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# Be the B.O.S.S. & Dominate Your Market

*Real Estate Brokerages that Innovate,  
Differentiate, and Capture Unique Market Share  
with Blue Ocean Strategy® Success*

## Participant Workbook



Brokerage Profitability Series

*Hosted by*



Dec. 2018

# MBA Broker Consultants

## Business Consultant for Brokerages and Organizations



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# **Be The B.O.S.S. & Dominate Your Market**

*Real Estate Brokerages that  
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## Symbol Key



Write It Out & Remember



Activity During Workshop



Follow Up After Workshop



Resources to Check Out

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# Be The B.O.S.S.



## LEARNING OBJECTIVES

- 1
- 2
- 3

Understand the Blue Ocean Strategy® (B.O.S.) concept.

Learn who clients are and how to determine client wants & needs.

Brainstorm methods to apply the B.O.S. to their brokerage.

## ~~~ ICE BREAKER ~~~



**Brokerage  
Role**

**My Goals  
Today**

## WHY Innovate?

- ◆ Recognize trends in the market
- ◆ Master the innovation process
- ◆ Fill a need previously unidentified
- ◆ Take a leadership position due to differentiated products
- ◆ Stay ahead of market changes!



## Barriers to Innovation

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## Element 1: Blue Ocean Strategy Concept

### Blue Ocean Strategy IS:

- ◆ Profitability without competition
- ◆ Lowering operational costs
- ◆ Raising customer value
- ◆ Finding new non-customers



### Red Ocean Strategy IS:

- ◆ Competing to be the best
  - ◆ Competing on price
  - ◆ Competing on service
- ◆ Trying to be faster, better, or cheaper
- ◆ Copying competitors
- ◆ “Growth” by acquisition of competitor

### What it is NOT

- ◆ Competing “head to head” with others
- ◆ Chasing the “hottest new trend” in tech
- ◆ Being cheaper than competitors
- ◆ “Disruption” or innovation per se

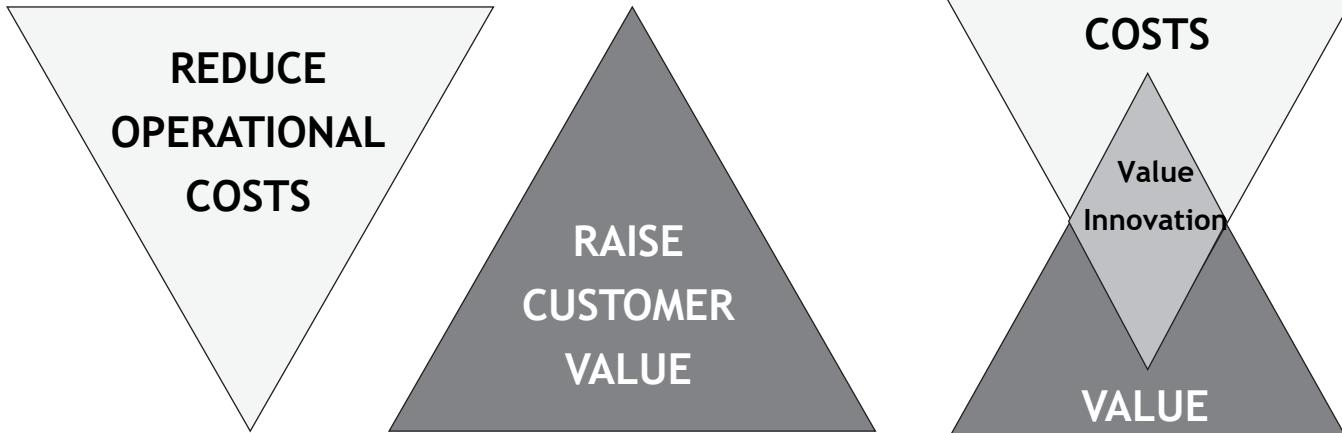
### **Red Ocean Strategy**

VS.

