development are the emphasis on improving products and services, divergence with the emergence of new variables that might generate small and medium-sized industries, and avoidance of rivalry.

CONCLUSION

Including non-consumers in the development of the Blue Ocean Strategy is a revolutionary approach to company strategy. Identifying the potential of people who are now beyond the purview of a particular market allows firms to overcome the constraints imposed by red ocean competition. The Blue Ocean Strategy promotes innovation and value development by pushing companies to achieve differentiation and cost leadership at the same time. This abstract emphasizes how important it is to comprehend and cater to the demands of non-consumers, since they are the ones who are driving the transition from congested, competitive marketplaces to unexplored blue ocean territory. The conclusion highlights how companies who use the Blue Ocean Strategy concepts not only redraw industry lines but also create new channels for demand. Organizations may create novel value offerings, seize uncontested market sectors, and discover exclusive possibilities by using the expertise of non-consumers. In the end, the result supports the notion that the Blue Ocean Strategy offers a strategic compass for companies looking to prosper in markets distinguished by innovation, value creation, and a break from conventional rivalry.

REFERENCES:

[1] J. Dvorak and I. Razova, "Empirical Validation of Blue Ocean Strategy Sustainability in an International Environment," *Found. Manag.*, 2018.

[2] E. R. M. Vieira and J. J. Ferreira, "Strategic framework of fitness clubs based on quality dimensions: the blue ocean strategy approach," *Total Qual. Manag. Bus. Excell.*, 2018.

[3] M. Shafiq, R. Tasmin, J. Takala, M. I. Qureshi, and M. Rashid, "Mediating role of open innovation between the relationship of Blue ocean strategy and innovation performance, a study of Malaysian industry," *Int. J. Eng. Technol.*, 2018.

[4] J. B. H. Yap and K. L. Chua, "Application of e-booking system in enhancing Malaysian property developers' competitive advantage: A blue ocean strategy?," *Prop. Manag.*, 2018.

[5] G. Albayrak Aa and M. Beybur, "In investigation on the implementation of Blue Ocean strategy in participation bank located in Turkey," *J. Econ. Bibliogr.*, 2018.

[6] M. Ali Al Qudah and T. N. Hashem, "The Impact of Applying the Blue Ocean Strategy on the Achievement of a Competitive Advantage: A Field Study Conducted in the Jordanian Telecommunication Companies," *Int. Bus. Res.*, 2018.

[7] O. C. Ebele, M. P. Chigozie, and O. E. Eberechukwu, "Applicability of Blue Ocean Strategy among Selected Manufacturing Firms in South-East, Nigeria," *Sch. J. Econ. Bus. Manag.*, 2018.

[8] Samrin *et al.*, "Business model for small industry: A case of clamshell crafts in tanjung balai, north sumatra," *Int. J. Civ. Eng. Technol.*, 2018.

[9] S. Gunduz, "Preventing blue ocean from turning into red ocean: A case study of a room escape game," *J. Hum. Sci.*, 2018.

[10] A. Komulainen and S. Siltala, "Resistance to Inequality as a Competitive Strategy?–The Cases of the Finnish consumer Co-ops Elanto and HOK 1905–2015," *Bus. Hist.*, 2018.

[11] M.-I. Ana and A.-G. Andrei, “Corporate and country image: a bilateral relationship,” *Proc. Int. Conf. Bus. Excell.*, 2018.

[12] J. J. Czajka, M. H. Abernathy, V. T. Benites, E. E. K. Baidoo, J. W. Deming, and Y. J. Tang, “Model metabolic strategy for heterotrophic bacteria in the cold ocean based on Colwellia psychrerythraea 34H,” *Proc. Natl. Acad. Sci. U. S. A.*, 2018.