

BUSM139

LEADERSHIP SKILLS FOR BUSINESS ANALYTICS

ASSESSMENT 2:

A Comparison Analysis from the Leadership Perspective of
the Ocean's Strategies

From Red to Pink and Beyond.

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TABLE OF CONTENTS

1. Introduction
2. The 5 Strategy Oceans
 - 2.1. Oceans' Philosophy
 - 2.2. Oceans' Characteristics
3. Oceans' Leadership Comparative Analysis
 - 3.1. Leadership Traits
 - 3.2. Leadership Types
4. New Ocean and Its Leadership
 - 4.1. Ocean Colour
 - 4.2. Integration with Other Oceans
 - 4.3. Comparison with Blue Ocean
 - 4.4. Leadership Types, Traits & Activities
5. Conclusion
6. References
7. Annexure

1. Introduction

This coursework is a comparative study from the leadership perspective of the Oceans strategies. It aims to study and understand the five different oceans' philosophy, characteristics and their strategic intend. It will also explore the leadership type and traits needed to lead and manage organizations in each ocean to be successful. It compares different oceans, their characteristics and strategies to get a wider understanding of the way organizations work in each ocean. This coursework also attempts to suggest a new ocean strategy for knowledge-based organizations, namely Orange Ocean, which strategizes the niche market that comes into existence due to integration of two existing markets.

2. The 5 Strategy Oceans

The five strategies, as mentioned in Figure 1, were proposed through different years with the enhancement of the corporate industry. The Green and Pink Ocean strategies are recently developed to cater to the needs of sustainability and society of the ever-developing market.



Figure 1

2.1. Oceans' Philosophy

- Red Ocean:

The known and established place, where industry limits are specified and businesses compete to gain a larger portion of the market, is described as a "red ocean" and comprises all the current industries. The ocean becomes crimson red due to fierce rivalry, therefore, the name "red" oceans. (Kim and Mauborgne, 2015)

They focus on the value/cost trade-off. According to this point of view, a business can either produce reasonable value for consumers at a lower cost or more value for customers at a higher cost. Hence, a red ocean strategy forces a company to choose between differentiation and cheap cost. Any activity conducted by the organization must be in line with one of these strategic directions, whichever is chosen. (Expert Program Management, 2011)

In this approach, all participants are aware of the game's rules and establish upon the industry's boundaries. Businesses in this industry compete primarily to outperform rival businesses and capture a larger piece of consumer demand.

- Blue Ocean:

A "blue ocean" is an untapped market segment where rivalry is unimportant, demand is created rather than contested, and expansion is both quick and profitable. It is not about technological development, according to (Kim and Mauborgne, 2015), as blue oceans are rarely produced by such advancements. (Pritchett, 2014)

Blue ocean creators frequently link the underlying technology to what customers value and believe that it is not necessary to go to far-off seas to make blue oceans. Most blue oceans are developed within existing industries' red oceans, not outside of them. Within their main businesses, incumbents frequently produce blue oceans. Value Innovation is a vital component of the Blue Ocean Strategy's strategy development. (Roth et al., 2018) (Meibert and Lowe, 2017, pp.1–13)

- Purple Ocean:

Purple Ocean is a combination of Red and Blue Oceans where the operations are maintained in both contested and uncontested markets. The Purple Ocean strategy emphasizes perpetual innovation. According to this philosophy, there are no permanent blue oceans because as rivals start imitating blue oceans, they shift into red oceans. Due

to intense rivalry and low revenues, sellers will decide to leave if markets entirely turn into Red Oceans. Consequently, vendors are typically found in the Purple Ocean, located in the middle of the Red and Blue Oceans. (Cavagnetto and Gahir, 2013) (Gandellini and Venanzi, 2011)

- Green Ocean:

A development of the Blue Ocean plan, the Green Ocean strategy aspires for sustainable competitiveness while simultaneously capturing new environmental markets. It uses human intellectual capital, not the market itself, but principally society, which serves as the real market, for innovative economic and sustainable solutions.

