Awareness, action and context-specificity of blue ocean practices in sales management

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Abstract

Purpose – This paper aims to investigate the role of new value creation mechanisms in a company's sales strategy. Using value creation and strategic marketing as theoretical approaches, the study explores the underpinnings of blue ocean strategy (BOS) and categorizes ways in which BOS is reflected in sales management activities. The link to performance and the influence of contextual moderation are also examined.

Design/methodology/approach – The article reports on a study on sales management in a 168-respondent survey of CEOs and sales directors of Finnish companies across industries. The operationalization is quantitative, and principal component analysis with the varimax rotation method is used to examine the companies' approach to executing BOS and the firms are categorized using the cluster analysis method. Furthermore, the linkage to self-reported business performance is statistically analyzed.

Research limitations/implications – This study identifies four approaches to using BOS: strategic awareness-building; customer-specific solution orientation; enforcement-orientation; and non-employment of blue ocean thinking. While only the enforcement-orientation cluster has superior performance to non-users of BOS across the entire sample, there are surprisingly notable performance differentials within different combinations of contexts.

Practical implications – The study points out that enforcing BOS at the level of action and implementation in sales management pays off. The findings entail that choosing between the identified BOS approaches and implementing them should be context-specific. Furthermore, the development of skills is emphasized over knowledge management.

Originality/value – For concepts primarily directed at managerial audiences, the theoretical foundations and empirical testability is often not the primary concern. This study presents investigative work geared at revealing the key factors underlying blue ocean strategies in sales management. The paper represents one of the first verifications of the link between blue ocean strategy and business performance.

Keywords Sales management, Value innovation, Business model transformation, Blue ocean strategy, Management strategy

Paper type Research paper

1. Introduction

This study examines how business model transformation constituting of completely new approaches into value creation drives the profitability and growth of sales activities. While we underpin our perspective to the company into the strategic marketing approaches (Srivastava *et al.*, 1999) that treat the company as a functional whole guided by strategic marketing, it is the goal of this study to assess the matter from the sales management perspective which manifests at the business model (business unit) level. In particular, the goal of this study is a reflection on the detailed actualizations of managerial practices on the business model level (e.g. organization

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and coordination mechanisms within the business model, tactical human resource management and practical processes and practices in strategic marketing and sales).

Blue ocean strategy (BOS) literature (Kim and Mauborgne, 2004, 2005a, 2005b) presents a largely descriptive approach into assessing how successful companies are capable of creating business model transformations that provide a foundation for creating completely new value offerings to the marketplace. Such new and even disruptive approaches are presented as key for competitive advantage. Despite its popularity (e.g. Wall Street Journal Bestseller, Businessweek Bestseller and Amazon.com's Top Business Book of the Year in 2005 and very popular ever since with three million copies sold worldwide by mid-2010) or perhaps because of it, fairly little scholarly attention has been paid to study the BOS concept, its robustness or applications. Outside of W. Chan Kim's and Renee Mauborgne's own articles (Kim and Mauborgne, 2005a, 2005b) and book reviews, there are only a handful of papers studying the concept explicitly. Albeit many are presumably in process, Pitta's (2009) application of BOS to brand management in the downturn economy, Lasen's and Ward's (2009) analysis of the progression of consumer needs, and an earlier account of third-party logistics strategies (Kim *et al.*, 2007) remain the only published articles. Naturally, the same phenomenon of entirely new and innovative business models and strategies has been studied under, e.g. the rubric of disruptive innovation (e.g. Christensen and Raynor, 2003).

Despite the absence of attempts to test BOS, the internet is full of references to blogs, book reviews, business books and discussion forum entries criticizing BOS. The most common arguments include following: descriptive orientation, a "new bag of old tricks", lack of statistical evidence and reliance on non-replicable one-off case storytelling. Some more sophisticated critiques discuss the attraction and other dynamics of competition and that the marketing execution of a selected BOS seems to be taken for granted (Pollard, 2005). Literature on the emphasizing the essence of implementation in strategy (e.g. Freedman, 2003), marketing (e.g. Gummesson, 1998; Cravens, 1998) and sales management (e.g. Strahle *et al.*, 1996) agrees. Reflecting the popularity of the concept, the nature of the criticism and the lack of empirical evidence, this article has a general and secondary objective of evoking discussion over validating popular management concepts in business research and journal outlets at the business-academia interface. Thus, the article also partakes in the discussion about the interface and integration of scholarly marketing research, decision-making, industry practices and related consulting knowledge (Shugan, 2004, 2007; Mohe and Seidl, 2009). As the BOS concept has primarily been directed at managerial audiences, the justifications, antecedents and theoretical underpinnings of the concept are hidden. Empirical testability has neither been the primary concern. This article attempts to open this missing avenue for such approaches to BOS, by performing a conceptual *ex post* partitioning of underpinnings of BOS and an explorative test on its ability to produce competitive advantage.