### **Blue Ocean Strategy**

Compete in <b>existing</b> market space	Create <b>uncontested</b> market space
Beat the competition	Make the competition <b>irrelevant</b>
Exploit <b>existing</b> demand	Create and capture <b>new</b> demand
Make the value-cost trade-off	<b>Break</b> the value-cost trade-off
Align the whole system of a firm's activities with its <b>strategic choice of differentiation or low cost</b>	Align the whole system of a firm's activities in pursuit of <b>differentiation and low cost</b>

# Reduce Costs + Raise Value = Value Innovation



◆ **Cost Savings** are made by eliminating and reducing factors an industry competes on.

◆ **Customer value** is lifted by raising and creating elements the industry has never offered.

**Value Innovation:**  
A new market is created and previous non-buyers are reached.



## ACTIVITY: Shark Fishing

*Name your top 3 competitors & their value propositions.*



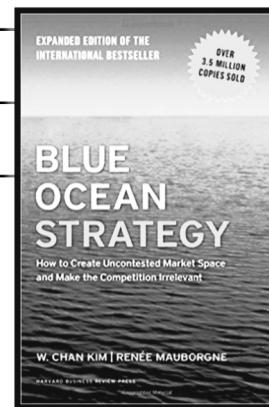
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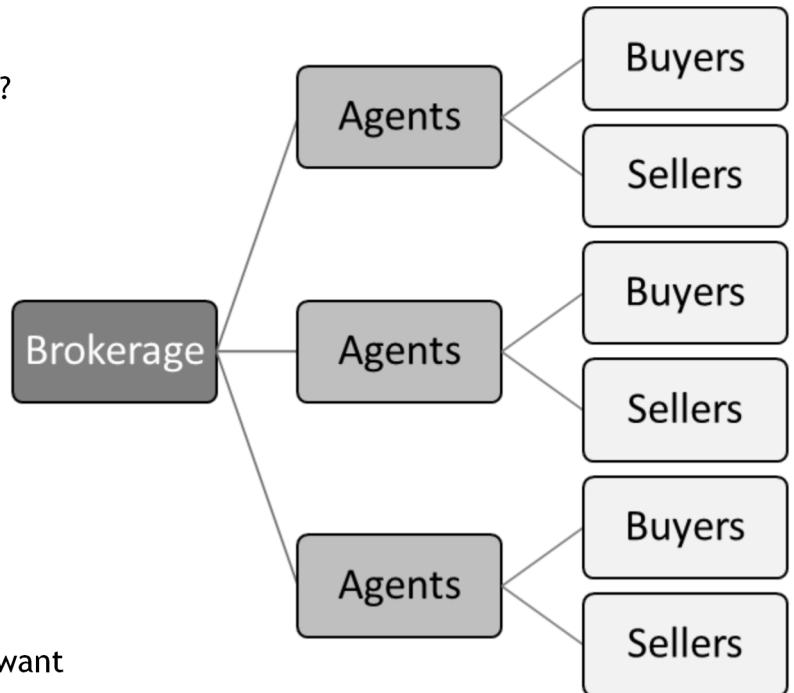
"To cross the ocean, you must have courage to lose sight of the shore."