The ongoing movement of knowledge throughout the company brought about by green innovation can provide opportunities that are more demanding, gratifying, economical, and long-lasting. The outcome of democratic green innovation is Green Oceans, a place where sustainability is neither dystopian nor utopian but rather protopian.

Democratic cultures encourage knowledge-based innovation for teamwork that leads to profitable and long-lasting innovation.

By capturing and shifting demand to new, socially conscious market regions, the Green Ocean Strategy helps firms to translate their proactiveness into long-term competitiveness and sustainability. Initiatives in society that are brain-driven and utilise cutting-edge technology implement the Green Ocean Strategy. (Markopoulos et al., 2019)

- Pink Ocean:

Pink Ocean strategy develops a compassionate market space and aligns the entire functioning of the organisation's operations in pursuit of care, affection and support to attain human dignity above all costs. It is an approach that prioritises people and societies over any lucrative goals.

The determination that enterprises must truly sail on Pink Oceans will ultimately lead to profitability. This strategy is put into action through the Company Democracy Model.

The Pink Ocean Strategy is a result of the process of incorporating the UN SDGs into a plan connected to the present Blue and Green Ocean plans.

The Pink Ocean Strategy has the potential to significantly improve the lives of millions of people throughout the world while ensuring the necessary sustainability and viability in the environment and society, with the development of scale-out commercial operations. (Markopoulos et al., 2019)

2.2. Oceans' Characteristics

The following is a concise representation of the characteristics of each Ocean strategy in Table 1:

Red Ocean	Blue ocean	Purple Ocean	Green Ocean	Pink Ocean
<ul style="list-style-type: none"> • Competes in existing markets • thrives to beat the competition • aims to capture existing demand • makes the value-cost trade-off • firm's activities aim to align its strategic choice of differentiation or low cost 	<ul style="list-style-type: none"> • Creates uncontested market • has irrelevant or no competition • creates new demand • breaks the value-cost trade off • firm's activities aims to achieve differentiation and low cost 	<ul style="list-style-type: none"> • Caters to existing and uncontested market • thrives to beat the competition • focus is on the consumer • there is more emphasis on value of 'free' • firm's activities aim to achieve strategic resources 	<ul style="list-style-type: none"> • Captures social market space • targets shared value competitiveness • aims to capture existing demand • creates a shift in value-cost trade off • firm's activities aim to align with its human capital for differentiation or low cost 	<ul style="list-style-type: none"> • shape compassionate market space • it coincides with competition • creates and shifts demand • shares the value-cost trade-off • firm's activities aim to achieve care, affection & support to achieve and sustain human dignity above all.

Table 1

3. Oceans' Leadership Comparative Analysis

3.1. Leadership Traits

Many businesses over the years were unable to compete on a global scale. The majority of those who did succeed were unable to maintain their market position. The vision, unwavering resolve, and tireless effort of leaders like Steve Jobs, Elon Musk, and Warren Buffet propelled their organisations to new heights. They added a fresh perspective to the business world with their conviction and formidable leadership skills.

The Oceans strategies also require various leadership traits to prosper in the corporate world. Beginning with the Red Ocean where the competition is fierce, the leader should be creative, who not only has thought-provoking ideas but also gives others the freedom to test their

creativity. Creativity is also needed for the Pink Ocean strategy so as to encourage ideas towards the social ecosystem.

A leader should always be able to motivate its followers and thus an empowering quality is a must to lead the organisations in all of the Oceans. Since innovation and technology goes hand in hand, the leaders in Blue, Purple and Green Oceans need to be tech savvy and must be innovative to succeed and move to new oceans. Empathy for team members and the society would aid the organisations in Green and Pink Oceans to identify and understand the environmental, social and sustainable problems and tackle them.

A great leader always takes responsibility and accountability for its own actions and hence when moving into a different ocean, major decisions are taken for which the leader is answerable. Other common traits required in all Oceans are problem-solving skills, determined, self-motivated, visionary.