More specifically, the primary objective of this article, is to respond to the research gap concerning whether BOS works at the level of sales management. Instead of making it complicated, we have conducted an empirical analysis of sales management orientations as reflections of BOS. By seeking a categorization of "BOS sales management", we are looking for links between potential implementation paths and the general performance of BOS (see Kim *et al.*, 2009). Our research question is thus simple: How does blue ocean strategy in sales management relate to firm performance?

In this study, we set to uncover how such approaches affect the sales performance of a company by assessing a data set of 168 questionnaire responses by CEOs and sales directors. The data set provides empirical data on the business unit level organization of sales management activities in Finnish business organizations.

By clustering the respondents' approaches to BOS and analyzing differences between these clusters, our findings suggest that the creative enforcement of BOS at the level of sales management practices seems to increase the sales performance of companies in general. Additionally, we show that a majority of the companies, whose higher management participated in the study, lacked the courage to experiment and develop the required transitory business models to actualize the benefits for business performance embedded in BOS approaches.

2. Dismantling blue ocean as a business model concept

The concept of blue ocean strategy is similar to Ansoff's generic market development strategy (Ansoff, 1965). However, it brings in new perspectives to by referring to market redefinition, instead of mere traditional market-making, i.e. increasing the customer potential (Kim and Mauborgne, 2005b, Chapters 1 and 5). In other words, the difference between market-making and market redefinition is that the latter is focused on novel value creation logics regardless of change in customer numbers. BOS thus introduces the concepts of creation and recreation of new business models, creating market space by redefinition and technological innovation enabling new earnings logics to classical market development in business strategy (Kim and Mauborgne, 2004).

Our theoretical perspective, as briefly described in the introduction, adapts the perspective of seeing core company processes to be managed as a unified value creation mechanism united by strategic marketing (Srivastava *et al.*, 1999). Radical altercations in any of these core processes may create unanticipated success in the marketplace relative to competition. Blue ocean strategy (Kim and Mauborgne, 2005b) can be linked to this underpinning as a description of these radical approaches. The scope for this study, in particularly BOS and business model transformation, focuses on the sales management activities of the company. Additionally, we suggest that the successful BOS manifests as applications of service-dominant logic by Vargo and Lusch (2004, 2006) and service business model literature in general. Our empirical data puts this observation into practice.

In this view, marketing has been seen the leading driver of all organizational processes for the continuous and systematic development of organization to better satisfy the need of its customers and simultaneously drive shareholder value. The core processes of a firm are identified to be the product development management (PDM), supply chain management (SCM) and the customer relationship management (CRM) (Srivastava *et al.*, 1999). The systematic and holistic strategic management of these core processes have been postulated to be the key for effective long-term strategy deployment. Less attention, however, has been directed to how the management of these processes in the aforementioned way creates competitive advantage and manifests in practice.

In this study, we aim to build a link between these theoretical underpinnings and the literature on BOS (Kim and Mauborgne, 2005a, 2005b) through exploratory empirical evidence.

One must bear in mind that the literature on BOS still lacks a scientific theoretical corpus. Thus, in this study, BOS is conceptualized as what it is commonly understood;

creating unconventional, unanticipated and even surprising business models that create completely new ways of delivering value to the customer in the marketplace contra the competition. Mature markets, limited demand and commoditization (characteristics of red oceans (Kim and Mauborgne, 2005b)) are also challenging companies that have the principal means to circumvent them. In order to do so, the principal mechanisms offered are tapping into markets of growing demand, entering uncontested markets and value innovation (Kim and Mauborgne, 1997, 2004, 2005a, 2005b). In this paper, we concentrate on exploring Kim and Mauborgne's key proposition that with BOS, growth can be profitable. We associate growth to revenue generation, to sales performance and, through them, to sales management.