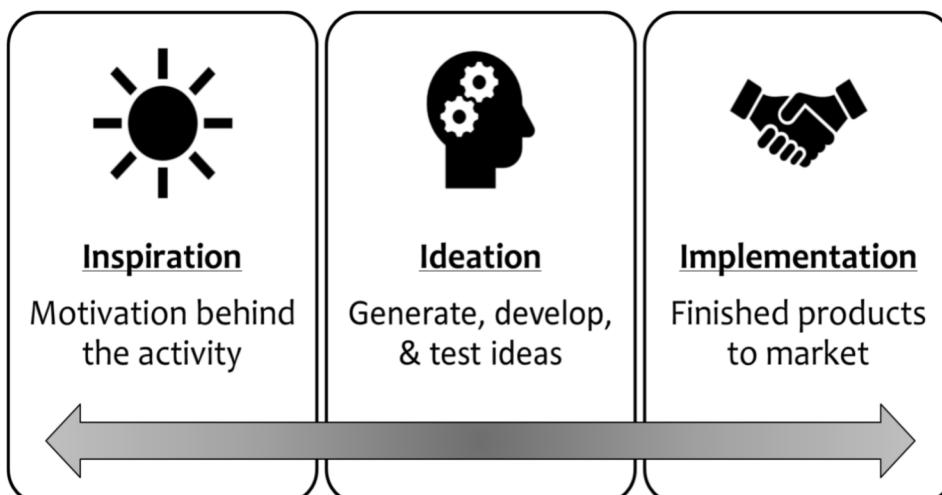
## Element 2: Creating Value

*Who are your customers?*

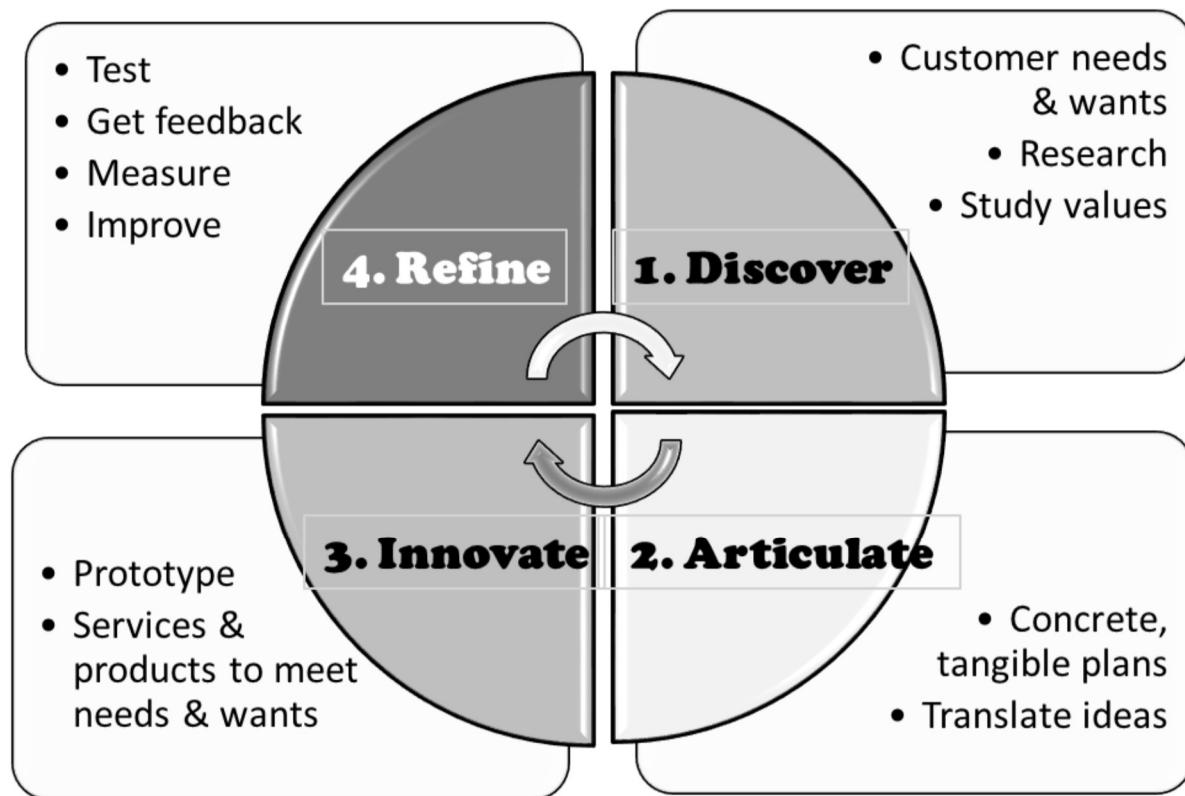
- ◆ Where are operational costs lowered?
- ◆ Where is additional client value created?
- ◆ What is the intersection of additional profit margin (#1 & #2 overlap)?



