AN EXPLORATORY EMPIRICAL EXAMINATION OF BLUE OCEAN PRACTICES IN SALES MANAGEMENT

WORK-IN-PROGRESS PAPER

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ABSTRACT

Purpose of the paper and literature addressed: The study investigates the role of totally new value creation mechanisms in a company's sales strategy. Using value creation and strategic marketing as theoretical approaches, the study looks at the way in which blue ocean strategy is proliferated to sales management activities, and business results.

Research method: This paper reports on a study on sales management in a 568-respondent survey of CEOs and sales directors of Finnish companies across industries. In this quantitative empirical study, principal component analysis with the varimax rotation method is used to examine the companies' approach to executing blue ocean strategies and the firms are categorized using the cluster analysis method. Furthermore, the link between these approaches to self-reported business performance is statistically analyzed.

Research findings: This study identifies four approaches to blue ocean strategy: non-employment, customer-specific solution orientation, awareness-building and enforcement-orientation. Only enforcement-orientation is found to have a significant positive relationship to business performance.

Main contribution: The value of the study lies in 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 and points out that enforcing blue ocean activities in sales management is the key factor and, essentially, a pragmatic skill and not a knowledge management issue.

Keywords: Sales Management, value Creation, business model transformation, blue ocean strategy

INTRODUCTION

This study adopts a perspective of sales strategy in examining 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, Shervani and Fahey 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, with ability to reflect to particular more detailed actualizations of the same issue (e.g. organization 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) assumes a casual and descriptive approach into assessing how successful companies are capable of creating business model transformations that provide a foundation for creating a completely new value offering to the marketplace resulting in competitive advantage for the company. It is our suggestion that successful BOS relies extensively in the practical applications of the literature in service-dominant logic and other service management topics. In any case, BOS describes new and even disruptive approaches for creating value in the marketplace in order to achieve competitive advantage.

Despite its popularity (e.g. Wall Street Journal Bestseller, Businessweek Bestseller and Amazon.com's Top Business Book of the Year for 2005) or perhaps because of it, fairly little scholarly attention has been paid to study the concept, its robustness or applications. Outside of W. Chan Kim's and Renee Mauborgne's own articles (2005a, 2005b, 2007) 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, Yang and Kim 2007) remain the only articles. Naturally, the same phenomenon of entirely new and innovative business models and strategies has been studied under e.g. the notion of disruptive innovation (Christensen and Raynor 2003).

Despite the absence of attempts to test blue ocean, the internet is full of references to blogs, book reviews, business books and discussion forum entries criticizing BOS. The most common arguments include the usual: descriptive orientation, a new bag of old tricks, lack of statistical evidence, reliance on non-replicable one-off case storytelling. Some more elaborate critiques discuss the attraction and other dynamics of competition and that the marketing execution of a selected BOS is somewhat 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, Spiro, Acito 1996) agrees.

We are responding to this research gap and situation by taking the analysis of BOS to the level of sales management. Instead of making it complicated, we have conducted an exploratory empirical analysis of the crude classification of sales management orientations as BOS. By seeking a categorization of 'BOS sales management', we are looking for links between potential implementation paths and the general performance of BOS (cf. Kim, Mauborgne and Ling 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 568 questionnaire responses by CEOs. The data set provides empirical data on the business model / unit level organization of activities in Finnish business organizations.

By clustering the respondents and analyzing differences between the clusters, our findings suggest that the creative utilization of both perspectives and practices involving the creation of new value to customers seems to increases the sales performance of companies in general. In addition, specific drivers that inhibit this development were also identified. The study shows, 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.

DISMANTLING BLUE OCEAN AS A BUSINESS MODEL CONCEPT

Conceptually, the blue ocean concept is similar to Ansoff's generic market development strategy (Ansoff 1965). However, it brings in new perspectives to by referring to market redefinition and not only traditional market-making, i.e. increasing the customer potential (Kim and Mauborgne 2005b, Chs. 1 and 5). In other words, the difference between market-making and market redefinition is that the latter holds central novel value creation logics regardless of change in customer numbers. BOS thus introduces the concepts of a) creation and recreation of new business models, b) creating market space by redefinition and c) 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, calls on the perspective of seeing core company processes to be managed as a unified value creation mechanism united by strategic marketing (Srivastava, Shervani and Fahey 1999). Radical altercations in any of these core processes may create unanticipated success in the marketplace relative to competition. These radical strategies have been cursorily described by the blue ocean literature (Kim and Maugborne 2005b). The scope for this study in particularly the BOS and business model transformation focuses to the sales management activities of the company. When put in practice in this scope, 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 put this observation into practice.