Blue ocean literature can be viewed as a polarization of the aforementioned studies in firm marketing strategy for it offers a myriad of practical observations and descriptions, but lacks a scientific approach to corporate marketing strategy. Even as it can be described to constitute mostly of relatively casual assessments, it is our view, that they are actually often describing the practical manifestations in how the management of the core company processes (PDM, SCM and CRM) can be used to create competitive advantage by creating superior offerings. This is potentially conducted by changing industry logic and the business exchanges in different and novel contexts regarding competition. In this study we conceptualize and assess BOS from a scientific standpoint and, through a wealth of data, show that embarking on BOS can be seen of potential benefit for the performance of the company.

In the BOS literature, it is unclear which level of analysis the blue ocean strategies actually operate on. Conceptually, we assume the stance that BOS operates primarily at the level of the business model. Recently, the concept of a business model has been sharpened from representing the pricing models of ICT companies (Venkatraman, 2000; Hamel, 1999; Von Krogh and Cusamano, 2001; Sweet, 2001) to represent the tactical core of value creation and economic logic in terms of revenue generation (Amit and Zott, 2001; Magretta, 2002), and to the managerial decision-making system (Tikkanen *et al.*, 2005).

Particularly, perspectives on business model transformation and disruptive business models (e.g. Ratliff, 2002; Feng *et al.*, 2001; Williams, 2001) are useful. Sharing an ideological foundation in Schumpeterian creative destruction, both blue ocean perspectives and business model transformation adhere to a perspective that the key characteristic of a business model is the ability to swiftly create completely new structures in accordance with market change (see, e.g. Sauer and Willcocks, 2003). The necessity of disruption in business model transformation has also been verified in the contexts of vertical integration (Christensen *et al.*, 2002, Jacobides and Winter, 2005), diversification (Miller, 2004) and new-product, new-market combinations (Mosey, 2005). In these contexts, business model transformations are assumed to take place in a networked context, in which transforming business models both needs and causes dynamic changes in network structures (Möller *et al.*, 2005).

If the conceptual foundations resemble business model literature, the theoretical core for blue ocean thinking could stem from the theory value creation in business model transformation, particularly along the lines of service dominant logic (Vargo and Lusch, 2004, 2006). Particularly, the logic of BOS in entering completely new markets has the same premises as service dominant logic. In both approaches, the business model transformation process consists of acquiring the necessary information, converting the information into knowledge and designing value propositions consisting of novel and complex customer-enterprise exchanges based on this knowledge and turning these value propositions into action.

For existing companies attempting to embark into new business opportunities by the creation of more radical strategies the imperative for business model transformation remains. Thus, the question persists; what approaches and logic are paramount for the business model transformation for successful business results?

BOS thus contributes through at least five central perspectives to business model thinking:

(1) Process, evolution (vs outcome-orientation).
(2) Radical recreation.
(3) Managerial cognition.
(4) Market space redefinition (different from market-making).
(5) Technological innovation.

Drawing from these perspectives, we build the following explorative hypotheses, encompassing the key aspects of BOS in sales strategy and management:

H1. Blue ocean strategy, when conceptualized as a business model transformation aimed at creating novel value by transforming traditional industry-specific roles and networks, is related to profitable growth.

Additionally, we wanted to conduct an exploratory test on the generalizability of the impact of BOS strategy on profitable growth within different firm types and business environments:

H2. Blue ocean strategy will have a uniform effect on performance within different firm and context characteristics.

3. Research design

3.1 Data

The data collection was carried out through an internet survey among firm managers across various industries in Finland. An invitation to answer to the questionnaire was sent by e-mail to the CEOs, sales directors, sales managers and marketing managers of approximately 8,000 companies. In the header, the survey was positioned as a "sales management survey" and thus a perspective of sales management was requested from the respondents. Usable responses were obtained back from 568 companies, yielding a response rate of about 7 per cent – a fairly typical figure for web surveys. From this sample, companies with sales less than 20 Meur per year were screened away. This screening activity was motivated with the goal of focusing on companies of sufficient size to include actual sales management processes (apart from day-to-day selling), and in so doing, to test BOS in accordance with firms that are represented as case examples in BOS literature. This left us a sample of 168 companies.

