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## **BLUE OCEAN STRATEGY: APPLICATION IN UNIVERSITI SAINS MALAYSIA LIBRARY**

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### **ABSTRACT**

*The Blue Ocean strategy was developed by W.C. Kim and R. Mauborgne. It is relatively new and was only introduced in 2004, where it recommends looking at the market boundaries differently and formulating products or services to customers from different segments. Organizations such as libraries should raise the standard of activities higher than the common standard and offer customers higher values than their competitors. In other words, libraries need to deliver value at low cost and simultaneously they need to reduce and eliminate other insignificant activities. This paper focuses on several tools and models of the Blue Ocean strategy namely the “Eliminate-Reduce-Raise-Create Grid” model since the main key ideas fall under the “Create Grid” where the innovative value takes place, as well as to create unique values for customers. Thus, the application of this model at the Universiti Sains Malaysia (USM) Library is vital in the provision of successful customer service, best quality and satisfying products. The Blue Ocean strategy is also the most appropriate strategy for libraries whose services are mature and usually in the declining phase of the service life cycle with decreasing customer loyalty.*

**Keywords:** Blue Ocean Strategy; Library services; Librarians; Innovative value; Customers; Three Tiers of Noncustomers; USM Library

### **INTRODUCTION**

The Blue Ocean strategy was identified as one of the successful methods through research over 300 firms over 20 years. It emphasizes pursuit of a low-cost and a differentiated strategy. Hence, the key is to offer excellent quality by emphasizing and revisiting the value added to various activities in the value chain. Key activities should have added value whilst other activities should have reduced value. Some activities should be eliminated and new activities should be introduced. In the case of library organizations such as the USM Library, the major concerns are on the activities that bring delight to customers' satisfaction and delivery of better collection contents and quality services. However, the focus is not only on satisfying the customers but to fulfill their real needs. The

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Library will be able to deliver the best services and customers will be aware of resource sharing, disseminating of ideas, knowledge, experiences and others. Thus, the Blue Ocean strategy is identified as one of the action plans to be implemented in order to achieve the APEX transformation plans.

**Blue Ocean Strategy : Discovering The Concept**

1. Red Ocean versus Blue Ocean strategy – The Red Ocean as described by Kim and Mauborgne (2005) are industries which suffer from crowded market space. The number of competitors and the intensity of competition increase price competition and reduce product differentiation. Red Oceans are areas of intense competition that are analogous to blood-stained shark-infested water.

In contrast , Blue Oceans are areas free of competitors. They are market spaces created by companies to avoid competitors. They offer the possibility of profits and success and great customer satisfaction and thus create new demands by changing the basis of competition. To do so, they must be innovative and the heart of the Blue Ocean approach as in marketing and product development, is customer knowledge. Thus, the key to avoiding disastrous competition is to leapfrog over the competition to serve customers in new ways.

The Blue Ocean strategy is “a consistent pattern of strategic thinking behind the creation of new market and industries where demand is created rather than fought for and the rule of competition is irrelevant” (Kim, 2008). Therefore, the Blue Ocean strategy provides companies with guidelines on how to escape from intense competition over the same market space where there are limited customers with an increasing number of competitors by creating new market space where there is less competition.

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

Figure 1: Red Ocean versus Blue Ocean (Kim and Mauborgne, 2010)

Blue Oceans recommend a new space in which market boundaries and industry structure are not given and can be reconstructed and it is a time for setting a new strategy before which all other strategies fall within the realm of the Red Ocean strategy (Figure 1).

2. Value innovation - Kim and Mauborgne (2005) in their research always highlighted that those who seek to create Blue Oceans do not benchmark against competition. Instead, they try to attempt the value innovation which focuses on creating a leap in value for both buyer and the company and opening up new and contested market space. Value innovation can occur anywhere in the entire range of company activities such as product, service, delivery, costs, pricing, and the business model.

Kim and Mauborgne (2005) also emphasized that value and innovation are inseparable. Value innovation places equal emphasis on value and innovation. Value without innovation tends to produce incremental value that is not sufficient to stand out in the marketplace. Innovation without emphasis on value leads to development of new product or service functionalities that exceed what buyers are ready to accept and pay for. Thus, value innovation is a new way of thinking and executing strategy that defies the competition-based strategy.

