



UNIVERSITY *of* NICOSIA

## Session 8

# Strategic Entrepreneurship and the Blue Ocean

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# Learning objectives

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- Understanding the Concept of Strategic Entrepreneurship
- Understanding the Concept of Blue Ocean
- Example of a Blue Ocean
- The Strategy Canvas and the Four-Actions Framework



# Session outline

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1. Strategic entrepreneurship
2. Blue Ocean Strategy
3. An example of Blue Ocean Strategy: [NFT's Industry]
4. The Strategy Canvass and the Four-Actions Framework
5. Other instances of Blue Ocean Strategy



# Strategic entrepreneurship: Definition

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Remember in Session 7 we discussed the Business model and ... the process of **seeking opportunities and sources** of (sustainable) **competitive advantage** that lead to **superior firm performance**.

Strategic entrepreneurship: managing the firm in such a way as to undertake new business ventures that lead to superior performance in the long term.

It requires:

- creativity,
- imagination, and opportunities
- dealing with risk;
- stimulating and supporting innovation
- managing change
- mastering technology
- (sometimes) designing new business models

# Strategic entrepreneurship: Definition

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Firms may undertake **offensive** strategies, that are explicitly intended to undercut competitors within the same industry and markets

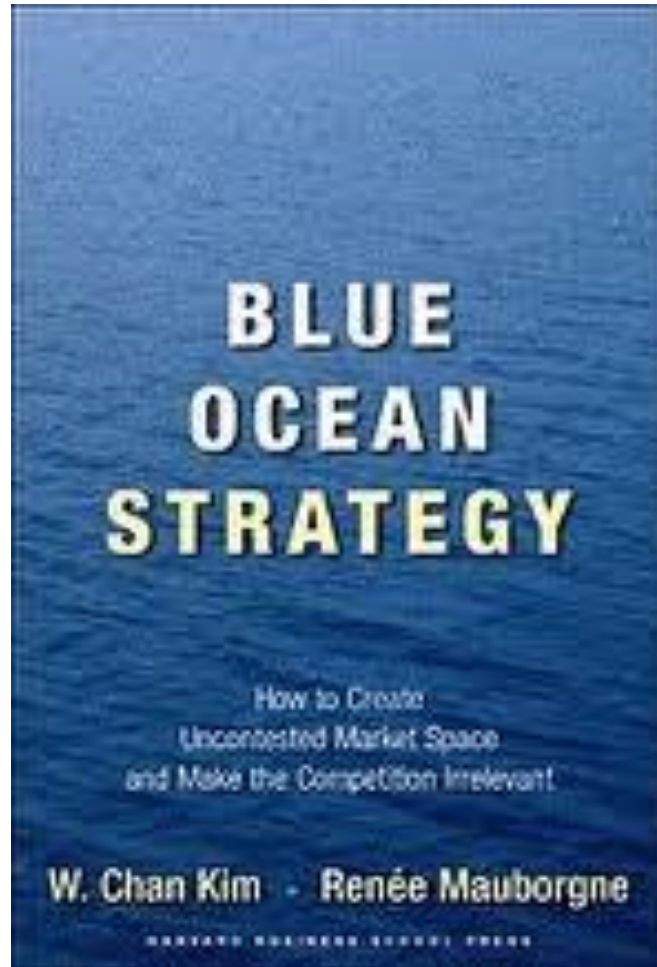
Offensive strategies generally aim to result in higher market share, higher profit margins, and higher growth rate than competitors

## **They consist of...**

- Offering comparable products/services at lower price than competitors
- Introducing next-generation technology products faster than competitors
- Imitating ideas and tactics of competitors
- Focusing attacks to the most lucrative segments of competitors and to the weakest competences of competitor

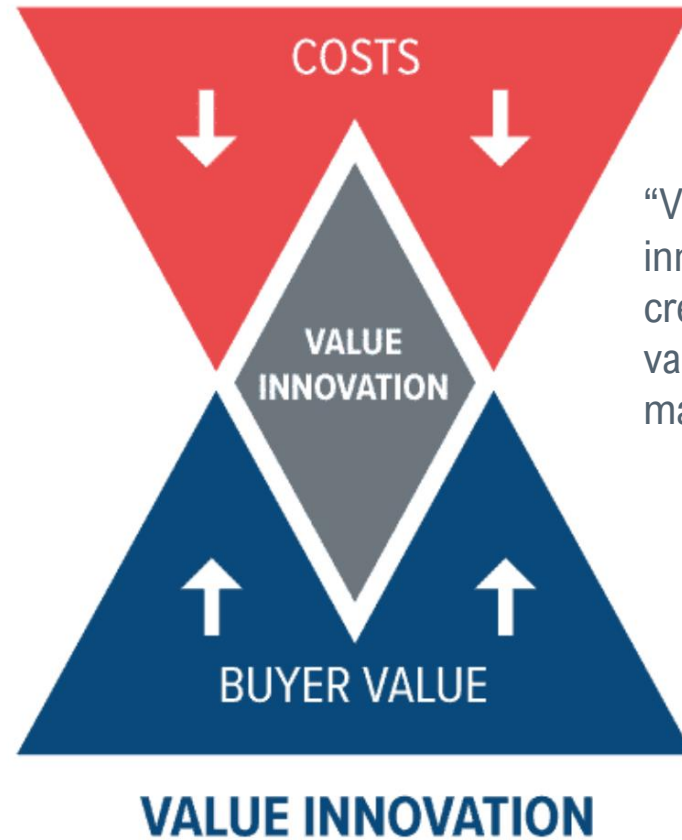
# Blue Ocean strategy

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(Kim and Mauborgne, 2005)

# The Blue Ocean: Definition



The fundamentals of a successful strategy:

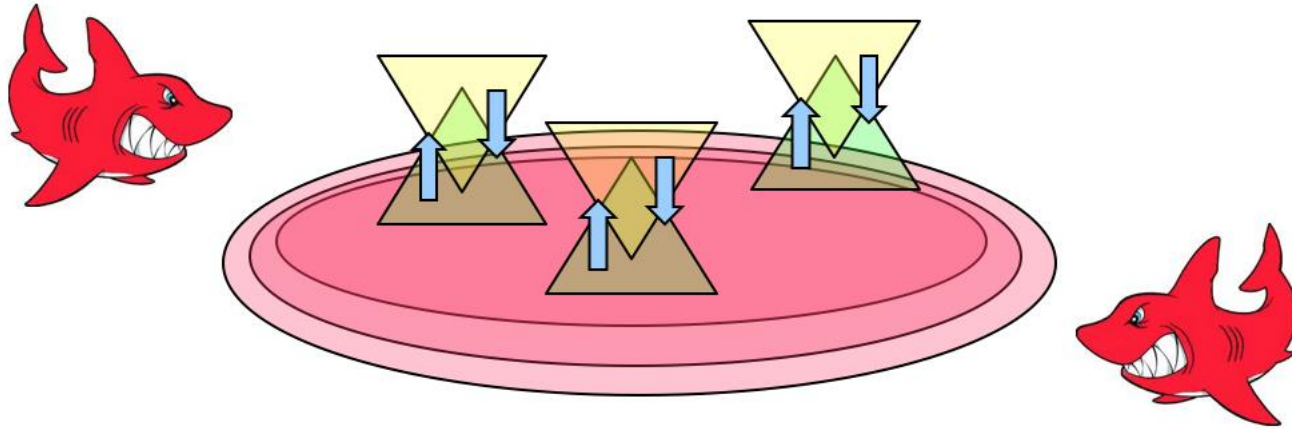
## **Value Innovation**

“Value innovation places equal emphasis on value and innovation. Value without innovation tends to focus on value creation on an incremental scale, something that improves value but is not sufficient to make you stand out in the marketplace.”