3.2 Blue ocean parameters

The operationalization of the key principles of BOS was conducted based on the key sources of BOS literature (Kim and Mauborgne, 1997, 2004, 2005a, 2005b) resulted in list of 13 BOS questions from sales management perspective. The items used were included in a much larger set of questions inquiring about the firms' sales and marketing strategies and management. The responses were rated on a seven-point Likert scale, and the measures obtained were treated as interval scaled. The survey items were tested with a group of sales management consultants, sales managers and sales management researchers. The resulting 13 blue ocean survey items are listed in Table I.

There is a distinct logic behind conceptualizing each of these items. For example, item 5: "Strategic emphasis on industry transformation" is conceptualized as an emphasis in the respondent's sales strategy on the creation of novel value by transforming traditional industry-specific roles, relationships, and business models. This became operationalized as the following survey proposition: "In our sales strategy, it is central to make initiatives to create completely new kind of value by transforming traditional industry-specific roles, relationships, and business models in certain geographical market areas" and measured by asking the respondents to rate the statement on a Likert scale (0 = strongly disagree, 7 = strongly agree). The measure obtained from this question was treated as interval scaled. All items have a similarly constructed logic.

3.3 Dependent variable – profitable growth

As the dependent variable, a relevant business unit performance measure, we utilized profitable sales growth, since it is unquestionably one of the most important measures of successful business model execution. We used a measure that pertained to the business unit's profitable sales growth during the past year. The specific measure was a product of a manager-respondent's responses on two items. First, we asked the respondent to report the sales growth of his/her firm in the last year, with the question: "How, approximately, did your company's sales develop last year from the previous year?" The responses were recorded on a ten-item scale ranging from "decreased by

Items	Kim and Mauborgne sources
1: Emphasis on scrutinizing the utilization channel innovation	2005a,b
2: Emphasis on scrutinizing commercialization of product/service competence	2004, 2005a,b,c
3: Emphasis on scrutinizing alternative earnings logics for new cash flows	2004, 2005a,b,c
4: Strategic emphasis on novel (customer) value	1997, 2004
5: Strategic emphasis on industry transformation	2005a,b,c
6: Strategic emphasis on leveraging existing offerings in new geographical markets	2004, 2005a,b,c 2004, 2005c
7: Activities in developing and offering customers total solutions	2004, 2005a,b,c
8: Activities in co-creating new value with customers	2004, 2005a,b,c
9: Activities in creating network-produced solutions	2005b,c
10: Activities in aggressive value network management	1997, 2005b,c,
11: Investment into new audiences for new offerings	2004, 2005a,b,c
12: Investment into educating market interface personnel to produce and sell new offerings	2004, 2005c
13: Investment in defining, testing and piloting new offerings in new markets	1997, 2004, 2005a,b

Table I. Operationalized blue ocean parameters more than 50 percent" to "increased by more than 50 percent". Second, we asked the respondent to subjectively assess the development of the operating income percentage of his/her firm last year, relative to the previous year, with the question: "Compared to the previous year, how did your firm succeed last year with regard to operating income percent?". The responses were recorded on a seven-item scale: "much worse", "worse", "somewhat worse", "equally', "somewhat better", "better" and "much better".

The responses to the first question were transformed onto logarithm scale and standardized by dividing the resulting value with (double) the standard deviation of all the firms' values. The distribution of values obtained this way was consequently shifted to the right so that all the values would be positive. Responses to the second question were coded on an interval scale from 1-7, and the values obtained were standardized by further dividing them with (double) their standard deviation. The two standardized values per firm were then multiplied with each other to obtain a product value for profitable sales growth of the firm.

This operationalization concentrates on analyzing the degree of systematization of BOS sales management activity. Therefore, the research design demonstrates sources of competitive advantages emerging from investments in certain activities. Thus, the underlying idea is that firms with limited resources available for process development are hypothesized to be better off by focusing development efforts on those processes where the profitable growth impact is greatest.

3.4 Factor analysis and clustering

The factor analysis method was used to examine the companies' BOS choices reflected in the way they employ they report systematically using the different BOS parameters. To conform to the assertions of Costello and Osborne (2005) concerning the exploratory factor analysis, principal components analysis (PCA) with varimax rotation was used. There are several views on the minimum number of cases required for the factor analysis. Hair *et al.* (2006, pp. 112-113) recommend that the minimum sample size is 50, but 100 or larger would be preferable. Generally, an adequate number of cases range from 100 to 300 (Gorsuch, 1983; Hatcher, 1994; Hutcheson and Sofroniou, 1999; Norušis, 2005, p. 400). Also, it is recommended that there should be at least five times as many observations as the number of variables to be analyzed (Bryant and Yarnold, 1995; Hair *et al.*, 2006, pp. 112-113). As the data of the present study consists of 168 cases and the final factor analysis had 9 variables this subjects-to-variables ratio equals 18.77. Furthermore, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.82 in the present study and thus exceeded the recommended level of 0.50 (Hair *et al.*, 2006, pp. 114-115). Overall, it is likely that the results from our analysis based on the PCA have sufficient explanatory power.