3.2. Leadership Types

Leadership types are crucial for any organization as it decides the structure of the organization. If a wrong leadership style is chosen, it can break the company. However, if the leadership style is switched to the right one, the company can replenish and thrive. The following is the leadership type that can be adopted for smooth functioning of organisations in various Ocean strategies and move to the next:

- Organisations in Red Ocean can adopt Transactional and Strategic leadership type as it will help the firm to optimize its operations and maximize productivity and performance that is needed to compete in the Red Ocean. To move to Blue Ocean, the firm must give some freedom to work and ignite creativity and thus adopt Transformational, Democratic or even Laissez-Fair leadership types.
- Firms in the Blue Ocean will thrive with Transformational, Democratic and Visionary leadership styles as the Blue Ocean is all about value innovation. It needs a vision for the firm's success and an inspirational leader to work together and achieve organisational goals. To move to Green or Pink Oceans, the company can adopt Charismatic, Visionary and/or Affiliative leadership styles.
- Purple Ocean is where the market for Blue Ocean starts getting bloody. With the increase in competition, the management should choose Democratic and Transactional leaderships.
- Companies in the Green and Pink Oceans advocate for sustainability, environment, and society. Charismatic, Visionary and Affiliative types of leadership will help the firms in this ocean to thrive.

4. New Oceans and Its Leadership

This study suggests the Orange Ocean strategy.

The Orange Ocean strategy aims to integrate two or more marketplaces through innovation and technology to create a new niche market. The integration of marketplaces will allow the vendors to penetrate more than one markets at once and cater to different segments of audience. Its main aim is to increase profits and gain a larger market share by entering new markets.

Amazon is a classic example of Orange Ocean. Amazon began as an online book seller but rapidly grew into e-commerce, cloud technology, digital advertising, digital streaming, and artificial intelligence by venturing into previously untapped markets.

An example can be Amazon Echo. Electronic music players enjoyed some success up until a few years ago, when the arrival of certain now-famous music apps on our smartphones caused their demand to begin to plummet. The requirement for owning a music system to listen to music dropped because of the ability to connect our headsets or earbuds to our phones, search our favourite songs, and play it instantly on our device. However, a new market for AI-integrated music systems was created when a tech giant like Amazon unveiled the Amazon Echo, a music system that incorporates AI as a voice assistant.

Other businesses, including Google, Apple, Microsoft, etc., also entered the new market. Amazon was able to satisfy demand in the AI market because of the new market formation.

The Amazon marketplace, AI, and streaming services were similarly integrated in Prime Videos, which allowed users to access the online streaming market in addition to buying and reselling goods on their platform.

Smartwatches were created when smartphone manufacturers entered the watch industry and enhanced the fundamental functionality of a watch with smartphone capabilities such as the ability to view and respond to SMS, answer and make calls, track health goals, etc.

The Orange Ocean strategy strives to address the issue impacting the consumer while also enhancing their comfort and convenience. With the Amazon Echo, users may now more easily request a music to be played by simply speaking it aloud to their device. Without having to pull their phones out of their pockets, smartwatch owners may more easily access the most important information from their cell-phones on their wristwatches.

Please refer to Annexure A for Yellow and Black Ocean Strategies.

4.1. Ocean Colour

As the colour Orange represents (Figure 2) success, creativity, optimism and determination, it is the perfect colour for this newly developed ocean as its strategic intent is to maximise demand by providing creative solutions for consumer problems through innovation and technology and to successfully integrate two markets to create a new niche market. Orange stands for optimism and hope just like the new ocean gives an endless scope for innovative products and services.