1. Who are your customers?
2. What do they want?
  - ◆ They know what they do NOT want
  - ◆ But often don't know what they DO want
  - ◆ Faster horses?
  - ◆ It's our job at the company level to figure out their needs & wants and to deliver it
  - ◆ 4-Step Cycle (refer to next page)



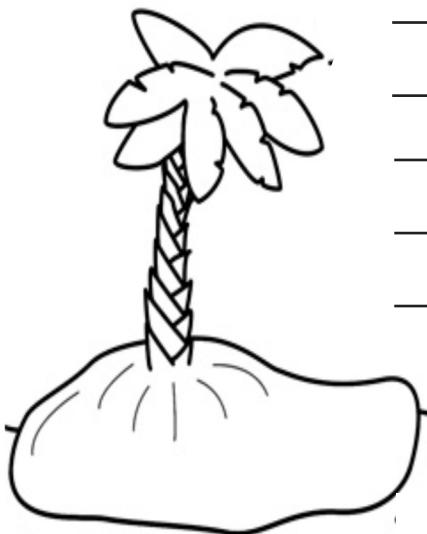
# Fulfilling Customer Needs & Wants



## ACTIVITY: Customers on Lost Island



*Brainstorm 3 New Customer Wants / Needs in the Market.*

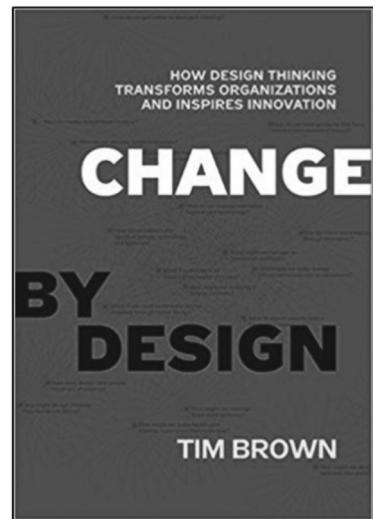


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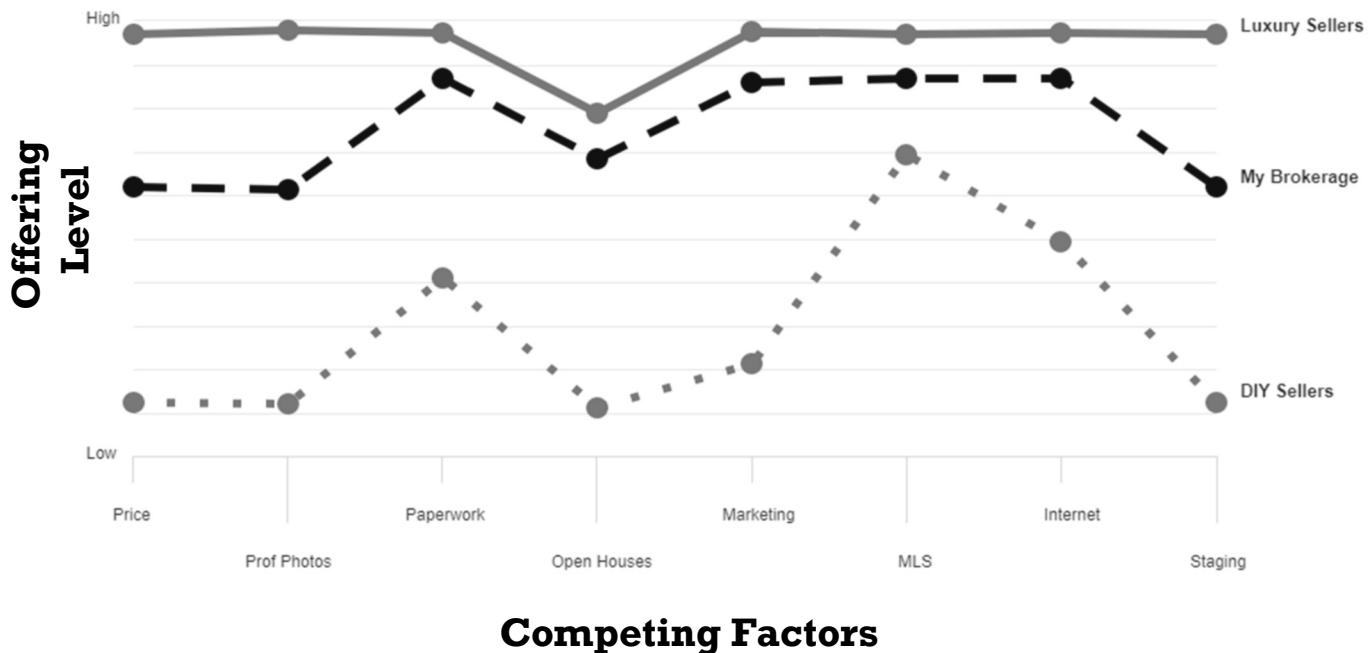
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## Element 3: Action Tools B.O.S.