The firms were further categorized into three groups using the cluster analysis method. In general, the objective of cluster analysis is to group objects based on their characteristics so that there is a greater similarity among units within groups than there is among units in different groups (Klastorin, 1983, p. 92; Everitt, 1993; Hair *et al.*, 2006, pp. 555-628). Cluster analysis begins by formulating the clustering problem and by defining the variables on which the clustering will be based (Hair *et al.*, 2006, pp. 555-628). In the present study, these variables were based on the preceding factor analysis. The clustering method that was used was K-means reassignment method, which splits a set of objects into a selected number of groups by maximizing between-cluster variation relative to within-cluster variation (Punj and Stewart, 1983;

Steinley, 2006). It is a non-hierarchical clustering method where the number of clusters has to be determined in advance.

The moderating effects of firm and context characteristics to the BOS-performance link were investigated by analyzing whether there is a significant difference between the various blue ocean approaches. The performance-relationships of the produced four-cluster classification were compared in different situations characterized by selected moderating variables available in the survey (company size, turbulence of business environment, primary nature of sales activities B2B vs B2C, categorization into service vs non-service businesses). Pair-wise combinations of the four-cluster classifications (cluster 1 vs 2, 1 vs 3, 1 vs 4, 2 vs 3 and so on) were conducted under all second-order combinations (e.g. small + turbulent, B2B + service) of the moderating variables, one-by-one. The pair-wise *t*-tests were run with pre-designated $p < 0.05$ significance.

4. Results

4.1 Factors and clusters of BOS

In this section, we present the results of the exploratory factor analysis reflecting companies' key approaches for BOS. The focus here is, firstly, on identifying the factors, which represent different approaches to BOS. Second, we identify how firms group to differ in relation to these approaches to be able to link them to performance. The focus is thus not on how the firms differ in their demographics relating to these groups.

The factor analysis revealed four underlying patterns that are identified as key approaches for BOS. The choice of the number of factors to use was determined by the number of factors with eigenvalues in excess of one. As a result, four factors accounting for 73.57 per cent of the variance were extracted. The results of the factor analysis and the interpretation of factors are presented in Table II. The three factors derived from out analysis emerged distinctive (Table III). In sum, they demonstrate the different emphases firms have to BOS as:

- "value net building";
- "industry transformation"; and
- "commercialization".

	Factor			
	1	2	3	h^2
Factor 1 "Value net building emphasis"				
Variable 8: Co-creating new value with customers	0.874			0.807
Variable 7: Developing and offering total solutions	0.837			0.742
Variable 9: Creating network-produced solutions	0.831			0.794
Variable 10: Aggressive value network management	0.692			0.682
Factor 2 "Industry transformation emphasis"				
Variable 5: Industry transformation		0.845		0.843
Variable 4: Novel (customer) value		0.835		0.768
Variable 6: Leveraging existing offerings in new markets		0.669		0.562
Factor 3 "Commercialization emphasis"				
Variable 2: Commercializing product/servicecompetence			0.918	0.915
Variable 3: Alternative earnings logics for new cash flows			0.894	0.901

Table II. Factor loadings and interpreting the factors

After identifying these three different strategies through the factor analysis, the standardized variables were subjected to K-means cluster analysis. The purpose was to identify distinct clusters in which the firms are organized in terms of their relation to the BOS approaches. The analysis was performed with a number of clusters ranging from two to five. The four-cluster classification was found to be easily interpreted and theoretically interesting.

The clusters were interpreted to account for a typology of blue ocean approaches as follows:

- *Group 1.* Awareness-building (Reports strategic planning but not in practical activities or at the customer interface).
- *Group 2.* Customer-specific solution orientation (Active in the customer interface, seeking BOS together with customers only when business opportunities arise).
- *Group 3.* Enforcement-orientation (Active with everyday BOS sales activities, but no or little strategic planning).
- *Group 4.* Non-employment (Not active with BOS operation in customer interface, strategic planning or sales activities).