Value innovation = simultaneous pursuit of differentiation and low cost

# The Blue Ocean Strategy

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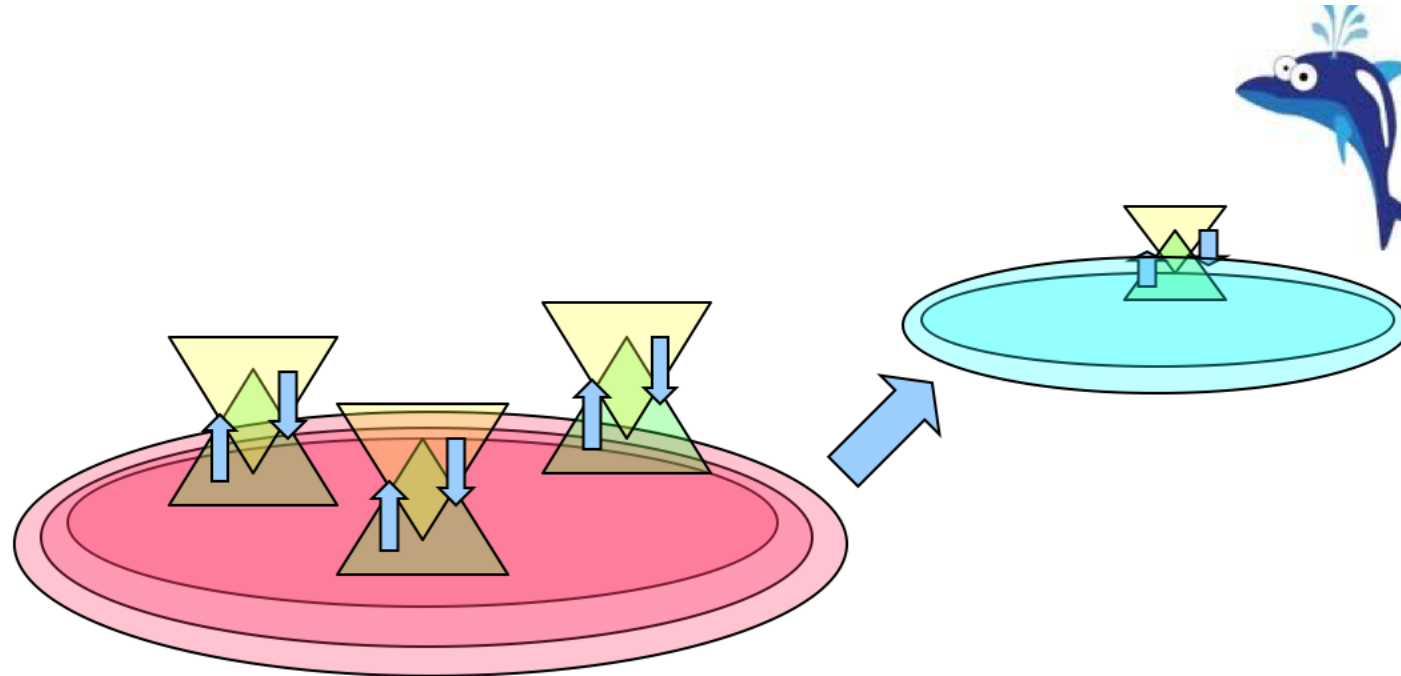
Within **any** given industry, **every** firm seeks to raise value & cut costs in order to enhance value innovation and outperform the competitors

The effect is **more competition**,  
i.e., minor profit margins for everyone

## A Red Ocean



# The Blue Ocean Strategy



A successful strategy consists of “pulling ourselves out” of the tough competition by venturing into uncharted “water” where no other competitors are present (yet)

## A Blue Ocean

# The Blue Ocean Strategy

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## # Question-1

Based on the information presented, how would you distinguish the Blue ocean to a red ocean?  
Provide at least 4 aspects of comparison.



# The Blue Ocean Strategy

A comparison between red and blue oceans:

## Red Oceans

- ❖ Compete in existing markets
- ❖ Beat the competition
- ❖ Exploit existing demand
- ❖ Make the value-cost trade off
- ❖ Align the firm value chain to the overall strategy (low cost or differentiation or focus)

## Blue Oceans

- ❖ Create uncontested market space
- ❖ Make the competition irrelevant
- ❖ Create and capture new demand
- ❖ Break the value-cost trade off
- ❖ Align the firm value chain to seeking both differentiation and low cost

# Blue Ocean or Red Ocean for NFT marketplaces?

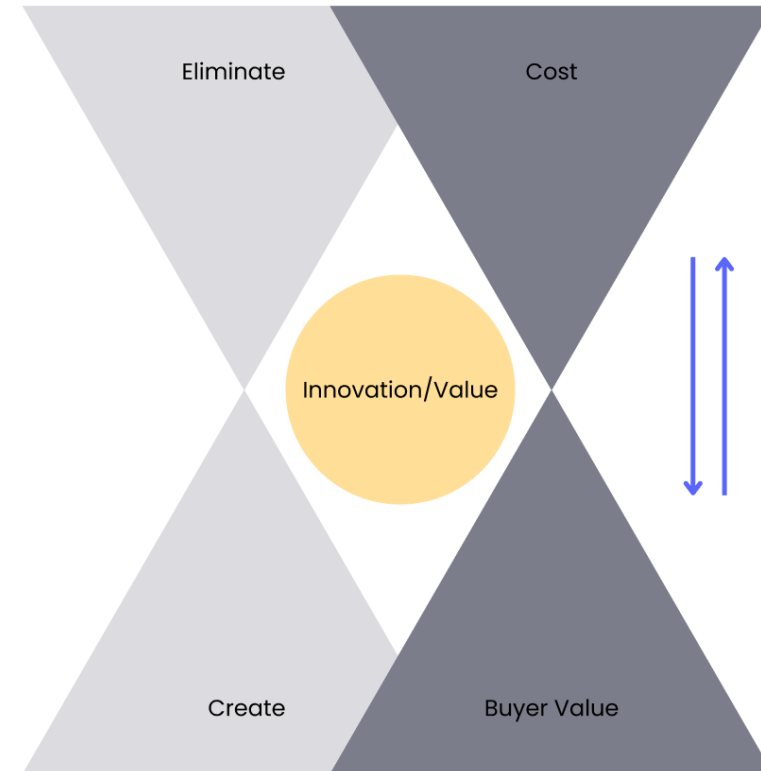
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- The current NFT industry is inundated with several platforms, some of which provide value to their customers while others are market value fakers.
- Previously, the NFT marketplace sector was a Blue Ocean. Until the introduction of OpenSea, there were no markets. They were the first widespread centralized peer-to-peer NFT exchange that let users to deal directly with each other via decentralized transactions (cryptocurrencies).
- They were not competitors at the time. Then markets like SuperRare and Nifty Gateway emerged.
- Recently, we've witnessed the emergence of new NFT markets such as X2Y2, LooksRare, and the Coinbase NFT marketplace.
- The market is beginning to experience a saturated offer in secondary sales markets, or a Red Ocean. Crowded marketplaces with some lack of growth, where margins are continually reduced, leading to commoditization. In other words, Red Oceans cause intense struggles between corporations for profits, similar to sharks battling for food. Buyer value and innovation become more vital to the success of a project.