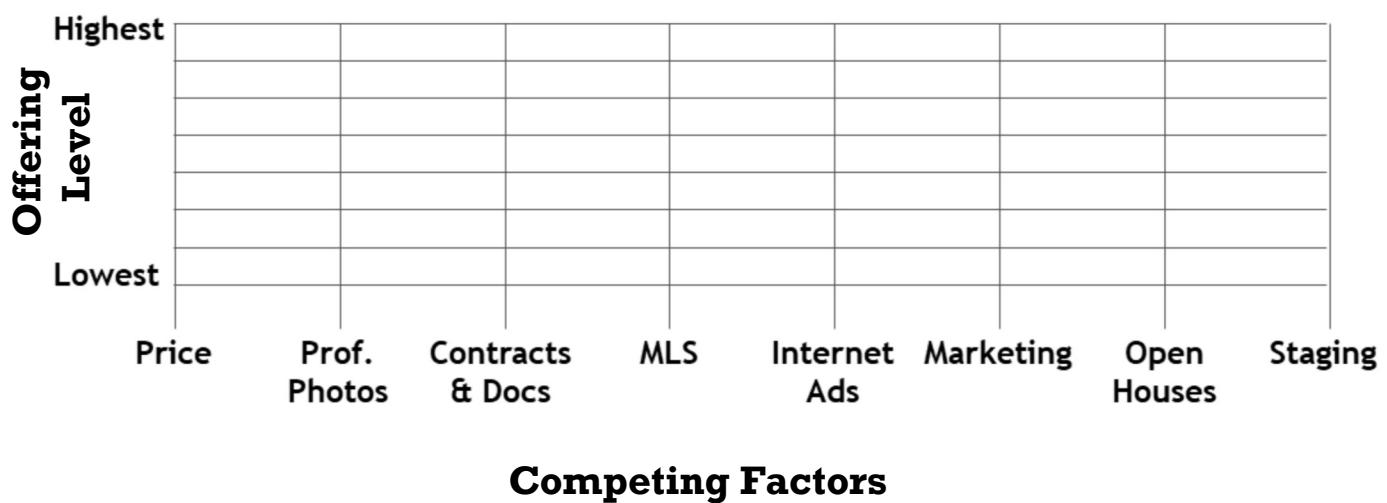
### Strategy Canvas



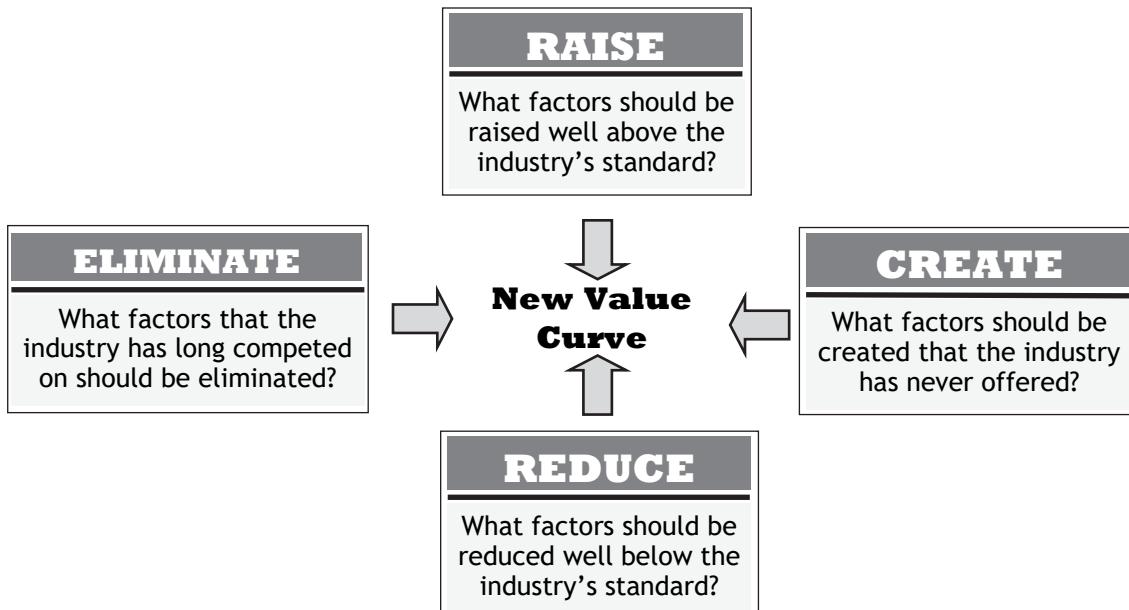
### Competing Factors



**ACTIVITY: Think  
Outside the Toolbox**

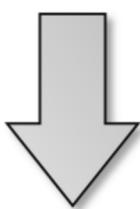


# Four Actions Framework



## Maximize Profit Margin



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- 
- ◆ Lower Operational Costs
    - ◆ Decrease Variable Costs (COS—Cost of Sales)
    - ◆ Decrease Fixed Expenses (overhead)
  - ◆ Leads to Increased Profitability
    - ◆ Raise Net Profit
    - ◆ Raise Profit Margin
  - ◆ Income Statement SAMPLE
- 
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## Element 4: Innovate by Design

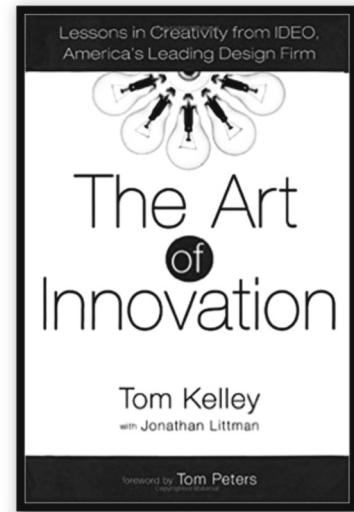


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- ◆ Creating something new
- ◆ Myth: Creativity randomly “just happens”
- ◆ Creativity is a process that can be learned



## Six Paths Framework

	<b>Head-to-Head Competition</b>	<b>Blue Ocean Creation</b>
<b>Industry</b>	Focus on rivals within its industry	Looks across alternative industries
<b>Strategic Group</b>	Focuses on competitive position within strategic group	Looks across strategic groups within industry
