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Are You Swimming in Blue Waters?

by *Ralph G. Trombetta, founder, Value Innovation Associates*

"Blue Ocean Strategy" expert to speak at UB

Over the past few years, innovation has become the mantra of business. The word conjures up all sorts of thoughts, ranging from positive sentiments like "new," "wow," "technology," all the way to the negative including "inefficient," "risky" and "expensive."

If we look at the period from 1975 to 2000, we see that more than 70 percent of the companies listed on the Fortune 500 in 1975 were no longer listed in 2000. This is an indication of the turbulence that has been occurring across many industries, resulting from globalization, technology advances and free trade. It has led to an unprecedented array of products and services that are screaming for buyer attention in overcrowded markets. In short, supply in many industries is outpacing demand growth. Given the current downturn in our economy, the situation is further exacerbated.

The concept of Blue Ocean Strategy, created by Professors W. C. Kim and R. Mauborgne of the business school INSEAD in Europe, teaches us that business leaders can fight back against the tide of competition in their industries by playing a different game. Blue Ocean Strategy promises to lead companies into new, uncontested market space by teaching organizations to think differently about their markets through challenging the conventional wisdom about industry boundaries, customers and business models.

Of course, innovation is not risk free. If we try to make it completely safe, we stifle the process and lead to more of the same. So the question is, how can we apply innovation as a business strategy in times when maybe we are a bit more risk averse, given the current economic climate? The concept of



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value innovation can help you to keep innovation focused on achieving payback by converting new ideas into revenue and profits.

Value innovation is the idea of simultaneously increasing buyer value while dropping the industry's cost structure. In the course of working with many different organizations, ranging from consumer-oriented product and service organizations to business-to-business product and service organizations, we have identified three ways to create value innovation strategies that can lead to varying degrees of blue oceans, namely -- (a) identifying and breaking trade-offs that have been widely accepted in an industry; (b) going beyond products to total solutions and user experiences; and (c) focusing on the noncustomer to redefine an industry.

Editor's note: Ralph Trombetta will speak at the Merrick School of Business on March 5, as part of the 2009 GEICO Speaker Series. His lecture will address each of the above approaches to value innovation, which can help you to look beyond your current markets and lead you to fresh insights about creating new demand. Trombetta will illustrate the core idea of each approach with case examples and show his audience how each is an example of a value innovation strategy leading to new ways of competing in an established industry. [Reserve your seat today.](#)

Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant is an international bestseller after reaching the *Wall Street Journal*, *BusinessWeek*, and other best-seller lists. It also won the Best Business Book of 2005 Prize at the Frankfurt Book Fair. The authors Professor Chan Kim and Renée Mauborgne's established the Value Innovation Network.



Trombetta is a senior Blue Ocean Strategy expert in Kim and Mauborgne's global network and a Fellow of Baldwin-Wallace College's Center for Innovation and Growth in northeast Ohio. His client list includes Fortune 500 companies, universities and companies abroad. Trombetta served as a vice president and member of the executive committee at Emergence Consulting, a global strategy consulting firm, and principal in Renaissance Strategy, creators of the Balanced Scorecard. He also held management and staff positions at IBM in marketing and sales, services, and management information systems, and was one of the original members of the IBM Consulting Group. Trombetta's 25 years of business experience informs his executive workshops in the U.S., Canada, Europe, Latin America, and Asia.



Published by Merrick School of Business
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