# Blue Ocean or Red Ocean for NFT marketplaces?

- Marketplaces' Offer Value
- When new companies enter a market, there is a general trend toward increased innovation and value, as well as a general trend toward reduced prices in the marketplace.

## Value Innovation Model



Source: NFTGo.io, Blue Ocean Strategy  
Data as of: 04.2022

# Blue Ocean or Red Ocean for NFT marketplaces?

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- The existing marketplaces are starting to create limits based on what consumers see as their ideal form of a market. People who, for instance, would like to have an NFT that has greater aesthetic value and is more distinctive than a piece from a collection that is one out of ten thousand may now locate markets such as Foundation or Nifty Gateway that provide unique NFT pieces that are one of one.
- Another illustration of this may be seen in the newly introduced NFT marketplace by Coinbase; the members of that team investigated the social component of space, which resulted in intriguing new ideas. This new function provides the users with the ability to communicate with one another via the usage of comments in their NFTs, much like Instagram but for web3.

# Blue Ocean or Red Ocean for NFT marketplaces?

- This map, titled "Pioneer Migrator," identifies the websites that are pioneers in the migration of value to buyers, as well as those who have enhanced the experience of customers and others that are value mimics.

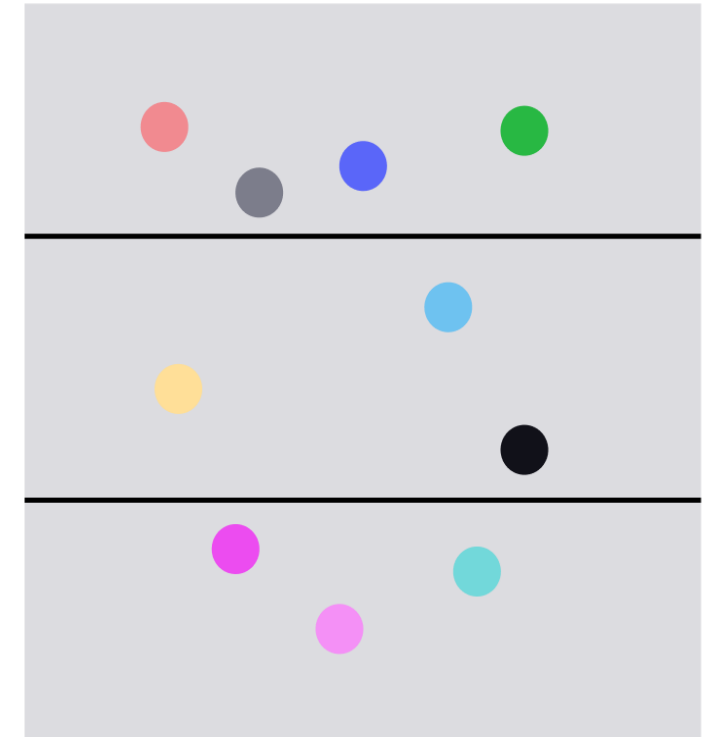
## Pioneer Migrator Map



Pioneer  
Value Innovation

Migrator  
Value Improvement

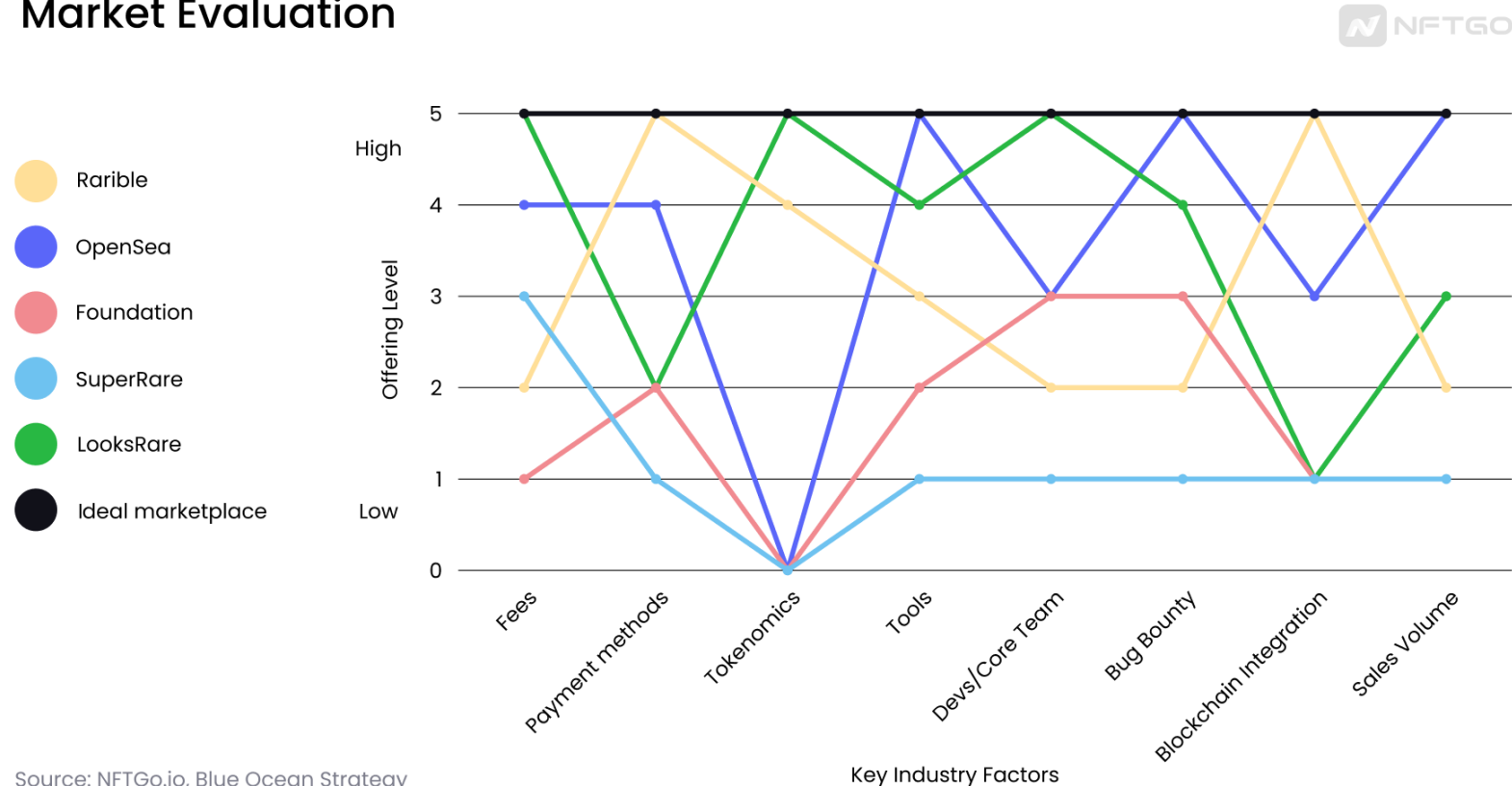
Settler  
Value Imitation



Source: NFTGo.io, Blue Ocean Strategy  
Data as of: 04.2022

# Blue Ocean or Red Ocean for NFT marketplaces?

## Market Evaluation



Source: NFTGo.io, Blue Ocean Strategy  
Data as of: 04.2022

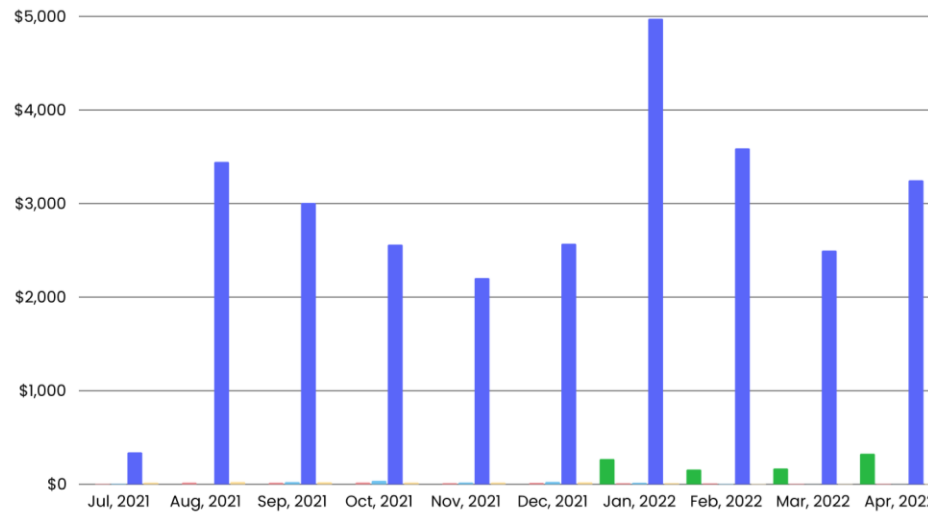