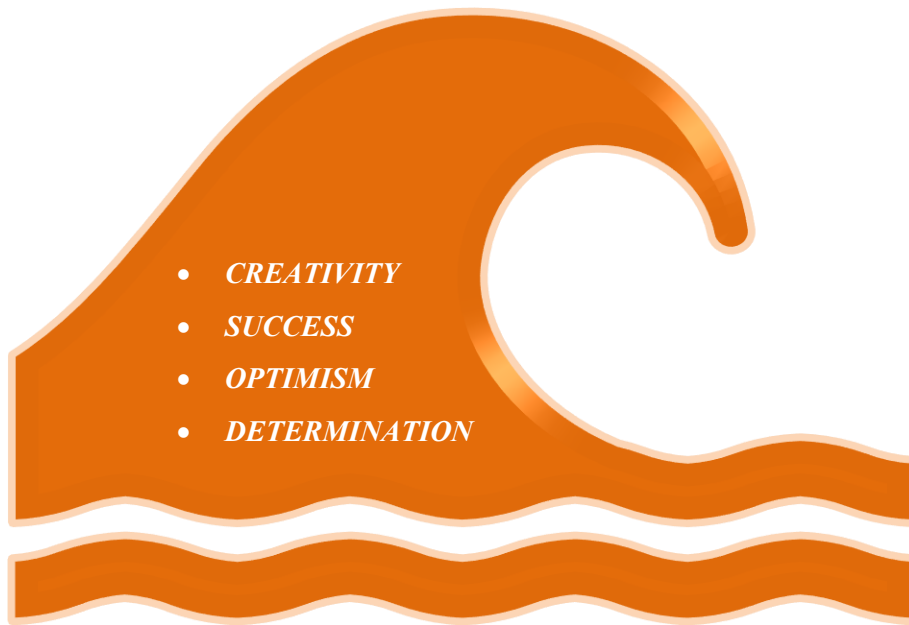


Figure 2

4.2. Integration with Other Oceans

Orange Ocean is an extension of Red and Blue Oceans as it creates an uncontested niche market out of two already existing market spaces. It can also stem from Purple Ocean since even after the Blue Ocean turns Red, the vendor can create a niche market through innovation and technological advancement or can also merge with leading vendors of other markets to penetrate their market space. Orange Ocean has a wide scope of innovation since it can create multiple combinations of existing markets and create a new niche market. It is independent of the Green and Pink Oceans (Figure 3).

RED OCEAN	PURPLE OCEAN	ORANGE OCEAN
Existing Market	Existing and uncontested market	Uncontested niche market through existing market
Beat the competition	Beat the competition	No competition
Focus on existing demand	Focus on customer	Focus on customer and create new demand
Differentiation or cost leadership	Strategic resources and indispensable	Differentiation and cost leadership