Value innovation increases value and cuts cost for both customer and library by opening better alternatives in a wider range of library activities and transactions. Library seeks in cutting down the cost by adopting the 'eliminate' and 'reduce' elements while aiming in upgrading the value in 'raise' and 'create' elements. Typically, to upgrade and create the value become a tougher challenge for librarians because it requires direction and focus as well as prominent strategies applicable to the library sector as the implementation may affect the library in total (Figure 2).

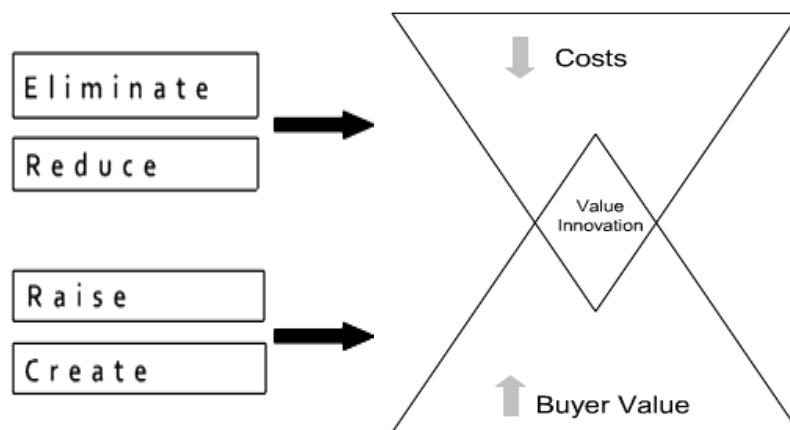


Figure 2: Value innovation (Kim and Mauborgne, 2010)

3. Four action frameworks - First, *eliminate factors should be eliminated well below the industry's standard*. These factors are those the libraries spent a lot of cost to complete for a long time but have less meaning for companies' competitiveness and bring no profits. Second, *reduce factors should be reduced well below the industry's standard*. These factors mainly refer to those services or products which are overdesigned in their completion. The library only gains a little from these overdesigned services. Third, *raise factors should be raised well above the industry's standard*. These factors are those that have important meanings for customers but are ignored by the libraries in their competition. Fourth, *create factors should be created that the industry has never offered*. These factors refer to those that can create new demand for customers and new market for libraries. Finally, *the Eliminate-Reduce-Raise-Create Grid can be applied to identify the new market blue ocean*. It is a supplementary analytic to the four actions which pushes companies to create a new value curve. The grid can be easily understood by library managers and help libraries to identify new market space and alternatives conveniently (Figure 3).

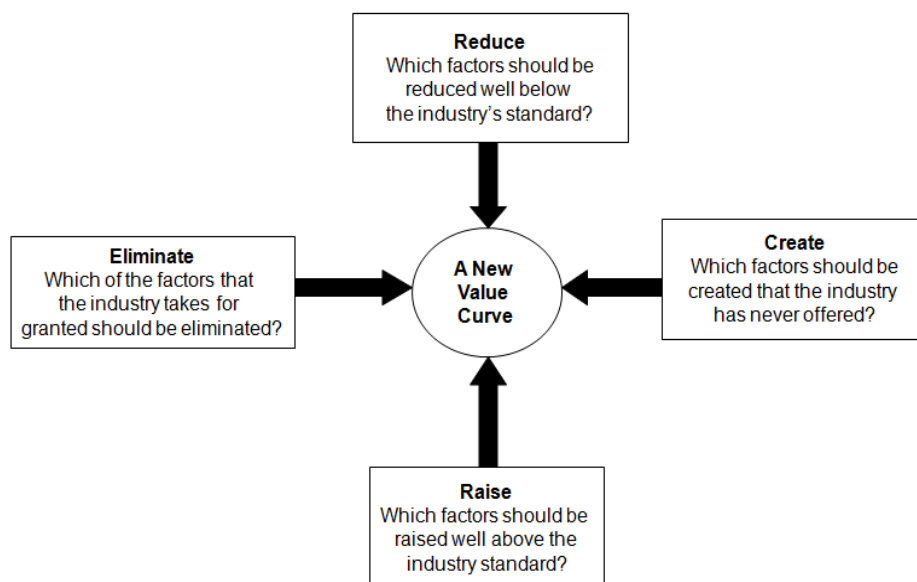


Figure 3: The four actions framework of the Blue Ocean strategy (Kim and Mauborgne, 2010)