# Blue Ocean or Red Ocean for NFT marketplaces?

- **Contesting who is in the lead:** The ability of a marketplace to provide customers with something of value is the primary factor that will determine whether or not it is successful over the long term. We can observe some parallels between the Market Evaluation graph and the Total Sales graph for Marketplace. Namely, the graph shows that the more value that is contributed to the platform, the more sales there are on the site. The Marketplaces Total Sales table displays the sum of the top five markets' respective sales. Looks Wash trading is not taken into account by rare metrics.

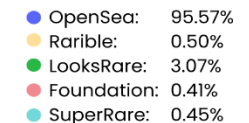
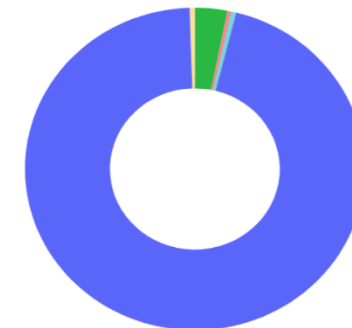
## Marketplaces Total Sales

(\$ In Millions)



Source: NFTGo.io  
Data as of: 04.2022

## Market Dominance



Source: NFTGo.io  
Data as of: 04.2022

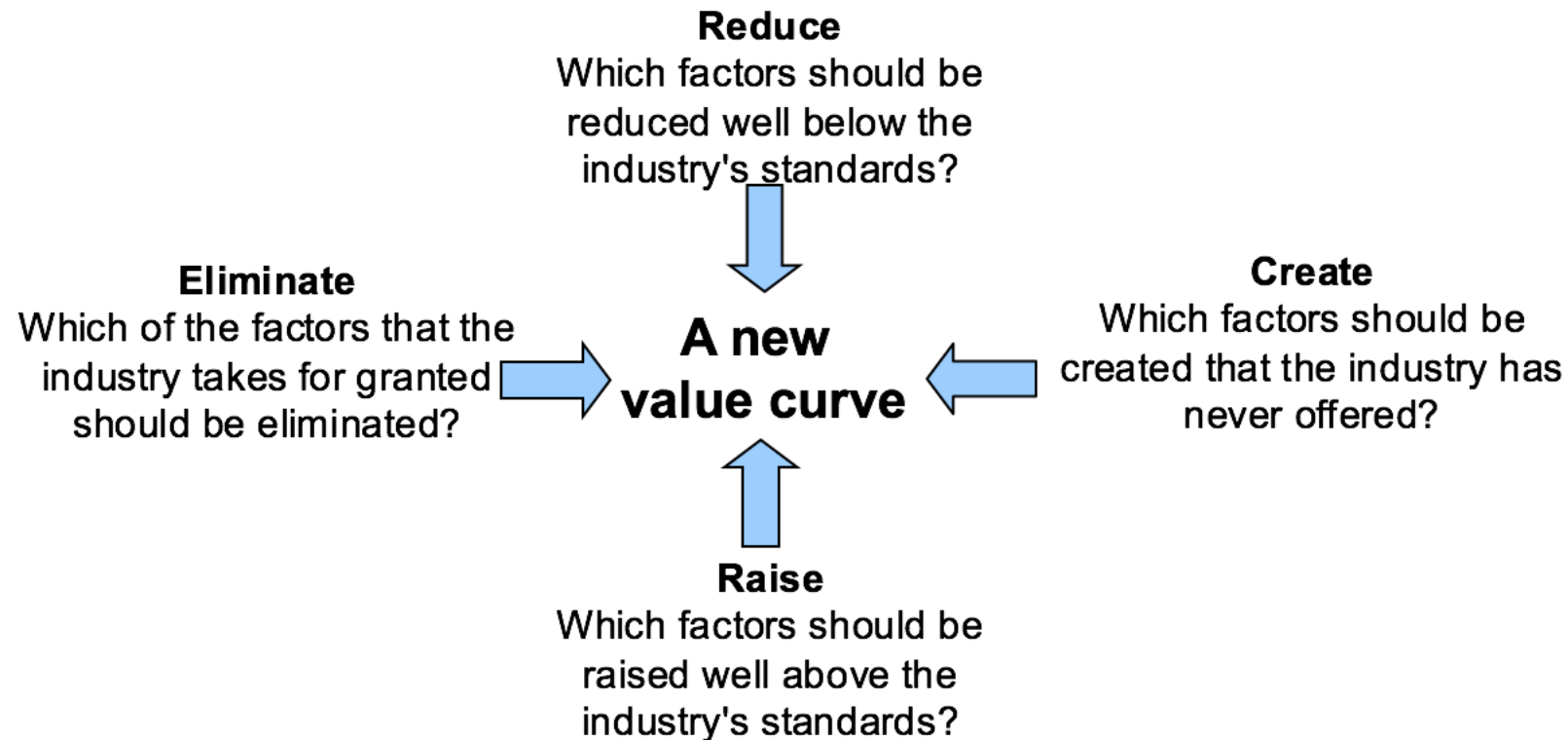
# Blue Ocean or Red Ocean for NFT marketplaces?

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- Customers will emerge victorious in the long run as a direct result of this Red Ocean. The developers will need to exert more effort in order to get some market share and volume. It is vital to keep in mind that volume is significant for investors since it determines the amount of flippers and traders that might possibly exist in a certain market.
- The fact that the NFT exchanges are defining new boundaries is a positive development, since it means that each marketplace will cater to a distinct clientele. We can only hope that there will be more integration and variety of blockchains, as well as the entry of new users of web3 technology.
- Take into consideration that the material presented here is only for educational purposes. Investing in digital assets such as NFTs and bitcoin is fraught with a high level of uncertainty because of the nature of these assets. Before deciding on anything pertaining to investments, you have to have a discussion with a financial counselor. NFTGo is not liable for any losses that may be suffered as a consequence of investing in digital assets and does not give financial advice to its users.

