

Blue Oceans and Business Models

This week's lecture and readings focused on strategy and business models, Peter introduced us to the topic by making us arm wrestle, it was probably one of the most unusual things I've ever been asked to do in a lecture, but I thought the point he made was incredibly effective, most of the class immediately assumed the object of the game was crush their opponents, when in fact Peter had specifically stated that between us we needed to get as many points as possible, something that was much easier to do if we just worked together...point taken.

I'm unfamiliar with the idea of business strategies and models, so this week left me feeling a bit overwhelmed by all the ideas surrounding strategy and models, with so much advice it can be hard to decipher which is any use to you. Kim & Malbourne (2004) talk about blue oceans strategies, about tapping into a market space that is yet unknown to us, instead of competing in the red ocean, just trying to keep your head above the water as you compete for ever shrinking market space. The idea of blue ocean strategy was really interesting and then somewhat puzzling when I tried to apply the theoretical to reality, how can you create a blue ocean in a Mike's Bike's simulation, when the products you can develop and produce are limited to the market segments that Mike's Bikes gives you. Our team are trying to target the market segment which we predict will be untouched by other teams in our world but who's to know? When trying to differentiate your product from the masses its tricky because you're pretty much limited to that tiny circle a bit to the right, or a bit to the left and you could lose sales dramatically. One of the difficulties we face as team is predicting just how sensitive the simulation is to the tiny tweaks and changes we make. I think it is something that as the course goes on we will come to understand a lot better, for now I'm afraid we have to play the guessing game a little.

One suggestion this week for a future meeting was to take Kim & Renee's (2002) advice and create a strategy canvas, something that can only really be done next week after the other companies in our world have launched new products. We have to compare and identify how our strategy needs to differ from other companies to give us an edge. Our goals for next week are to create a strategy canvas, a big picture for us to follow, with 'focus, divergence and a compelling tag line'. Kim & Renee (2002) assure us that the details will all fall into place if we can just create a big picture.

Lastly we must write a story, identify a narrative, an insight into computer simulated human motivations and hopefully an end in riches, or at least a simulated high SHV and profit. The reading by Magretta (2002) states that if a business model can tell a good story then it can be used to get everybody on board with a common goal in mind. A good story is definitely something that our team needs to unite us, whilst we work well together and have proved to be somewhat successful I can't help but feel that our team could benefit from being more cohesive, after all wasn't that the whole point of the arm wrestle? Things would be much easier if we learnt to work together.

References

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- Kim, W. C. & Mauborgne, R. (2004). Blue ocean strategy. *Harvard Business Review*, 82(10), 75--84
- Magretta, J. (2002). Why business models matter. *Harvard Business Review*, 80(5), 86--92