4. Three Tiers of Noncustomers – Generally, it is to maximize use of library services as well as to have a greater delivery of contents to customers. The Blue Ocean strategy creates noncustomers instead of concentrating on customers only.

Noncustomers actually offer a big potential in creating the opportunities in successfully implementing the strategies by approaching them (Figure 4).

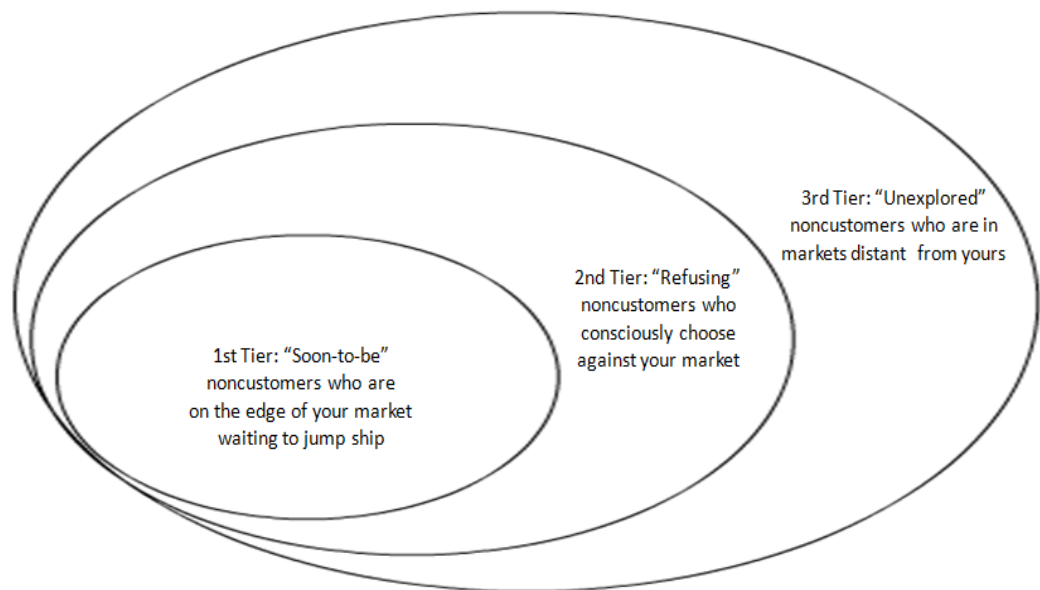


Figure 4: Three Tiers of Noncustomers. (Kim and Mauborgne, 2010)

Kim and Mauborgne (2010) identified three tiers of noncustomers that can be transformed into customers. They differ in their relative distance from the market. The first tier of noncustomers is closest to the market. The second tier of noncustomers is people who refuse to use the industry's offerings. These are buyers who have seen the industry's offerings as an option to fulfill their needs but have voted against them. The third tier of noncustomers is farthest from the market. They are noncustomers who have never thought of the market's offerings as an option. Thus, to explore the noncustomers potential, the USM library have identified several noncustomers to be embraced in executing the strategies which have been categorized as follows:

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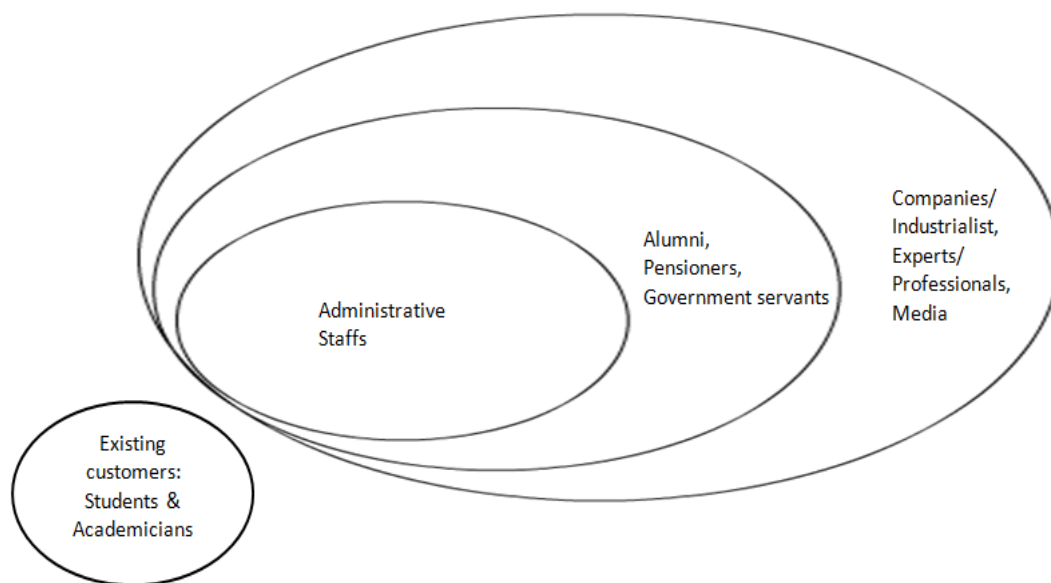


Figure 5: Three Tiers of Noncustomers in USM Library

Typically, USM students and academicians are considered as existing customers and frequent users who give their loyalty to the Library.

The *first tier of noncustomers* is the administrative staff. They are the closest group to the market and they have a bigger option to be in the market. In the *second tier of noncustomers* are the alumni, pensioners and government servants. They are classified as library optional users. They might be close to the market but they only use the library when they need to. The *third tier of noncustomers* are the companies and industrialists, experts and professionals as well as the media. They are perceived to be the farthest from the market.

In short, the Library begins by reorienting its strategic focus from competitors to alternatives and from customers to noncustomers of the library. The noncustomers should be embraced to be loyal library customers. Therefore, there is a huge market potential in rising the Library's status.

#### **THE USM LIBRARY IN BRIEF**

The USM Library or the Hamzah Sendut Library is located in the heart of Universiti Sains Malaysia. It is positioned in the central part of the university in order to make it easier for their customers, namely the students and academicians, to go to the Library. It was named after the First Vice Chancellor of USM, the late Tan Sri Hamzah Sendut.

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Since Universiti Sains Malaysia has been granted the APEX status, the Library tries to envision the transformation plan and the preparedness for change. Thus, the Library is dedicated to excellence in the provision of high quality information services, better delivery of collection contents, and satisfying customers' needs through best practices and continuous upgrading programmes.

With the APEX university status, the Library now plays an important role in the sustainability strategies for lifelong learning. The USM Library now plays a multifaceted informational, educational, social and cultural role in providing excellent teaching and learning opportunities for the diversified customers.

Therefore, the Library consistently wants to meet the needs and expectations of its customers. In any library, its services are the products that they sell to their customers. Thus, the Library is working to provide a good customer service, best quality as well as satisfying products and services. Most of the time, the Library uses the term 'customer' since whenever a library begins to create strategies, a 'customer' seeks a product or service by spending time, money, energy in the process of acquiring it from a library. Customers have expectations and needs, and these expectations and needs must be translated into services in library.

**Implementing The Blue Ocean Strategy at the USM Library**

The main idea in this paper is to embark on and create strategies for the Library in order to enhance the library's status by via the Blue Ocean concept. The Library advocates redefining the focus on customers by creating offerings that are relevant to them. Librarians have to look beyond the benefits given to solving the customers' problems and deliver these benefits to them. Therefore, the Blue Ocean is seen as one of the most appropriate concept that can be applied.

a. Advantage of technology – In order to achieve the Blue Ocean strategy, the Library should take advantage of technology. Technology is essential in expanding collection content development and enhancing service quality. In short, technology enables the Library to invent and to re-conceptualize what libraries are all about, what we do and what to focus on. After all, the USM Library has the technology and the ICT infrastructure. However, how far should we go in terms of advancement of technology and its sustainability. The Library has to create new opportunities by providing new tools, new media for information dissemination and new ways of doing things which will result in improved productivity and service quality. Therefore, by having the technology, the tools and utilities of the Blue Ocean concept can be easily implemented to assist the library to sail into the Blue Ocean.