# The Strategy Canvass and the Four-Actions Framework

A fresh way to design innovative products: **the four-actions framework**



# Conclusions

# Conclusion

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- Strategic entrepreneurship consists of firms' efforts to undertake new business ventures that lead to superior performance in the long term
- Firms may undertake offensive strategies to undercut competitors within the same industry and markets, or avoidance strategies to steer clear of direct confrontation with competitors
- Blue Ocean Strategy provides an intellectual and methodological approach to designing strategies intended to guide firms into markets where competition is less intense
- Key tools are the Strategy Canvass and the Four-Actions Framework

# **Business Plans Tips**

# Business Plan Tips

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## Structure – check list

- **Cover Page (Names and students numbers)**
- Table of Contents
- **Executive Summary (Max one page)**
- Business idea
- **Business Model** and **value proposition (BMC Model)**
- Company description (Mission & Vision- Core and distinctive competences- (VRIO- model)
- Management team
- Product/Service **functionality**
- Target Market (**STP- model**)
- External situational analysis (**PESTEL- Model**)
- Industry/ Market & Competitor Analysis ( **Porter's 5 Forces Model**)
- SWOT analysis
- Marketing & sale strategy
- Financial analysis (Revenue model)
- **Operational plan & Roadmap**
- Appendix of Supporting Documents
- References

# Business Plan Tips










## Business Model (Internal Analysis)

- An analysis of how a firm plans to create profits and cash flows given its revenue sources, its cost structures, and the required size of investment.



**The Business Model Canvas**

Designed for: \_\_\_\_\_ Designed by: \_\_\_\_\_ Date: \_\_\_\_\_ Version: \_\_\_\_\_

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

DESIGNED BY: Strategyzer AG  
The masters of Business Model Generation and Strategyzer

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strategyzer.com



# Business Plan Tips

## Company's Description (Internal Analysis)

- When and where was this business started (Creation story - the Myth behind your idea)?
- Innovation comes with hard work
- What is the Vision and Mission and What are the firm's objectives?
- Company's key value
- What is the firm's core and distinctive competences? (VRIO model)
- What is your product or service functionality? and the (USP)?
- What is the firm's form of organization?

### The 7 Most Popular Types of Businesses

	<b>Sole Proprietorship</b> <ul style="list-style-type: none"><li>• Owned by one person</li><li>• No legal or financial distinction between business &amp; business owner</li></ul>
	<b>Partnership</b> <ul style="list-style-type: none"><li>• Business, financial &amp; legal responsibilities equally divided</li><li>• Must be registered for IRS purposes</li></ul>
	<b>Limited Partnership</b> <ul style="list-style-type: none"><li>• Ideal for those interested in raising capital from investors who aren't active in day-to-day duties</li></ul>
	<b>Corporation</b> <ul style="list-style-type: none"><li>• Independent, multiple shareholders</li><li>• Appropriate for established businesses with employees</li></ul>
	<b>LLC</b> <ul style="list-style-type: none"><li>• Blend of partnership &amp; corporation</li><li>• No personal property at risk</li><li>• Less regulation</li></ul>
	<b>Non-Profit</b> <ul style="list-style-type: none"><li>• Earnings pay expenses of company</li><li>• Can apply for "tax exempt" status</li></ul>
	<b>Co-op</b> <ul style="list-style-type: none"><li>• Earnings divided among members</li><li>• No external stakeholders</li><li>• Members use its services</li></ul>



### Core Values



# Business Plan Tips

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## Company's key values

### Leadership by example

Our managers act according to IKEA values, create an atmosphere of well-being and expect the same from co-workers.

### Constant desire for renewal

We know that adapting to customer needs with innovative solutions contributes to a better everyday life at home.

### Togetherness and enthusiasm

Together, we have the power to solve seemingly unsolvable problems. We do it all the time.

### Cost-consciousness

Low prices are impossible without low costs, so we proudly achieve good results with small resources.

### Striving to meet reality

We stay true to practical solutions to develop, improve and make decisions based on reality.

### Humbleness and willpower

We respect each other, our customers and our suppliers. Using our willpower means we get things done.



# Business Plan Tips

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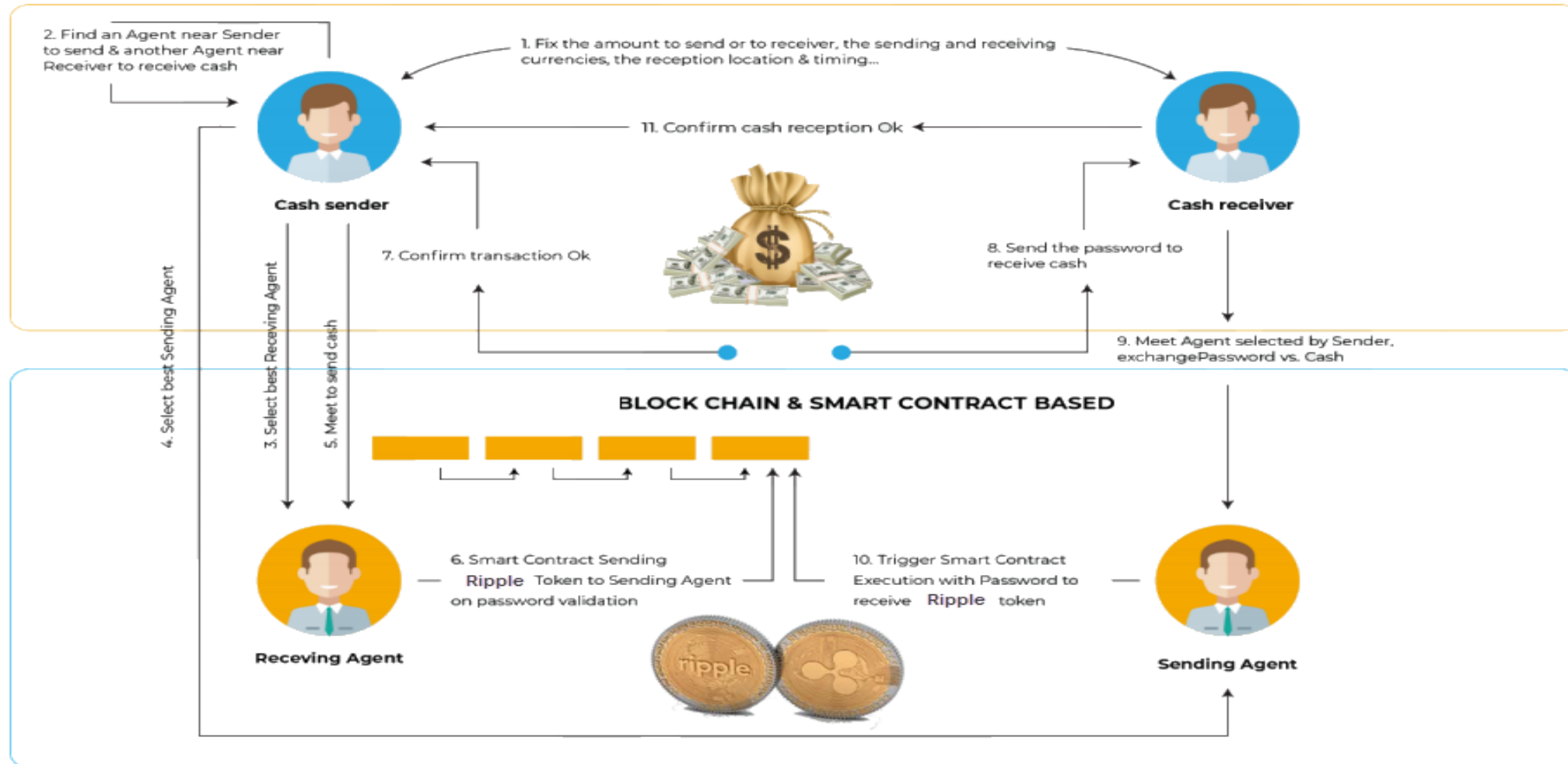
## Management Team (Internal Analysis)