<b>Buyer Group</b>	Focuses on better serving the buyer group	Redefines the industry buyer group
<b>Scope of Product or Service Offering</b>	Focuses on maximizing the value of product and service offerings within the bounds of its industry	Looks across to complementary product and service offerings
<b>Functional-emotional Orientation</b>	Focuses on improving the price performance within the functional emotional orientation of its industry	Rethinks the functional-emotional orientation of its industry
<b>Time</b>	Focuses on adapting to external trends as they occur	Participates in shape external trends over time

# ACTIVITY:

## Dare to Dive Off the Plank



### *Six Paths Framework*

- 1) Look across alternative industries
- 2) Look across strategic groups
- 3) Redefine the customer groups
- 4) Look across complementary services
- 5) Rethink functional-emotional orientation
- 6) Shape external trends over time

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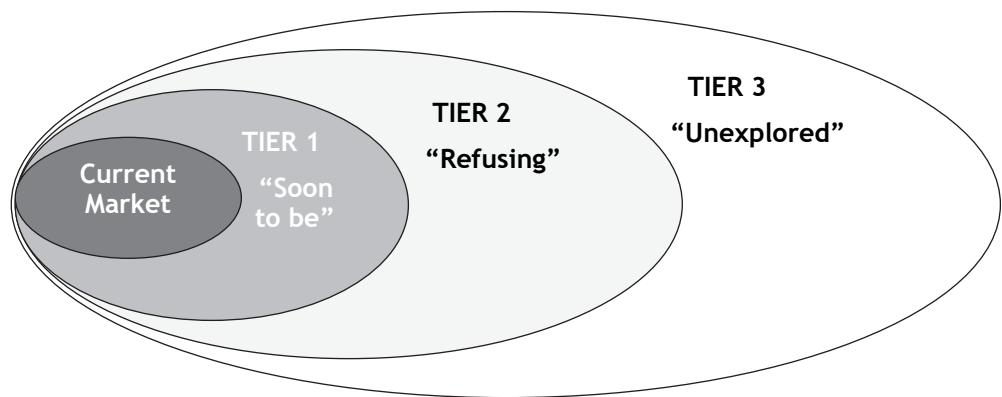
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## Discover New Non-Customers

### 3 Tiers of Non-Customers



Customers of your industry



"Refusing" non-customers who consciously choose against your market.