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In the meantime, the strategies of the “Eliminate-Reduce-Raise-Create Grid” can be used by the USM Library as a driver in sustaining the role of the library in supporting the APEX realization. We first need to take a look from the perspective of ICT sustainability. The crucial need is for financial resources to upgrade the ICT infostructure and infrastructure which will enable the Library to manage and cope with the ever changing technology.

b. The ‘eliminate’ grid – There should be processes that should be eradicated from the Library. An example of this is the deployment of staff at the Circulation Counter where the Self Check Machine can now replace the task of the Assistant Librarians. To do so, the modules of the Self Check Machine must be reliable and properly installed to support the everyday library transactions while at the same time meeting the demands of the customers. Other than that, we should eliminate conservative and irrelevant services within the Library such as manual handling of processes, manual documentation, length of time of counter transaction, incompetent staff, irrelevant procedures and many more. This will in turn meet the demands of the librarians as well as in saves cost, energy, time and eliminate circulation activities errors.

c. The ‘reduce’ grid – Some of the components that should be reduced in the Library include bureaucracy which combines organizational structure, procedures, protocols and sets of regulations to manage activities and sometimes do not create policies. Those bureaucracies should be reviewed so that it is easier to make policies for everyone. In other word, policies and procedures must support the quality of interaction with customers.

d. The ‘raise’ grid - The need to have a reliable, powerful and user friendly library integrated system and portal should be redefined in order to get better access to the vast USM Library collection. The current integrated library system should be migrated to a more powerful one. The library system is vital to any library management operation as a whole because it encompasses all the core business of a library namely acquisition, cataloging, circulation, reference services, human resources and others. The total solution is to have a powerful reliable library integrated system to deal with everyday transactions in a seamless manner.

Radio Frequency Identification or RFID is a value-added innovative creation of technology. It has to properly implemented so as to move towards the Blue Ocean strategy. The efficient and systematic use of RFID can automatically support the core business of the library. The technology would enhance workflow in the library setting because it has many library applications that can be highly beneficial, particularly for the circulation staff. Since RFID tags can be read through an item, there is no need to open a book cover or DVD case to scan



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an item. This could reduce repetitive-motion injuries. Where the books have a barcode on the outside, there is still the advantage that borrowers can scan an entire pile of books in one go, instead of one at a time.

Since RFID tags can also be read while an item is in motion, using RFID readers to check-in returned items while on a conveyor belt reduces staff time. But, as with barcode, this can all be done by the borrowers themselves, meaning they might not need the assistance of staff. Next to these fixed location readers, there are also portable ones called handheld readers for librarians or circulation managers. With these, inventories can be done on a whole shelf of materials within seconds, without a book ever having to be taken off the shelf. RFID technology can even pinpoint the exact location of books by using handheld reader tools.

Hence, the RFID technology should be properly implemented in the USM Library in order to offer excellent quality service to customers and simultaneously promote a smooth and smart way of multitasking in the library. RFID can cater to the needs of global standardization in maintaining library materials, address the issues of security concerns and shield the data as well as protect the materials. It is higher than an organization standard because the use of RFID increases the automated handling of work and improves the provision of information service by optimizing library activities. RFID can also lead to the elimination of certain elements that have been taken for granted in the library such as the occurrence of errors caused by manual handling or circulating activities, errors in recognizing bar codes resulting from repetitive work or work delay in collecting the library materials.