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. 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, Shervani and Fahey 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. 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 so described to constitute mostly of relatively casual unrigorous 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 by conducting business exchanges in different and novel approaches 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 as beneficial for the performance of the company.

One must bear in mind that the literature on BOS still lacks a scientific theoretical corpus. In this study the gist of BOS is referred to as what 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. Limited demand and commoditization (characteristics of red oceans) are also challenging companies that have the principal means to circumvent them. The principal mechanisms offered are growing demand, entering uncontested markets and value innovation (Kim and Mauborgne, 1997, 2004, 2005a). 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.

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 Cusumano, 2001; Sweet, 2001) through representing the tactical core of value creation and economic logic in terms of revenue generation (Amit and Zott, 2001; Magretta 2002) to the notion of a 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 create completely new structures quickly 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 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 changes in network structures (Möller et al., 2007).

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). The logic of BOS in entering completely new arenas has the same premises as service dominant logic. In both approaches, the business model transformation process consists of a) acquiring the necessary information, b) converting the information into knowledge and c) designing value propositions consisting of novel and complex customer-enterprise exchanges based on this knowledge and d) turning these value propositions into action.

For existing companies attempting to embark into new business opportunities by the creation of more radical strategies there remains an imperative for business model transformation. The persistent questions remains; what approaches and logic are paramount for the business model transformation to yield successful business results.

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

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

Leaning to these perspectives, we argue that BOS has a relationship to protifable growth in companies. We build the following explorative hypotheses, encompassing the key aspects of BOS in sales strategy and management:

Hypothesis 1) Emphasis in sales strategy on the creation of novel value by transforming traditional industry-specific roles, relationships, and business models is related to profitable growth.

Hypothesis 2) Emphasis in sales strategy on selling the firm's product/service expertise within business networks to create novel value, ultimately to

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:

Hypothesis 3) Blue ocean strategy will have a uniform effect on performance within different firm and context characteristics.

RESEARCH DESIGN

Data

The data collection was carried out through an Internet survey among firm managers across 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 the sales management perspective was requested from the respondents. Usable responses were obtained back from 568 companies, yielding a response rate of about 7 % – a fairly typical figure for web surveys. Additionally, we screened away companies with sales less than 20 million Euros per year with motivation of focusing on companies large enough to have actual sales management and to test BOS with closer to the kinds firms which are represented as case examples in BOS literature. This left us with 168 companies.

Blue ocean parameters

The operationalization of the key principles of BOS were conducted based on the key sources of BOS (Kim and Mauborgne 1997, 2004, 2005a, 2005b) resulted in list of 13 BOS questions

from sales process 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 7-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 1:

Table 1: Differences between business model archetypes

Business model archetype	**Business model success factors (e.g.)**	**Dominant interaction mode**	**Key concept(s) in successful interaction**
Product-based business	Realizing scale benefits, focusing on narrow/deep capabilities, metrics and business engineering	Standardized exchange	Partnering
Service-based business	Information sharing, providing convenience, trustworthiness, investment ability, relationship management (deepening, exploitation)	Continuous relationship	Coexistence, coevolution, cocreation

Table 1. Operationalized blue ocean parameters

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

There is a distinct logic behind conceptualizing each of these items. For example, item 5: 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 was 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.

Dependent variable - profitable growth

As the dependent variable relevant business unit performance measure, we utilize a measure of profitable sales growth, since it is unquestionably one of the most important measures of successful business model execution. We used a measure which 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 10-item scale ranging from "decreased by more than 50 %" to "increased by more than 50%". 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 %?". The responses were recorded on a 7-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 values obtained this way were also standardized by dividing them with (double) the standard deviation of the values. The two standardized values per firm were then multiplied with each other to obtain a product value for profitable sales growth of the firm.

The same analyses were performed on the sample of B2B service companies and on the sample of B2B non-service companies, respectively. In both samples, we used the nonparametric alternative to the t test for two independent samples, i.e., the Wilcoxon rank-sum test (Mann-Whitney U test) test, to examine differences in profitable growth across firm sub-groups characterized by different degrees of process systematization for the selling activities.

Thus, a significant value of the statistical test for B2B service firms particularly (or non-service firms), indicates that degree of systematization of the process in question explains differences in the performance of B2B service firms (non-service firms). The research design, hence, demonstrates sources of competitive advantages emerging from investments in certain processes, given the firm's nature as a service firm (or non-service firm). The underlying idea here is that firms with limited resources available for process development are hypothesized to be better by off focusing development efforts on those process where the profitable growth impact is greatest.

Factor analysis and clustering

The factor analysis method was used to examine the companies' strategy choices. 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 The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was .82 in the present study and thus exceeded the recommended level of .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. In this study, the four-cluster classification was easily interpreted and turned out to be theoretically interesting.