- Describes the firm's organizational structure and the **backgrounds** and **qualifications** of key personnel
- **Make it attractive for investors**
- The management team is especially important, as a company grows, a management team becomes increasingly vital in terms of dispersing leadership responsibilities.



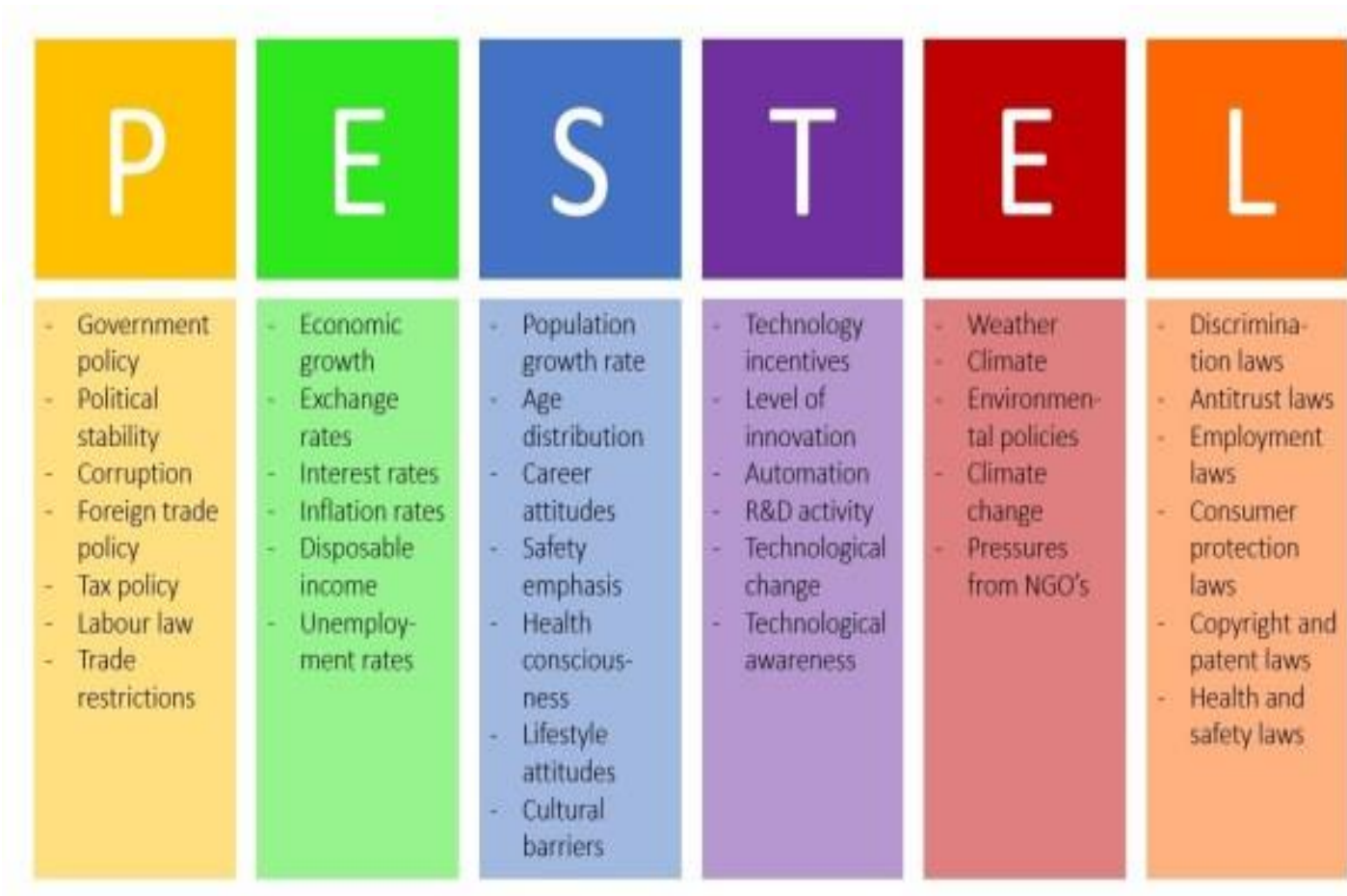
# Business Plan Tips

## Product/Service Plan (explain how your solution works)



# Business Plan Tips

## External Analysis (PESTEL) – Uncontrollable factors

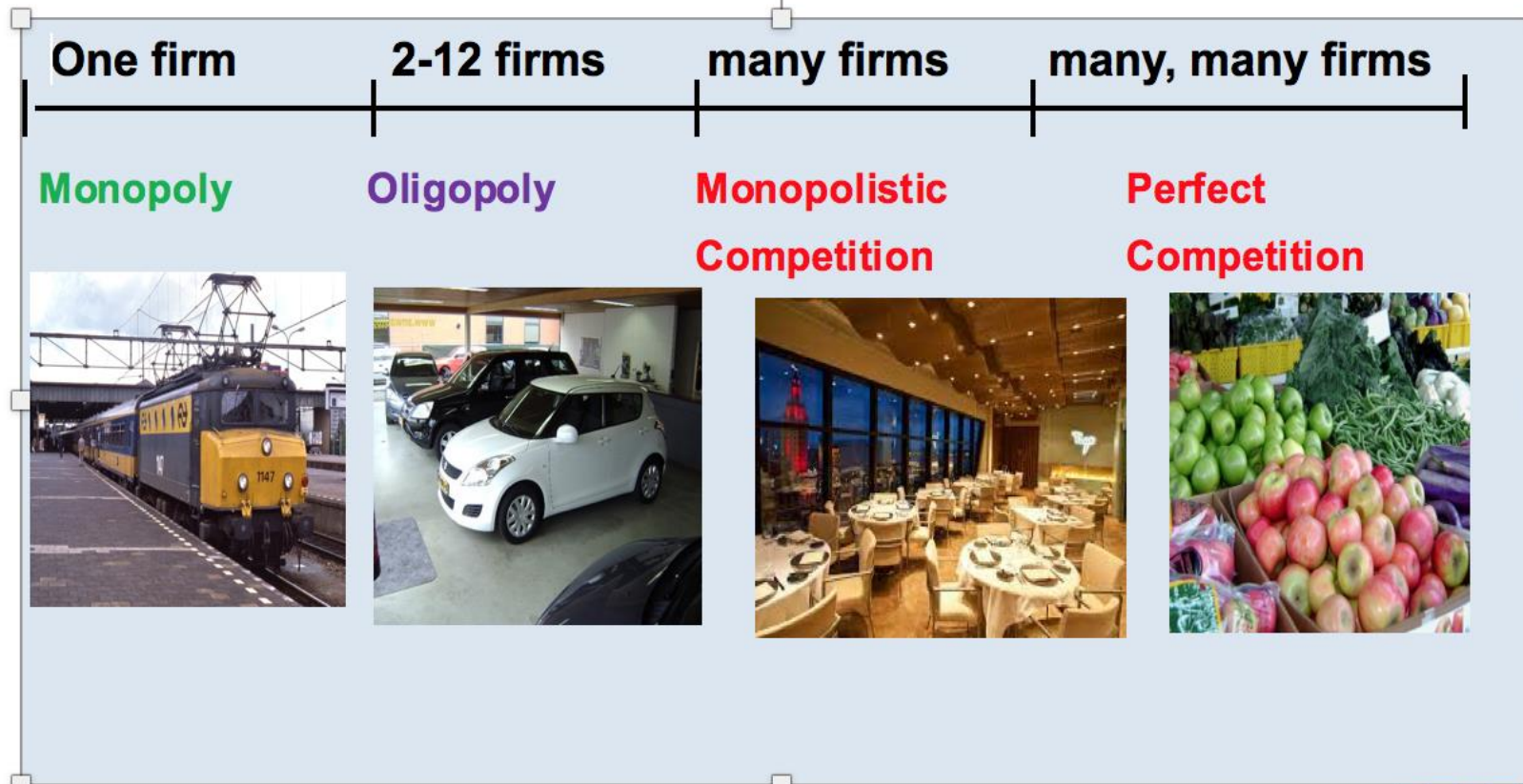




# Business Plan Tips

External Analysis: Industry/Market competitor analysis (5 forces analysis)

## Types of Industries / Markets



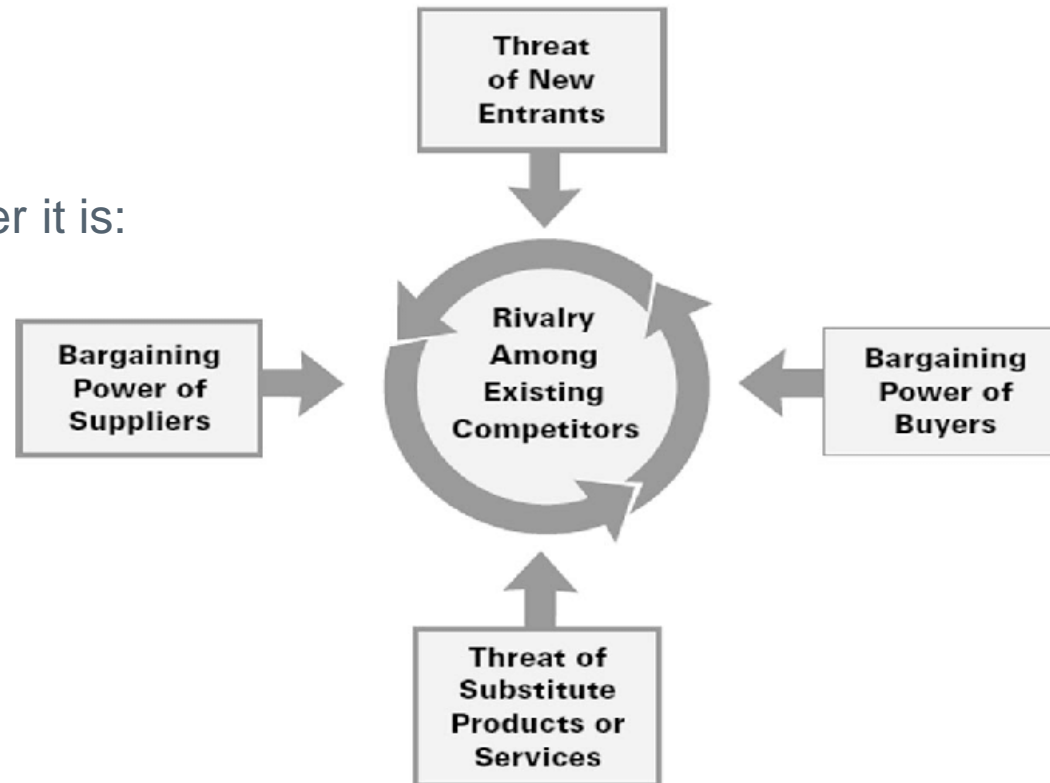
# Business Plan Tips

## External Analysis: Industry/Market competitor analysis (5 forces analysis)

- Type of industry (**Monopoly, Oligopoly , Monopolistic competition or Perfect competition**)
- Degree of competition

- For each force, you determine whether it is:
- - High
- - Moderate
- - low

The Five Forces That Shape Industry Competition



# Business Plan Tips

## External Analysis: Competitor analysis

### How Does My Company Compare?

	My Company	Competitor A	Competitor B	Competitor C	Competitor D
Set-Up	✓	✓	✗	✓	✗
Affordability	✓	✓	✓	✗	✗
User Experience	✓	✓	✗	✓	✓
Product Management	✓	✓	✓	✓	✗
Scalability	✓	✓	✗	✓	✓



# Business Plan Tips

## SWOT Analysis

- Use your **BMC** and your **VRIO** to identify your Strengths and Weaknesses
- Use the **PESTEL** and the **Porter's 5 Forces** to identify your Opportunities and Threats



# Business Plan Tips

## Marketing and sale strategy

### First recall here your:

- Value proposition (USP)
- Positioning strategy
- Branding strategy

### Pricing strategy:

- **Cost based (Penetration or Skimming)**
- **Value based (premium / skimming)**

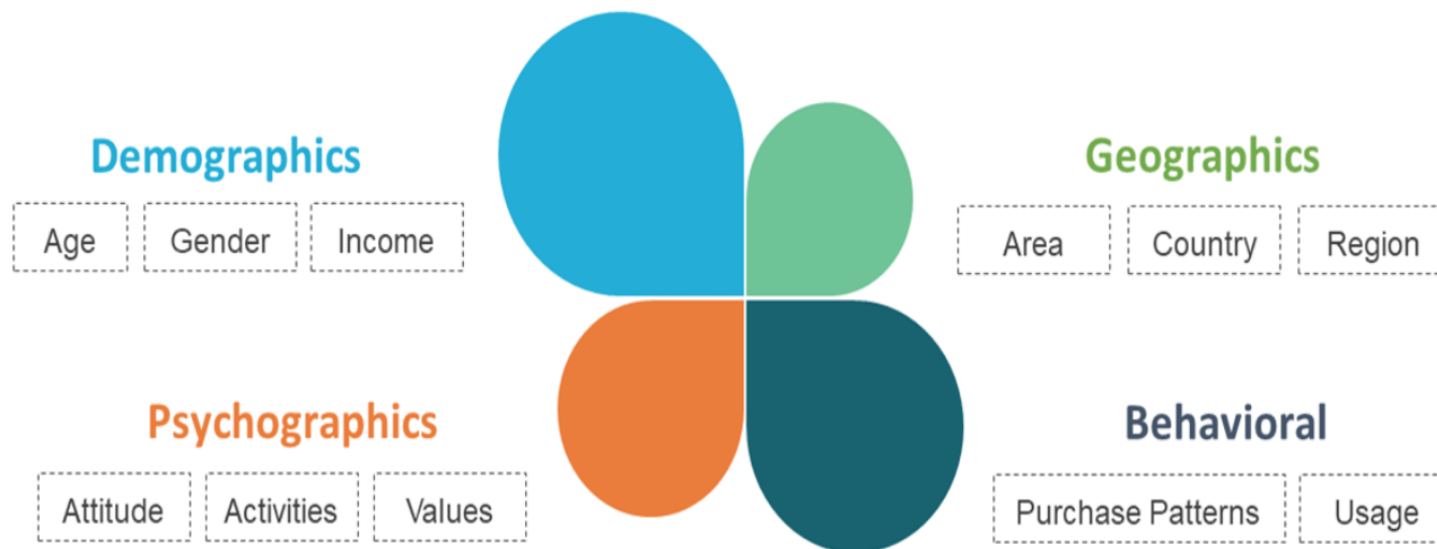


# Business Plan Tips

## Target market (market size / market segment)

- Market Segmentation , Targeting & Positioning (STP Model)