Knowledgeable and enthusiastic staff are also important because they become assets. Library staff have to be positive, practice good public relations, be competent and possess other good traits. To attain knowledge, staff have to undergo scheduled training, experience and practice.

e. The 'create' grid - The 'create' element that needs to be included in order to serve customer in innovative ways is the concept of value co-creation where the library offers and generates unique offerings for customers. Library customers prefer to learn and study in a restful and relaxed manner. In other words, the library has to create a conducive, hospitable physical and virtual environment for teaching, learning and research. One of the ways to create a restful and relaxing spot, for example, is a customers 'lounge, boutique café, recreational for light discussion and a place of games. The games can include brainstorming games, mind games, card games, online edutainment games and others. Generally, playing games encourages play, socialization, and cultural enrichment for customers.

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The positive value that emerges later on is in developing a unique value proposition by allowing customers to experience the joy of creating their own dimension. This kind of service allows each of member customer to socialize within and outside their network. The values created have the potential to increase the rate of customers utilizing the library virtually or physically. So, the customers utilize the library more, there would be more profit potential and sustainability driven.

The services that could be created in order to allow for greater service enhancements are through exploiting the virtual environment present in the library. The idea of a virtual reference service in which the library provides an online helpdesk that is available online 24x7, online chatting with librarians, video streaming and other similar applications. The Library can also provide customers with online tutorial and demo on how to use the Online Public Access Catalogue concurrently with the online guide to operate and explore the online journals or databases comprehensively.

Additionally, another virtual reference service that the library can create is an innovative library site which allows customers and librarians to socialize within and outside the network. For example, creating a blog for library news and events announcements as well as a presence on Facebook, MySpace and other social networks. The added value contents of the blog could be related to topical subjects, multiple subject specialization in various disciplines such as art, engineering, medicine and others. There can also be blogs for book and journal reviews, instant messaging as well as providing links and access to government information. By having these social networking tools, librarians and customers can connect and allow themselves to have an interactive experience with the library.

The virtual reference services can also create an academic oriented social bookmarking project or RSS feeds where customers who are academicians can post news and feed for specific topics. In other words, it allows academicians to participate in library services and collaborate with librarians and members of the university as well. All these services can reduce the time, energy and cost for librarians. The librarians can now concentrate on tasks which deal with in-depth research questions, put more focus on customers' need rather than doing repetitive and routine work.

The creation of virtual reference services results in nurturing the innovative side of the staff since it requires skills, commitment and competencies. Consequently, web librarians have to develop, encourage and sustain expertise and form a proactive ICT team to achieve their strategies. For the customers, the library

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offers them a different way of accessing as well as promoting the discovery and use of local and external information resources within the library. The 'reduce' component comes into action when there is a savings in time and cost for both the customers and the librarians.

The innovative value of library services also can be achieved through the real world. For customers who do research and learning, the library can offer technological training conducted by librarians. The training can be conducted in various aspects such as the librarians supporting the customers by establishing 'homework help' programs. Here, volunteers or tutors are available to show customers how to use library resources to complete their assignments and promote a positive study environment, basic computer skills, including word processing, emails, social networking, information literacy workshop and others.

The library could 'create' a service in which customers can share amongst themselves via an open book exchange. The library provide several bookshelves in the lobby or any recreational areas and anyone can pick a book to take home or read in the library, without the need for registration, fee payment or a library card. Customers can bring duplicates of a book they own or share books they love with other members. Such a laid-back exchange system encourages leisure reading, gives customers something in common to talk about and share and will encourage them to come to the library as well as inculcate the value of resources sharing and sustain the spirit of sincerity in giving book donations or gifts and thus support the reading culture among customers in library.

The library could also invite customers to share their art-works, writings or personal collection to generate a sense of people involvement and ownership as well as brighten up library space and inculcate the values associate with the collection. All these services could be an attraction to the customers and can become an innovative value in enriching the teaching, learning and research culture of the university.

