THOUGHT LEADERSHIP IN BLUE OCEAN STRATEGY:

A NOTE FOR STRATEGIC MANAGERS

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Strategy is the creation of a valuable and unique position by making tradeoffs and performing activities in a fashion different than competitors. The development and reestablishing of strategies is a leadership function because this is primarily an organizational challenge. This creates an inseparable connection between strategy and leadership. Traditionally, leadership style can vary from charismatic to transformational. Depending on the strategy type and the organizational agenda, different leadership styles are more effective than others. Blue ocean strategy (BOS), in particular, seems to mandate an additional form of leadership: Thought Leadership; the championing of new and innovative ideas. Because BOS is based on innovative thinking in exploring blue untapped market spaces, this paper proposes the applicability and importance of thought leadership in the development and effective execution of BOS. The premise is that both thought leadership and BOS rely on creative thinking and the aspiration to explore the unknown and challenge the status quo. The BOS and Thought Leadership Diagram was developed to show the relationship between BOS and thought leadership in light of innovation. Practitioners and strategic managers are advised to ensure the use of thought leadership capacity in developing and executing BOS. Supporting BOS with thought leadership is particularly vital in competitive markets where competition is fierce and differentiation from rivals is critical.

Thought Leadership and BOS

Defined as a radical departure from traditional leadership, thought leadership is “the championing of new ideas rather than anything to do with managing people or helping a group achieve a goal.” (McCrimmon, 2005, p. 1064). Thought leaders “inspire leadership; they ignite imaginations, explode old myths, and illuminate paths to the future that others can follow” (Butler, 2012, p. 1). Therefore, thought leadership should be an integral part of an organization structure that is focused on innovation. Key characteristics of thought leadership were presented by McCrimmon (2005). In his work, thought leadership is characterized by the promotion of new ideas; it is an initiative rather than a role or position. Thought leaders are not necessarily executive leaders, therefore, thought leadership qualities can be exhibited by non-managerial employees with revolutionary mindsets and the capability to champion new ideas.

An emerging strategy, blue ocean is a landmark idea founded by Kim and Mauborgne in 2004. It was built on the notion that with innovation, new markets can be created where competition is irrelevant and the opportunity to grow and be profitable is unlimited. The concept of blue ocean is based on the idea that the business universe is made up of two spaces (or oceans), the red ocean and the blue ocean. The red ocean represents the known market space where companies compete over a defined market segment. In order to outperform rivals, competition grows fierce (turning the water bloody [red]) as the space becomes crowded and the prospects of growth decline. On the other hand, blue oceans represent the unknown market
space and therefore, industries not in existence today. In blue oceans, waters are clear, untouched by competition, creation of new markets is unlimited, and the potential to grow is enormous (Kim & Mauborgne, 2005).

**Thought Leadership in BOS**

BOS and thought leadership share common grounds in terms of the drive for innovation and the importance of it as a mechanism for growth. From thought leadership perspective, research revealed that thought leadership is intertwined with innovation (Butler, 2012; McGrimmon, 2005). Although similar, the two are not the same. Thought leadership is based on innovation. In simple terms, innovation creates the new idea and thought leadership champions it until it is accepted by the organization and ready for implementation. While innovators are creative thinkers with the ability to create new ideas, thought leaders are early adopters of these ideas. They possess the necessary influential skills that enable them to inspire and persuade the organization to implement such ideas. Once the new idea is accepted, traditional leadership takes over to ensure successful implementation of the new project (formerly, an idea) through project and operations management practices.

Drawing from literature, innovation and thought leadership are inseparable. For example, a recent study by Alhaddi (2013) showed a strong connection between thought leadership and innovation. In the study, a global organization (unit of analysis) set innovation as a strategic priority to ensure long-term success of the organization. Analysis showed that the organization drives innovation through thought leadership; a connection that differentiates it from rivals and enables it to achieve its strategic position. The global organization defined the term thought leader as an innovator with the ability to anticipate needs and proactively design and provide solutions. Providing thought leadership was a critical concept for the organization and spanned multiple spaces within its business units.

Additionally, Chalhoub (2010) indicated that the relationship between thought leadership and innovation is a cultural requirement in a global and competitive environment. In his theoretical framework for innovation drivers, several dimensions including thought leadership, participative management style, entrepreneurial culture, compensation mechanism, and performance evaluation criteria drive innovation, which in turn influences the organizational performance. Although relevant literature did not reveal evidence of significant research on integrating thought leadership into strategy, scholars have extended research on innovation in the strategy literature. From a BOS perspective, the creation of innovative value occurs when the reduction of the company’s cost structure is met with the increase in the value (of the product/offering) to the buyer. Here, value is innovative because it opens up uncontested market space by producing a leap in value for the company and the buyer. Value Innovation (VI) of BOS, occurs when innovation, utility, cost, and price are aligned in the organization (Kim & Mauborgne, 2005). This new way of thinking can only happen when innovation of a product/service is aligned with its cost, price, and utility. The simultaneous pursuit of low cost and differentiation result in a maximization of the buyer value and minimization of the company cost, where the two meet is when VI. It offers value to the company (by lowering its cost structure and increasing revenue) and to the buyer (by lowering the price and increasing the value of the product/service). Inseparable from value, innovation is the cornerstone of BOS and the enabling element of differentiation that allows organizations to stand out in the marketplace (Kim & Mauborgne, 2005).

As innovation forms basis for thought leadership and BOS and building on relevant literature, this paper suggests the importance of thought leadership as a capacity in the
development and execution of BOS. As thought leaders champion new ideas, they possess the necessary influential skills, energy, and enthusiasm to transport an idea from the innovation phase to the acceptance [by the organization] phase. Similarly, blue ocean strategists typically look for new market spaces and new ways to introduce products, services, and processes to customers. Several capacities and skills are necessary to ensure the success of BOS; among them is the right mindset that is receptive to innovative approaches and to thinking outside the box. Thought leadership offers significant potential to BOS because it is keen on innovation. Therefore, it is necessary for BOS practitioners to possess thought leadership skills (or to ensure the participation of thought leaders in the development of BOS). Figure 1 below illustrates the relationship between BOS and thought leadership outlining the common premise of innovation between the two.

![Figure 1](BOS and Thought Leadership Diagram)

As shown in the diagram, BOS is based on innovating value, where thought leadership is the championing of innovative ideas and approaches; making innovation a shared base.

**Summary**

This brief paper looked at the relationship between thought leadership and BOS based on their common ground with respect to innovation. The BOS and Thought Leadership Diagram was developed to assist strategic managers in understanding the relationship between the two concepts in light of innovation. As a capacity, thought leadership is necessary in order to successfully develop and execute BOS. As thought leaders champion innovative and new ideas, their drive, energy, and influential skills are needed to support BOS practitioners in their exploration for new markets. Both thought leaders and BOS practitioners are keen on innovation, therefore, strategic managers are advised to ensure the existence of this dynamic in the organization. It is a challenging task to stay ahead of rivals in a competitive environment where competition is fierce and the market opportunities in known spaces are limited (or exhausted). Hence, practitioners with thought leadership and BOS mindsets are more likely to succeed as they are continuously looking for new ways and innovative approaches. As a source
for differentiation, organizations can set themselves apart from competitors by being innovative and pioneers in their respective industries.

References