### Market Segmentation



### STP Marketing Model



# Business Plan Tips

## Revenue Model



# Business Plan Tips

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## Financial Analysis

- **Balance Sheet:** Describes the company cash position including assets, liabilities, shareholders, and earnings retained to fund future operations or to serve as funding for expansion and growth. It indicates the financial health of a business.
- **Income Statement:** Also called a Profit and Loss statement, this report lists projected revenue and expenses. It shows whether a company will be profitable during a given time period.
- **Cash Flow Statement:** A projection of cash receipts and expense payments. It shows how and when cash will flow through the business; without cash, payments (including salaries) cannot be made.
- **Operating Budget:** A detailed breakdown of income and expenses; provides a guide for how the company will operate from a "dollars" point of view.
- **Break-Even Analysis:** A projection of the revenue required to cover all fixed and variable expenses. Shows when, under specific conditions, a business can expect to become profitable.



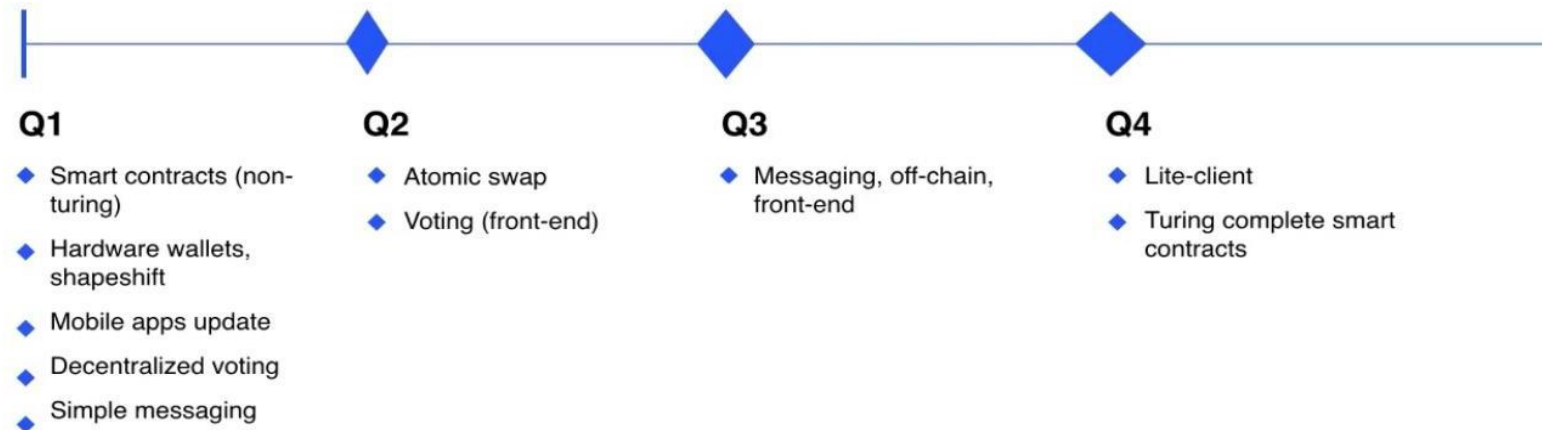
# Business Plan Tips

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## Roadmap

- A business roadmap is a long-term strategic document that outlines the direction in which your organization is headed as well as the steps necessary to get there.

## Roadmap

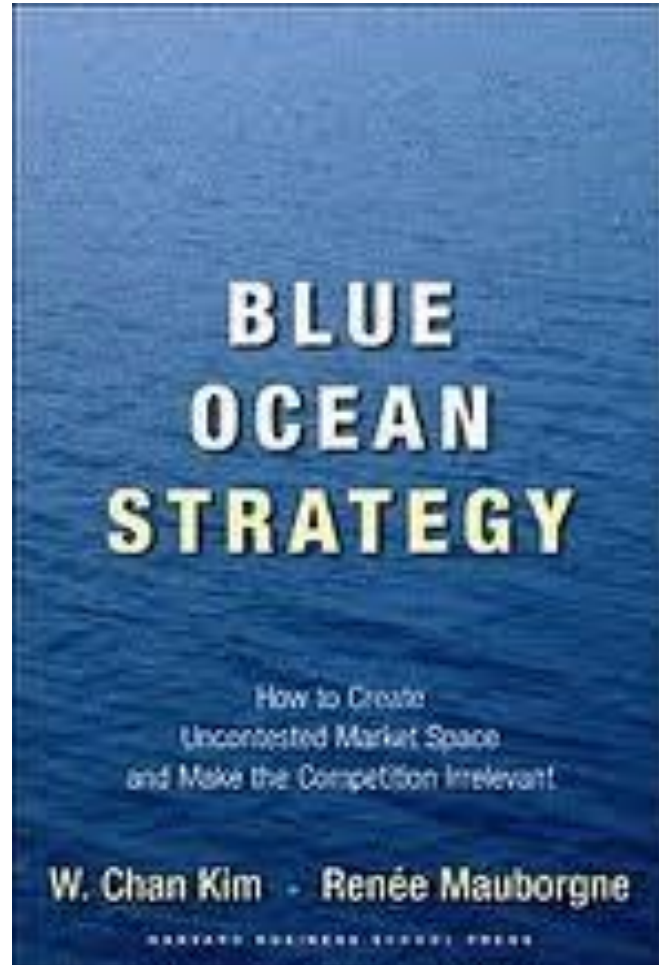


**Further reading**



## Further reading

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(Kim and Mauborgne, 2005)



# Further readings

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## 1- Author and Article Information

- W. Chan Kim ([chan.kim@insead.edu](mailto:chan.kim@insead.edu)) is the Boston Consulting Group Bruce D. Henderson Chair Professor of Strategy and International Management at Insead in Fontaine-Bleau, France.
  - Renée Mauborgne ([renee.mauborgne@insead.edu](mailto:renee.mauborgne@insead.edu)) is the Insead Distinguished Fellow and professor of strategy and management at Insead.
  - This article is adapted from their forthcoming book, BLUE OCEAN STRATEGY : HOW TO CREATE UNCONTESTED MARKET SPACE AND MAKE THE COMPETITION IRRELEVANT (Harvard Business School Press, 2005)
- 2- <https://nl.pinterest.com/pin/405957353894126353/visual-search/?x=10&y=10&w=300&h=300&cropSource=6>



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## Questions?

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