"Soon-to-be" non-customers who are on the hedge of your market waiting to jump ship



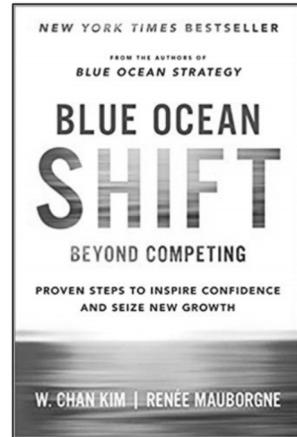
"Unexplored" non-customers who are in markets distant from yours.



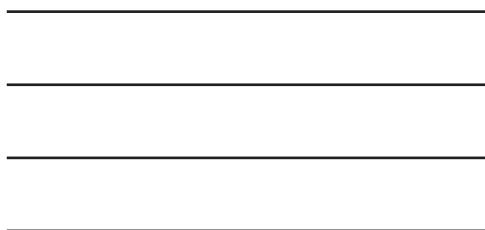
## Element 5: Don't Drown!



- ◆ No sustainable plan
  - ◆ Sailed too far away from shore
  - ◆ Unprepared for the long journey
- 
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## Hidden Icebergs below the Surface?



**Swim Back  
to Safety**

# ACTIVITY: Beacon of Light



*What is your action plan? How will you execute it?*



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## Books & Resources Recommended

**Blue Ocean Strategy: Making the Competition Irrelevant** presentation on YouTube by Dr. Zunaira Munir, published by USD School of Business on July 21, 2010

**Blue Ocean Strategy:** How to Create Uncontested Market Space and Make the Competition Irrelevant by W. Chan Kim, Renée Mauborgne

**Blue Ocean Shift:** Beyond Competing - Proven Steps to Inspire Confidence and Seize New Growth by W. Chan Kim, Renée Mauborgne