Table 2

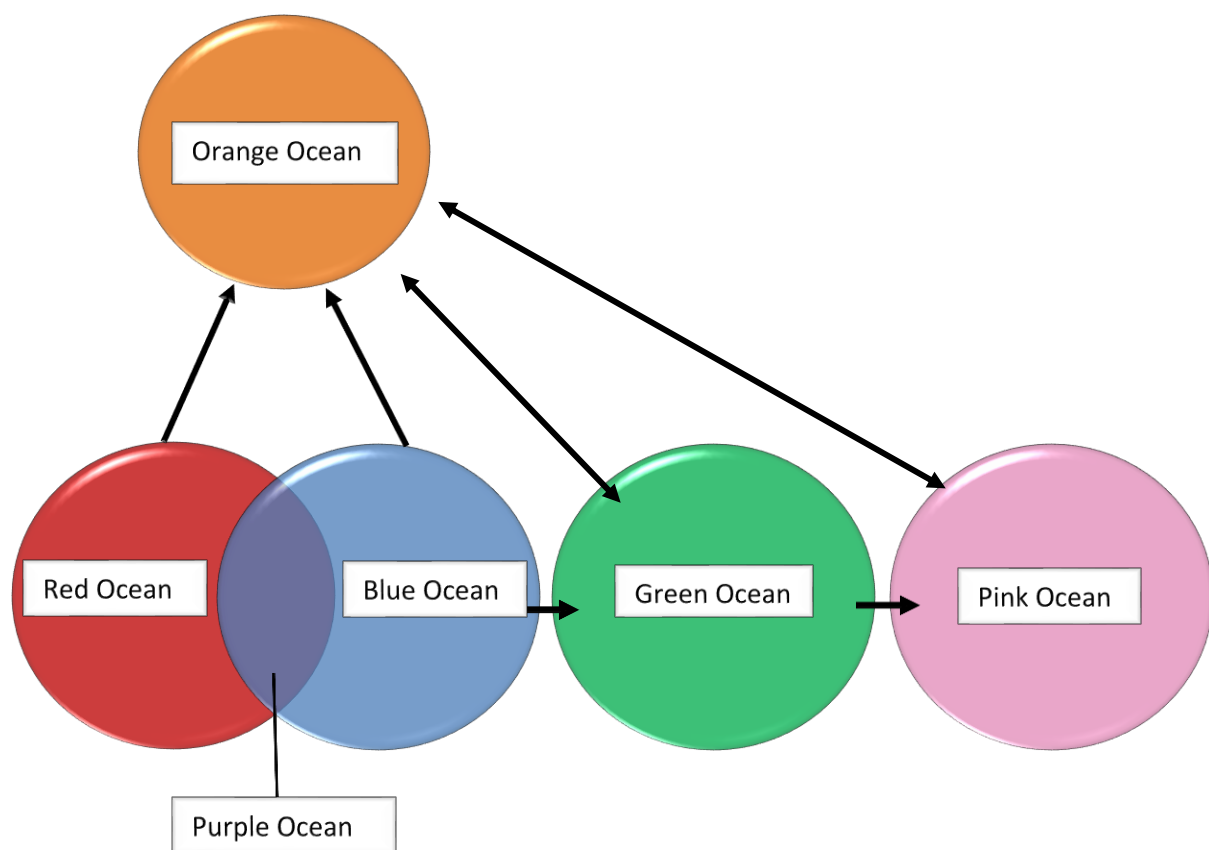


Figure 3

4.3. Integration with Blue Ocean

Orange Ocean, like Blue Ocean, taps into uncontested market and focuses on value innovation. The Blue Ocean creators believe that it is mostly developed from within existing

industries' red oceans whereas the Orange Ocean stems from integrating two compatible marketplaces to create a product that solves a consumer problem or adds to their convenience. Table 3 represents the the comparison of Blue and Orange Oceans.

BLUE OCEAN	ORANGE OCEAN
Creates uncontested market space	Creates uncontested niche market
Creates and captures new demand	Focus on customer and create new demand
Break the value-cost trade off	Value-cost trade-off
No competition	No competition
Align the firm's activities in pursuit of differentiation and low cost	Align the firm's activities in pursuit of innovation and new technology integration

Table 3

4.4. Leadership Types, Traits & Activities

As the Orange Ocean focuses on continuous innovation and technological advancement, the organisation needs to be working at its full capacity while also having some autonomy to produce innovative steps. Innovation is a crucial aspect of this Ocean strategy and thus, the leaders should follow a mix of Democratic, Visionary and Transformational type of leadership to succeed in this Ocean strategy.

The management must have the traits of an effective leader to guide individuals, teams or organization towards achieving goals and objectives. These qualities of a leader is essential as it helps in maximizing efficiency and fulfilling organizational goals. The following are some traits of a good leader which will help the organizations in Orange Ocean achieve their goals:

- **Excellent Communicators:** Leaders must be excellent communicators who can articulate problems and solutions in a clear, succinct manner. They must be able to maintain a balance between speaking and listening, as well as engage with others through different media.
- **Innovative:** To accomplish the primary goal of this ocean strategy, the leader should encourage innovation among others.