The moderating effects of firm and context characteristics were investigated by analyzing whether there is a significant difference between the different between the 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).

RESULTS

Factors and clusters of BOS

In this section, we present the results of the exploratory factor analysis reflecting companies' key approaches for BOS. 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 1.

Table 2. Factor loadings and interpreting the factors

Factor 1 'Value net builders'	Factor 1	h2
Variable 8: Co-creating new value with customers	.874	.807
Variable 7: Developing and offering total solutions	.837	.742
Variable 9: Creating network-produced solutions	.831	.794
Variable 10: Aggressive value network management	.692	.682
Factor 2 'Industry transformers'	Factor 2	
Variable 5: Industry transformation	.845	.843
Variable 4: Novel (customer) value	.835	.768
Variable 6: Leveraging existing offerings in new markets	.669	.562
Factor 3 'Commercializers'	Factor 3	
Variable 2: Commercialization of product/service competence	.918	.915
Variable 3: Alternative earnings logics for new cash flows	.894	.901

The three factors derived from our analysis yielded distinctive. In sum, they demonstrate the different approaches firms have to BOS as: 1) 'value net builders', 2) 'industry transformers', and 3) 'commercializers'.

Table 3. Cluster centers of firm groups

	Group 1 (n=26)	Group 2 (n=49)	Group 3 (n=26)	Group 4 (n=60)
'Value net builders'	.946	.214	-1.413	.0279
'Industry transformers'	-1.000	.855	-.612	.000
'Commercializers'	-.819	-.561	-.566	1.059

According to our analysis, there are four distinct clusters in which firms are organized in relation to BOS. The clusters are interpreted typological approaches to blue ocean as follows:

Four distinct clusters in which firms are organized in relation to BOS emerged:

- 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).

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 different between the blue ocean

approaches. Table 3 shows all significant differences between any pair of approaches (1-4) in 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).

Table 4. Significant ($p < .05$) differences in profitable growth between clusters, better performing listed first

General: 3 - 4	Large	Small	Turbulent	Non-Turbulent	B2B	B2C	Service	Non-service
Large	1-4	-	1-4	-	1-4	-	1-4	-
Small		-	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

The analysis yields only suggestive evidence into the general hypothesis that blue ocean there is a positive relationship between BOS and company performance. The only general level correlation is between Groups 3 and 4 (enforcement-orientation and non-employment). Comparing the clusters in the different situations, this observation is reinforced. When moderated with a pair of the 8 parameters, half of the moderator combinations reveal significant differences between clusters, all suggesting that not engaging in blue ocean is the inferior alternative.

Some other trends can be observed. Only small and turbulent consumer businesses reveal unequivocal differences between those who engage in BOS and those who don't. A clear dichotomy between situations in which BOS planning pays off and pragmatic BOS activity pays off is revealed. The two don't coexist except for the aforementioned small and turbulent B2C businesses. Turbulence, even if it doesn't operate very well in itself, is the most significant moderator. Working at the customer interface is only significant at in turbulent markets.

DISCUSSION

Using value creation and strategic marketing as theoretical approaches, the survey finds that active strategic networking aiming at creating totally new a) network roles, b) value creation logics and c) benefits feeds into profitable growth among respondents. This is one of the first empirical verifications of so-called BOS globally. In the scope of this study the sales strategy and sales performance was brought under scrutiny.

Our empirical exercise has two potential contributing angles. Firstly, it opens up an empirical research stream, as investigations into the performance outcomes of strategies oriented particularly at radically new value creation are still rare (e.g. Barry and Terry 2008, Ulaga and Eggert 2008). The provided empirical investigation has succeeded at producing a preliminary typology for attempting to perform BOS. The results emphasize contextuality and yield a more nuanced understanding of how BOS actually works and in which situations. The results challenge the notion that blue ocean is a business model, a sufficient approach to new opportunity creation and capitalization, in itself. Links to performance, at the end of the day cash flow, are governed by the fit between the context and selected approach to BOS. The importance of implementation is show in the strong role of enforcement-orientation in the results.

Secondly, our empirical findings suggest that applying BOS generally has a positive connection with increasing profitability in the sales activities of the company. The results of the study show moderate support for the postulated hypotheses. This brings us to conclude that companies creating new market opportunities by utilizing BOS in their business model transformation were found to have an advantage in the profitable growth of their sales activities in the context of the data set of this study. To put this more flippantly: In terms of facilitating sales growth by entering uncontested markets with BOS it is beneficial to think outside the box, and additionally it seems to also pay off. The exploratory nature of this study must be remembered, however.