**The Art of Innovation:** Lessons in Creativity from IDEO, America's Leading Design Firm by Tom Kelley

**Change by Design:** How Design Thinking Transforms Organizations and Inspires Innovation by Tim Brown

# Appendix: Buyer Experience Cycle

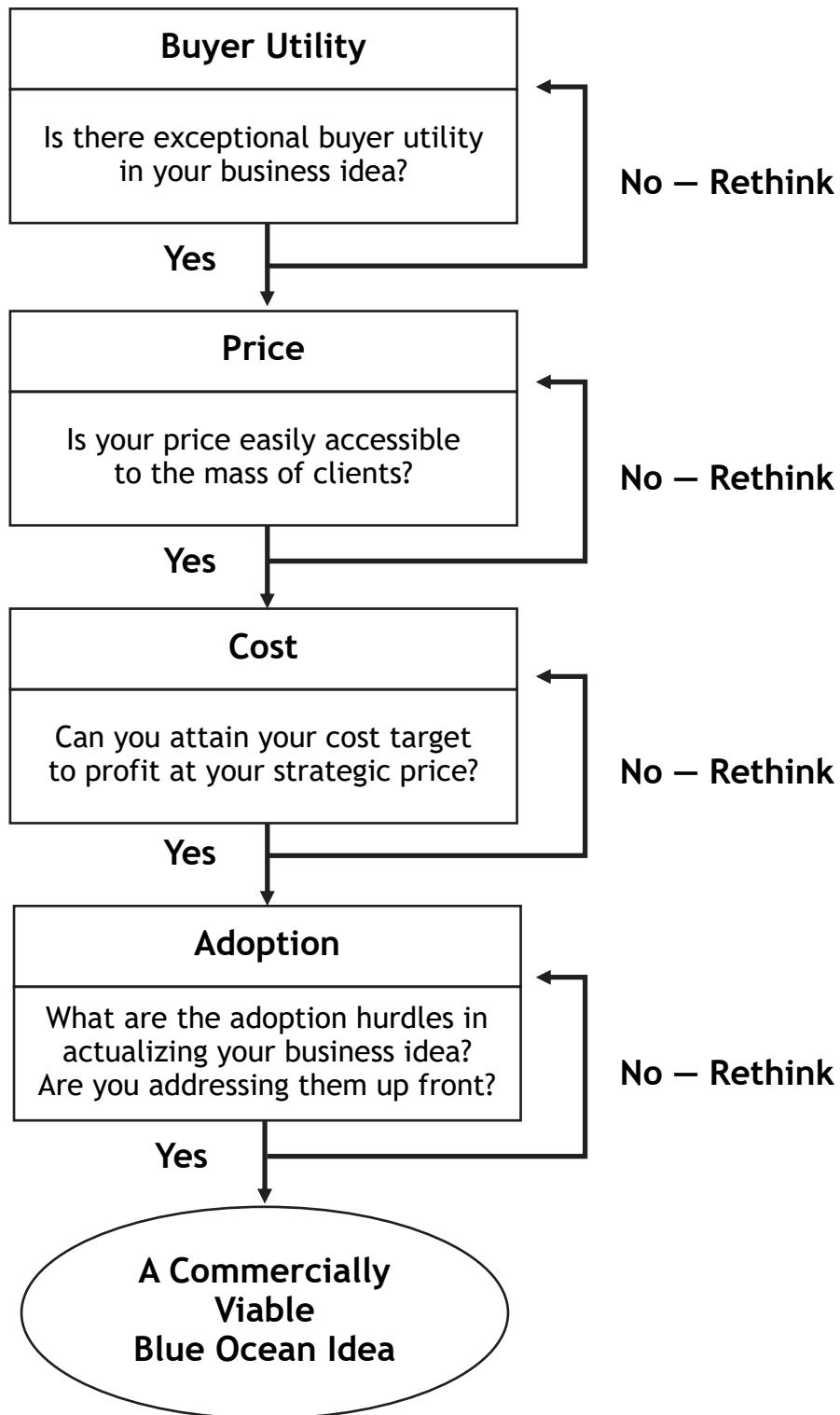
## *Uncovering the Roadblocks to Buyer Utility*

Utility Levers:	<u>1. Purchase</u>	<u>2. Delivery</u>	<u>3. Use</u>	<u>4. Supplements</u>	<u>5. Maintenance</u>	<u>6. Disposal</u>
<b>CUSTOMER PRODUCTIVITY</b> In which stage are the biggest roadblocks?	How long does it take to find the product you need?	Do buyers have to arrange delivery? If so, how costly and difficult?	Does the product or service deliver more power or options than required by the average user? Or is it overcharged with bells and whistles?	Do you need other products to make this product work?	Does the product require external maintenance?	Does use of the product create waste items?
<b>SIMPLICITY</b> In which stage are the biggest roadblocks?	Is the place of purchase attractive and accessible?	How difficult is it to unpack and install the new product?	Does the product require training or expert assistance?	If so, how costly are they?	How easy is it to maintain & upgrade the product?	How easy is it to dispose of the product?
<b>CONVENIENCE</b> In which stage are the biggest roadblocks?	How rapidly can you make a purchase?	How long does it take to get the product delivered?	Is the product easy to store when not in use?	How much time do they take?	How costly is maintenance?	How costly is disposal?
<b>RISK</b> In which stage are the biggest roadblocks?	How secure is the transaction environment?			How much pain do they cause?		
<b>FUN &amp; IMAGE</b> In which stage are the biggest roadblocks?			How effective are the product's features & functions?	How easy are they to obtain?		
<b>ENVIRONMENTAL FRIENDLINESS</b> In which stage are the biggest roadblocks?						Are there legal or environmental issues in disposing of the product safely?

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# Appendix: Sequence of Blue Ocean Strategy

## *The Right Strategic Sequence*



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# **My Action Plan**





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