Typically, Group 1 can be conceptualized to consist of companies that express a strategic intent to transform the industry logic. Acting larger than their market power is typical of these companies (Kim and Mauborgne, 2005a). Positioning themselves at the high end of the market- or industry-specific value innovation continuum, more rhetoric than sacrifices can be expected from these companies, given the absence of the investment parameters from the cluster in this operationalization. Group 2 represents companies making efforts at the customer interface. With outlook effectively distancing themselves from value strategizing and in the lack of investment, this approach is typical among, e.g. subcontractors operating in tight partnerships, project companies co-creating large one-off deals and high tech, science and technology companies with large customer-specific R&D spending. Group 3 possesses a very clear emphasis on commercialization and a focus on finding skills-based everyday opportunities for creating alternative earnings logics, business model details and most likely also pricing-related means for capitalizing on BOS on a fairly short temporal interval. Group 4 remains distant from all of the factors and can be interpreted as a probably heterogeneous group of companies not employing BOS parameters systematically in sales management.

4.2 Moderating effect of firm and context characteristics

The moderating effects of firm and context characteristics were investigated by analyzing whether there is a significant difference between the various blue ocean approaches. Table IV shows all significant differences between any pair of approaches (1-4) in situations characterized by selected moderating variables available in the

Table III.
Cluster centers of firm groups

	Group 1	Group 2	Group 3	Group 4
Value net building	0.946	0.214	0.0279	− 1.413
Industry transformation	−1.000	0.855	0.000	−0.612
Commercialization	−0.819	− 0.561	1.059	− 0.5676

Table IV. All significant ($p < 0.05$) differences in profitable growth between clusters, better performing listed first

General: 3-4	Large	Medium	Turbulent	Non-turbulent	B2B	B2C	Service	Non-service
Large (>200 Meur per year)	1-4	–	1-4	–	1-4	–	1-4	–
Medium-size (20-200 Meur per year)		–	3-4	–	–	1-4, 2-4, 3-4	–	–
Turbulent			2-4, 3-4	–	–	1-4, 2-4, 3-4	–	3-4
Non-turbulent				–	–	–	1-2	–
B2B					–	–	–	–
B2C						1-4	–	1-4
Service							–	–
Non-service								3-4

survey (company size, turbulence of business environment, primary nature of sales activities B2B vs B2C, categorization into service vs non-service businesses).

The analysis yields some confirmatory evidence into the general hypothesis of there being a positive relationship between BOS and company performance. There is one general level finding: Group 3 (enforcement-orientation) is superior to Group 4 (non-employment). The comparison of the clusters across context moderators reinforces this observation. When moderated with a pair of the eight parameters, half of the moderator combinations reveal significant differences between clusters; all suggesting that not engaging in BOS is the inferior alternative.

Some other trends can be observed. Awareness orientation works better than non-enforcement in specific contexts and context combinations. For example, large companies, as such and combined with turbulence, B2B and services, report differences between awareness-building and non-enforcement. This also applies for B2C companies alone, combined with medium-size, turbulence and non-service. It seems, that while large companies generally are able to strategize, very large B2C companies are chained by their commoditized and competed markets to the degree, that value innovation plays but a relatively minor role in sales management.

Another observation is that only medium-sized or turbulent B2C businesses reveal unequivocal differences between all those who engage in BOS and those who do not. Such cases reveal a clear dichotomy between situations in which, on the one hand, BOS planning pays off, and on the other, pragmatic BOS activity pays off. This relationship does not coexist except for the aforementioned small and turbulent B2C businesses. Turbulence is the most common moderator leading to stimulating differences across the BOS approaches. Working at the customer interface is significant in turbulent markets only.

5. Discussion

This paper establishes a preliminary empirical research stream, as investigations into the performance outcomes of strategies oriented particularly at radically new value creation are still uncommon (e.g. Barry and Terry, 2008, Ulaga and Eggert, 2008). Using value creation and strategic marketing as theoretical approaches, the study finds that at the level of sales management, the strategic seeking of uncontested market space by creating totally new network roles, value creation logics and benefits for customer does indeed facilitate profitable growth among respondents. *H1* is supported. In so doing, however, our empirical investigation has produced a preliminary typology for companies attempting to perform BOS and shown differences in how they link to performance. The importance of implementation is shown in the strong role of enforcement-orientation in the results. Nevertheless, this is one of the first empirical supports for BOS globally.