The conceptualization and subsequent operationalization of the BOS perspective is naturally a source of uncertainty in terms of the research and, realistically, 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. However, in terms of this study, due to the lack of a theoretical foundation, our conceptualization of BOS and the subsequent operationalization of such concepts can certainly be contested from different perspectives. Additionally, our methodology lacks the possibility of introducing control variables.

MANAGEMENT IMPLICATIONS

This article conceptualizes BOS in the context of business models and provides evidence that with an implementation focus, BOS 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 blue ocean thinking influence managers' perception of business models? Additionally: how should perceptions convert into the concrete actions of creating, renewing, using and communicating novel business models?

Implementation is key

Our study points out that the enforcement-orientation, embodied in the slight but meaningful emphasis of the aspects of BOS that emphasize implementation, is the main concern. Despite the inherent ideas of novelty and radical change, boundaries of implementability should be considered early on in the strategy process. Sales and management staffing, partnering and 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 queuing up for

bonuses based on current product- and clientele-based successes are not the likely people to drive implementation. Many companies have adopted a practice where blue ocean advocacy is rewarded with options and shares in the lack of direct bonus-paying metrics. In implementation, change management is obviously also an issue, so HRM people need to be tied in.

Manage through the pragmatics of business models

In addition to finding the people and ways for BOS implementation, practical changes must take place in the more pragmatic components of the company's business model. Below, some ways in which the identified contributions of BOS to business models (evolution-orientation, radical recreation, market space redefinition and technological innovation) can be baked into the sales management issues of a business model are highlighted.

Table 5. Implications of BOS thinking into business model component management

	Strategy and structure	Network	Operations	Finance and accounting
Evolution-orientation	The organization of (sales) responsibilities and areas needs to be flexible and key people should know that (cf. Kosonen and Doz 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 investments into value-based pricing
Radical recreation	Preparing people for a messy organizational reality that will always be characterized by some 'muddling through' (Lindblom 1959)	'Plan B's should be an issue, with distribution and outsourcing decisions often assuming priority.	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 redefinitio n	The strategy and the organization are slaves to the locus of business. 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 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 a) demanding pro forma P&L and balance sheet estimates and b) customer/ marketing research based business cases. They don't coexist well.
Technologi cal innovation	Implementing joint sales/marketing/R&D innovation programs 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.	Sales people 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.

Exercising and developing leadership should be based on servicing the development of the right mindset for BOS. 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. Instead of generic 'free your mind', leadership meetings and executive education should concentrate on designing pragmatic practices. One way is to ban talking about institutionalized industry rules (we are supposed/expected to..."). There can even be e.g. protocols for that. Practices might include customer-led product innovation workshops in the boardroom. Opening up a future-oriented discussion program with a closest rival might do a similar cognitive trick.

As managers' cognitive capacity is always constrained by e.g. hurry, linking BOS 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 impacts on material components of the business model, a brief history and most importantly an account of the changes needed and taken place in mindsets. If people are pressured, a practice of saying that BOS can be forgotten except for decision-making situations A, B and C and the creation of new situations" can work.

Concentrate on developing skills

Given that succeeding with BOS is implementation-oriented, cognition-ridden people business tied to practicalities, it needs to concentrate on skills, not knowledge. The situation is analogous to value-based management and value-based-pricing. Whereas value-based management is a line of thinking, many companies and people struggle with the actual related pricing and sales skills. Skills such as establishing the right kind of meeting, presenting arguments in the right order and adapting value calculation sophistication to customer's cognitive capacity have provided vital. 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 are needed. Table 4 works as a good competence-development guide. Besides, skills management is a more straight-forward exercise with better return-on-sales-investment than knowledge management.

Establish contextual sensitivity

In the results, there are clear differences to 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 BOS impact. The general message is to see what works better than no-BOS in each environment. Only in non-turbulent service businesses is it clearly not a good idea to go about BOS primarily by experimenting in the customer interface. Particularly in turbulent industries, there are big differences in how BOS operates.

There a couple of ramifications to contextual sensitivity. Firstly, transferring business models and BOS thinking between firms, industries and countries should not be liberal. Arguably, this has now been the case with the popularity of the same seminal BOS books, articles and case studies across industries. Secondly, 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? Finally, the general recommendation that BOS should not be spread as a ubiquitous management mantra needs to be made. Ismism, characterized by desperate striving for generalizability and popularity, is besides often the death of good conceptual innovations.

These recommendation do not yet provide for a robust framework or toolkit for assess the value of a business model or business models aimed at creating totally novel value. This is the next logical step, as research needs to build on existing information and through empirical reasoning verify some practices of BOS thinking. Having understood the basic premises of BOS, managers are now looking for toolkits that allow for not only the assessment of business models, but also the design of new business models in a reliable way.

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