

August 9,  
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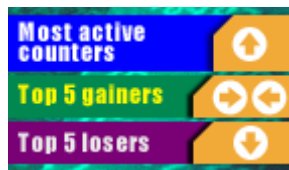
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## Business

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### "Blue Ocean" Strategist Calls For Business Mindset Change

KUALA LUMPUR, Aug 9 (Bernama) -- The Malaysian and Singaporean business communities have to change their mindsets to thrive amidst trade liberalisation as they can no longer swim in the "red ocean", where the traditional approach had been on seeking competitive advantage, differentiation and battling over market share in the existing market, says Professor Chan W. Kim, best known for his Blue Ocean Strategy business concepts.

The best-selling author told Bernama in a telephone interview from INSEAD, the world's second largest business school in Paris, that the mindsets of Asian business communities, particularly Malaysian and Singaporean business entrepreneurs and companies, have to change.

"When there was trade protection, companies like Proton did well, but once trade liberalisation sets in, Proton no longer can make the same cars for the same customers against other competitors who manufacture at a global scale, with their lower cost structure."

Proton, he added, should instead create and capture new market space instead of trying to benchmark themselves against the other competitors.

"The Blue Ocean Strategy is not about benchmarking against the competitors, but making the competitors irrelevant. When you are in the blue ocean, you have so much more room to expand, and fewer competitors."

With emerging economies like India and China, Prof Kim said Malaysian and Singaporean companies have to become more innovative in creating value, rather than to compete with countries which enjoy lower production costs.

Commenting on the increasing competition between Malaysia Airlines and AirAsia, he said the traditional approach to strategic planning was to look at ways to cut cost, improve quality and increase productivity.

"These are important steps to take towards the recovery process in the initial stage, but to be the leader in an extremely competitive environment, Malaysia Airlines and AirAsia should look beyond what the customers currently want.

"Of course, every customer wants cheaper fares and better service, but if we continue to benchmark ourselves, without creating new markets, expanding demand and subsequently capturing them, we would still be competing against each other in the red ocean."

Business entrepreneurs in Malaysia and Singapore should also realise that the global business and political landscapes had changed, said Prof Kim, who would speak at a Blue Ocean Strategy Conference organised by University College Sedaya International at the Crowne Plaza Mutiara hotel in Kuala

Lumpur on Sept 6.

He added that the supply and demand dis-equilibrium had created a more competitive market environment for today's entrepreneurs.

"With more suppliers entering into the same market when trade between countries is being liberalised and world population trend showing a decline, naturally, we find there are more suppliers than there is demand for our products and services," he said.

Under such an environment, business entrepreneurs can no longer depend on the old strategies taught by the old school of thoughts.

"We have two categories of business people - the structuralists and the re-constructionists. The structuralists would look at the business environment and apply the same formula to write their business plans.

On the other hand, the re-constructionists believe that their business can still show profitability in the midst of adverse economic conditions. These Blue Ocean Strategists are always re-constructing their boundaries."

The 240-page book on Blue Ocean Strategy covers 15 years of research by Prof Kim and his co-author, Prof Renee Mauborgne, and examines business strategies across 30 industries spanning from 1880 to 2000 in Asia and in Western countries.

Details of the conference are available from 03-91018880 or <http://www.ucsi.edu.my/bos/info.html> or <http://www.insead.com/kim>.

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