- **Accountable and Responsible:** Leaders are accountable to themselves and take ownership of their mistakes. Leaders must encourage and support individualism while sticking to the organisational structure, rules, and policies that must be followed.
- **Visionary:** It takes a long-term thinker to implement this tactic. The leadership trait of being able to create long-term plans utilising precise, quantifiable objectives serves as an example of this. They should be conscious of the need for constant change and open to trying out fresh concepts to solve problems or improve processes.
- **Self-driven:** To achieve their goals, leaders must have the self-motivation and tenacity to keep going despite difficulties. Additionally, good leaders go above and beyond what is expected of them.
- **Confident and Bold:** As a leadership attribute, confidence is possessed by almost all successful leaders. They are capable of exercising authority and rendering challenging decisions. Confident leaders encourage teamwork, provide open channels of communication, and inspire and comfort followers.
- **Sociable:** Leaders should be cooperative and extroverted. They must be able to encourage team unity, involve others in decision-making, and show concern for each team member. By concentrating on individuals, they may energise and encourage others. By fostering a sense of importance and importance to the success of the team among each team member, they should secure the best efforts from each member.
- **Emotional Strength:** Leaders must be able to handle conflict and frustration while exercising appropriate self-control. The ability to deal with environmental changes without having a significant emotional reaction is a requirement for leaders.

Some of the major leadership activities that can aid to the Orange Ocean Strategy are as follows:

- Developing corporate strategy: establishing and articulating a long-term strategy to influence the market and industry landscape
- Establishing strategic collaboration: locating and retaining commercial alliances across internal and external barriers
- Creating business synergies: fostering business to business mergers and partnerships
- Establishing business synchronization: bringing together teams from all departments to share a common vision for the future
- Thriving for continual improvement: questioning established procedures to improve offerings, processes, and goods

- Achieving value addition: making decisions about how to use resources in the most efficient way.
- Leading market innovation: promoting innovation to develop new demand, new markets, new business practices
- Optimizing commercial yield: making decisions about what will enhance the business and generate revenue for the company

5. Conclusion

While Ocean strategies provide a roadmap for the market for new entrants, how firms are guided toward their corporate aims and ambitions is more crucial. The effectiveness of an organisation, which in turn affects performance in the market, is significantly influenced by the leadership style and characteristics of its leaders. Since employees are the human capital, which is essential for effective performance, it is critical to have empathy for them and a nurturing work atmosphere. In order for businesses to set up their operations appropriately, the various sorts of oceans define the market's limits. Due to ongoing innovation and technological improvement, it can be said that the formation of the Blue and Orange Oceans is continuous. In order to increase demand for its products, Orange Ocean mostly concentrates on simultaneously entering two markets. A company may proceed to the Green and Pink Oceans after arriving at the Orange Ocean.

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7. Annexure

Annexure A

Pretext: Yellow and Black Oceans have come up as unorganized ideas which can be further developed with guidance and time.

Along with the Orange Ocean, this study has come up with two other oceans, namely Yellow and Black Ocean.

- **Yellow Ocean** it aims for contesting in virtual marketplace, where the organizations operate in an online space and do not have a physical body. For example, virtual banks like Monzo, Revolut, etc. Another example can be the online streaming services like Netflix, Disney+, etc. Cloud kitchens can also be a good example.

Since these do not have a physical presence, it is challenging for firms to gain market share with limited advertising options. Due to its virtual nature, the firms save up establishment costs and gets a better profit margin. Virtual marketplace consists majorly of new companies that start with less capital.

The colour yellow signifies youth, energy and brilliance, intellect, and the 'lightbulb' moment. Since this Ocean caters to a relatively new marketplace that has gained popularity in the recent times and consists of majorly the new companies who are energized to try new markets and come up with innovative businesses, the name Yellow Ocean fits well.--

- **Black Ocean** aims to capture existing markets in order to develop a monopoly or oligopoly to gain a larger market share. The organisations can achieve this by either penetrating into the market with a differentiated product, using rigorous marketing techniques and using strategies that put the competitors out of business or establish a dominance in the market by business-to-business acquisitions and mergers. It aims to capture majority of the market share to put its competitors out of business and earn greater profits. This Ocean has one firm or one group of firms that dominate the market. A good example can be Meta that has taken over Facebook, Instagram and WhatsApp which are the major social media applications. Other examples can be the underground tubes, BharatPe (in India), etc.

The colour black represents power, apathy and darkness. This Ocean strategy does not favour altruism and is selfish. Hence, since the power-packed firm engulfs its competitors, the name Black Ocean seems fit for this strategy.