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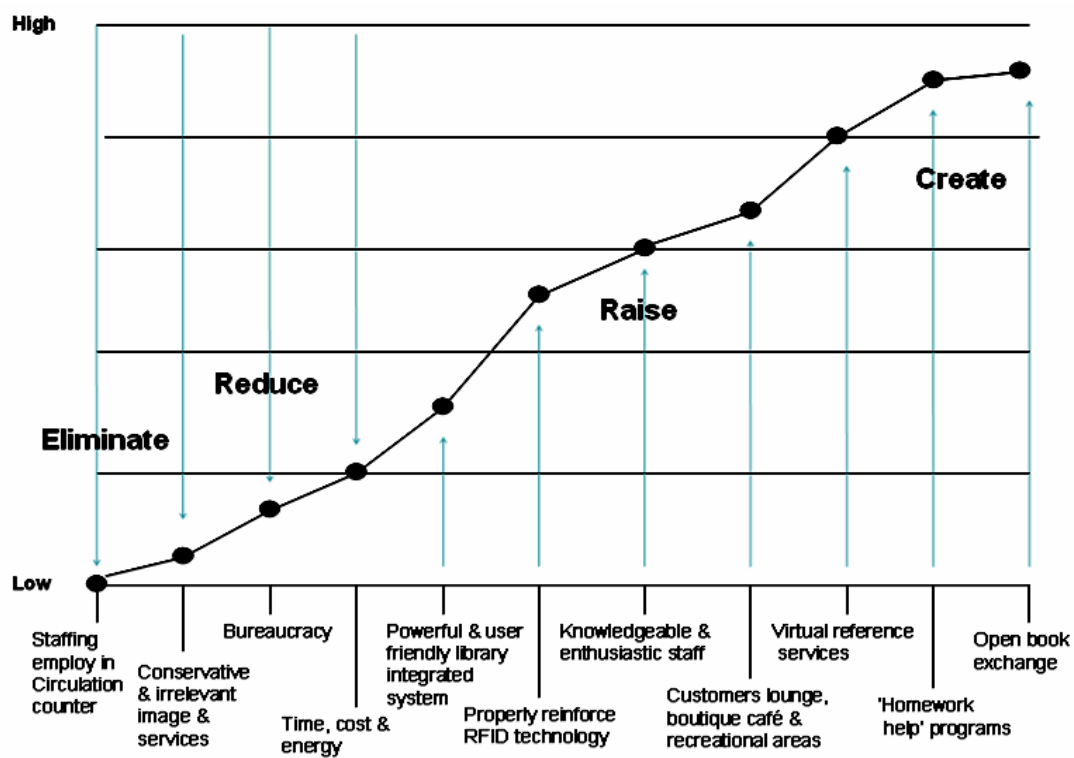


Figure 6: Strategy canvas of the USM Library

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ELIMINATE	RAISE
Staffing employ in Circulation counter  Conservative and irrelevant image and services	Powerful and user friendly library integrated system  Properly reinforce RFID technology  Knowledgeable and enthusiastic staff
REDUCE	CREATE
Bureaucracy  Time, cost and energy	Customers lounge, boutique café, and recreational areas  Virtual reference services  ‘Homework help’ programs  Open book exchange

Figure 7: Eliminate-Reduce-Raise-Create Grid of the USM Library

**CONCLUSION**

The Blue Ocean strategy is a systematic and repeatable process. It requires a great deal of creativity from librarians and management to serve the customers. The innovative values created would enhance the ability of a library to deliver a range of library services to a wider range of customers so as to make global and local knowledge more accessible.

Furthermore, the explanatory analysis and application of the Blue Ocean strategy at the USM Library was an effort to fully understand the practice of the Blue Ocean strategy. Librarians need to thoroughly understand the concept before implementation and pre-planning implementation can be carried out. This is not an easy task. They have to discuss and brainstorm before they can implement the strategy.

In the case of the USM Library, the Blue Ocean strategy is the most suitable strategy for a library whose services are common and typical. Apart from that, it is also nearing the decline phase of the service life cycle and there is a lessening of customer loyalty for which Kim and Mauborgne labeled it as Red Oceans. Thus, the Library should aim for value innovation by redefining offerings to provide unique attributes and experiences to a set of customers. Hopefully, this

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will enable the USM Library to support the University in actualising its vision, mission and values. The Library can become the center for intense intellectual inquiry and in doing so shares the University's aspiration to be the most dynamic learning environment in the world.

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