The results emphasize the contextual nature of BOS implementation, and suggest more nuanced perspectives of the actual situation-specific workings of BOS approaches. *H2* is not supported. Only in non-turbulent service businesses is it clearly not a good idea to go about BOS primarily by experimenting in the customer interface. Additionally, it seems, that particularly in turbulent industries, there seem to be considerable differences in how BOS operates. The study points out that different approaches to BOS work in different contexts and context combinations. This emphasizes the need for elaborate BOS management and not the absorption of BOS thinking as a general mantra. The results challenge the notion of blue ocean approaches, in and of themselves, as constitutive of a business model, or as a sufficient approach to new opportunity creation and capitalization. Links to performance, at the end of the day to cash flow, are governed by the fit between the context and selected approach to BOS.

The obvious exploratory nature of this study must be remembered. However, this exploration serves a particular point, as this article opens up the avenue for scrutinizing BOS and its fundaments in a more rigorous fashion, and hopefully also sets an example for doing so with other similar concepts.

The preliminary nature of the conceptualization and subsequent operationalization of the BOS perspective is naturally a source of uncertainty for the research design in its entirety. Our treatment of BOS in terms of this study is suggestive, as it lacks a formulated theoretical foundation. Part of the exploratory nature of this study is our bringing them into the context of sales management issues. Our conceptualization of BOS and its subsequent operationalization can certainly be contested from various different perspectives.

Additionally, our methodology lacks the possibility of introducing control variables. Also, because the data were from a single questionnaire, the possibility of common method bias exists (Malhotra *et al.*, 2006). Following Podsakoff *et al.* (2003) we employed various procedural remedies related to questionnaire design (e.g. protecting respondent anonymity,) and checked for whether a single factor accounts for most of the variance in the data (this was not found to be the case. Yet, common method bias cannot be ruled out completely.

6. Management implications: action over awareness

This article conceptualizes BOS in the context of business model literature and provides evidence that, at the very least, coupled with an implementation focus, BOS in sales management has a link to profitable growth. Given the emphasis on managerial cognition in business model thinking (Tikkanen *et al.*, 2005), the question emerges: how should the presented findings on blue ocean thinking influence general and sales managements' perception of business models? Additionally, how should perceptions become actualized into the concrete managerial actions of creating, renewing, using and communicating novel business models? The managerial implications below are constructed from the perspective of managerial cognition and business model thinking, and work both as suggestive managerial recommendations and proposition-like research avenues.

6.1 Implementability is key in making use of BOS

Our study points out that enforcement-orientation is the main concern in the potential creation of blue ocean market opportunities. Despite the inherent ideas of novelty and radical change, the concern of implementability should be present early on in the strategy process. Questions of sales and management staffing, partnering and development programs are at the nexus of implementation. Management should be asking themselves: "Will I be able to recruit the people who actually do this and can I do it fast enough? Who will design the market area-specific details? Can we do this with our existing service providers?" One of the major concerns is who takes initiative. Existing sales teams concentrated in queuing up for bonuses based on current product- and clientele-based successes are not the likely people to drive the implementation of novel business developing processes. Thus, many companies have adopted practices where blue ocean advocacy is rewarded with options and shares in the lack of direct bonus-paying metrics. Also, in implementation, change management is obviously also an issue, so HRM people need to become incorporated in the relevant decision-making processes. These implications are in line with Shugan's (2004) postulations that existing, well-proliferated management and marketing models are most useful when carefully put into practice.

6.2 Manage BOS through the pragmatics of business models

In addition to finding the people and ways for BOS implementation, practical changes must take place in the pragmatic components of the company's business model. Studying consulting-oriented concepts, such as BOS, can be a bastion of explanatory power. We propose some approaches in which the identified contributions of BOS to business models (evolution-orientation, radical recreation, market space redefinition and technological innovation) can be practically linked with the sales management issues of a business model.

The managerially oriented iteration of the findings below provides an example of how this can be done in attempts to bridge blue ocean strategy approaches with business model thinking.

Exercising and developing leadership approaches should be based on developing the right organizational mindset for BOS activities. In terms of the business model, this implies managing the belief system in the form of reputational rankings, industry recipes, boundary beliefs and offering ontologies (e.g. Tikkanen *et al.*, 2005). Instead of generic "free your mind", leadership meetings and executive education, design and implementation of pragmatic managerial practices should be emphasized. One potential exercise is to develop incentives to limit talk about institutionalized industry rules ("we are supposed/expected to . . . "). There can even be, e.g. protocols for that. Additionally, such practices might include customer-led product innovation workshops in the boardroom. Opening up a future-oriented discussion program with a closest rival might accomplish a similar cognitive trick.

As managers' cognitive capacity is always constrained by limited time and the resulting rush, linking BOS activities to decision-making situations is a good idea. This advocates for increasing the use of benchmark case studies and company-internal white papers in sales team meetings. Such cases should demonstrate not only the solution, but also the potential implications to the material components of the business model, historical accounts, and most importantly, an explanation of the changes needed and taken place in managerial mindsets. If a comprehensive approach seems problematic to implement, a practice of saying that "BOS can be forgotten except for decision-making situations A, B and C and the creation of new situations" may be, policy-wise, potentially useful as well.

6.3 Concentrate on developing BOS-specific skills

Given that succeeding with BOS is implementation-oriented, and that cognition-laden business people are perennially tied to practicalities, such approaches need to concentrate on skills, not knowledge. The situation can be viewed analogous to value-based management. Many companies struggle with the development of actual value-based pricing and related sales skills, even if there is general managerial consensus of the need for value-based selling. E.g. developing joint meeting methodologies, order of argumentation and the right level of sophistication in value calculations work here. In BOS, skills such as managing a staff meeting to articulate a sudden change in strategy, shuffling star salesman positions and renegotiating distributor contracts due to downstream organic vertical integration can be thus considered of practical importance. Table V works as a useful competence-development guide.

6.4 Establish contextual sensitivity for employing BOS

In the results, noticeable differences can be discerned regarding how our rough classification of four clusters operates with performance in different contexts. Combining at least two different context characteristics can produce an entirely different picture of the implications of BOS.

The need for contextual sensitivity raises several Transferring business models and BOS thinking between firms, industries and countries has significant risks. Arguably, this challenges one of the important sources of the popularity of the seminal BOS books, articles and case studies, i.e. their context-spanning messages. Also, if BOS thinking is this sensitive to basic business parameters such as size and turbulence, what is the generalizability to, e.g. developing economies where the value of transactions is small and where infrastructure for business is still emerging? What about BOS and its influence on the business models of not-for-profit and for public sector organizations?

These recommendations do not suffice to constitute a robust framework or toolkit for assessing the value of any given business model, or specifically, business models aimed at creating totally novel value. This is the subsequent logical step, as research needs to build on existing information and through empirical reasoning come to first initially verify practices of BOS thinking. Such developments seem evident, as having understood the basic premises of BOS, we can move forward by understanding that managers are now looking for practical toolkits that allow for the design of new business models, not only their assessment.

Table V. Linking BOS thinking and business model component management

	Strategy and structure	Network	Operations	Finance and accounting
Evolution-orientation	The organization of (sales) responsibilities and areas needs to be agile (Doz and Kosonen, 2008)	Designing industry evolution paths and scenarios with subcontractors and distributors	Demanding flexible production concepts in order to avoid being forced to sell locked-in capacity	Economic value added-based metrics, customer value budgeting and value-based pricing
Radical recreation	Preparing people for muddling through (Lindblom, 1959)	Distribution channel options and outsourcing decisions serve as the primary basis alternative network strategies	Developing competence and practices for selling not only products but also idle production and distribution assets	Bases of determining sales bonuses and executive compensation should not remain "sacred"
Market space redefinition	Preparations for market space shifts (whether according to customer size, geography or B2B/B2C) should be made	Many times, the new market space is downstream, which implies a threat to current sales teams and their key accounts. This threat should be explicitly addressed	Ensuring the sales, production and distribution capacity ramp up ability, e.g. if/when surprisingly large orders are placed	Financial management needs to make a pick between demanding pro forma P&L and balance sheet estimates and customer/marketing research based business cases. They do not coexist well
Technological innovation	Joint sales/marketing/R&D innovation programs are needed particularly if the general business architecture tends to hinder, not foster technology projects	Involving (technology and social) research and think tanks as a part of customer communications is likely to steer innovation to a more user-oriented direction	Sales people should be intimately affiliated with testbeds, pilot sites and test marketing	Not everything can be quantified. An ability to selectively commit to selling something even before the company has been able to commit to it is needed

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