

The Tagoras Collection



Six Paths for Leading Your Education Business to Blue Ocean

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Are you looking for ways to separate your education business from the pack and stop competing on price?

Would you welcome innovations that help you raise the value you deliver while also lowering your cost structure?

In this article, we'll explore some "Blue Ocean" strategy tools that can help you achieve these very goals. Specifically, we'll discuss the Blue Ocean strategy six paths.

What's Blue Ocean Strategy?



Blue Ocean strategy – in case you have not come across the concept before – is based on the idea that most organizations within any field or industry compete on the same basic factors. Price and features, for example, tend to be common ones. As a result, everyone

tends to look the same over time, and everyone competes fiercely to bite off their piece of the market, thus creating a bloody "red ocean."

Organizations that embrace Blue Ocean strategy, on the other hand, "reconstruct" their markets and find wide-open waters where the sailing is smooth and competitors are nowhere to be seen.

But how do they do this?

There are a range of tools that can be used in formulating Blue Ocean strategy, all of which are laid out in the mega-bestselling book [*Blue Ocean Strategy: How To Create Uncontested Market Space And Make The Competition Irrelevant*](#) by Chan Kim and Renee Mauborgne. Over my years of working with clients on strategy formulation I've frequently used Kim and Mauborgne's "strategy canvas" as a powerful tool for helping organizations better understand their market position. In

this article, however, I will focus on another set of powerful tools: the six paths.

What Are the Blue Ocean Strategy Six Paths?

Kim and Mauborgne argue that most organizations tend to look only within their specific industry and customer base when developing strategy – a practice that is not likely to lead to breakthroughs. A more productive approach is to look *across*. Specifically, Kim and Mauborgne suggest six ways to look:

- across alternative industries
- across strategic groups
- across buyer groups
- across complementary product and service offerings
- across the functional-emotional orientation of an industry
- across time

I'll consider each of these in the following pages.

Looking Across Alternative Industries



Typically, organizations look to other organizations within their own industry or field to benchmark and formulate strategy. A key problem with this approach is that it leads to a focus on "best practices." I've

highlighted some of the [issues with best practices](#) before, but the main one to note here is that the pursuit of best practices by all of the players across an industry results in everyone looking pretty much the same. Differentiation – the core of effective strategy – essentially disappears.

One way to find potential sources of differentiation is to look across industries where your customers commonly seek (whether consciously or not) alternatives to your offerings. Southwest Airlines, for example, was able to disrupt the airline industry not by focusing on other airlines, but by looking at the car rental industry and the trade offs that travelers were making between flying and renting a car.

Keep in mind that “alternatives” is a broader category than “substitutes.” A substitute product or service will take a different form from the original choice, but provide much the same functionality. So, switching from one airline to another represents a change in form, but not really a change in functionality. This switch would represent a substitution.

Switching to a rental car, on the other hand, represents both a change in form and functionality (a car, after all, can’t fly – yet!). Still, a rental car can serve the same purpose as a plane for many travelers – getting to a desired destination – and is thus an alternative.

A Common Alternative to Educational Events

A common alternative to attending a formal educational event, for example, is simply to read a book. Clearly, a book is different in both form and function from a seminar or a conference, but it can serve the same purpose as these events for many prospective learners: to acquire new knowledge on a timely basis.

So, it’s worth considering what the trade offs are between a book and a seminar or conference and then asking if there are ways you can address these trade-offs that might

provide additional value for your customers, lower costs, or ideally, both.

On the upside books are relatively inexpensive, highly portable, not constrained by time or place, and easy to review again and again over time. The best of them also tend to come from highly regarded experts in any given field or industry and are well edited to feature the highest-value information and insights that person has to offer. For the education provider, the fact that many books relevant to your audience already exist can also help make sourcing content significantly easier.

On the downside, books may offer content that is too generic or broad, generally don’t provide immediate access to an expert or peers for questions and practical guidance, often don’t provide any opportunity for earning continuing education credit, and are usually structured well for delivering information, but not necessarily for effective learning. (Of course, this last downside is often true of conference sessions and seminars, too, in my experience.)

While a conference session or seminar may – at least in theory – address most or all of the downsides, they tend to be significantly more expensive than books and they usually require travel, thus reducing their convenience greatly. Additionally, the level of expertise available at any given seminar or event can vary widely. Finally, while advances in technology have made the recording and distribution of conference sessions and seminars much more common, I’d argue these recordings are still nowhere near as flexible and usable as the good ol’ book.

If these trade offs can be addressed cost effectively, there may be tremendous strategic potential for developing an offering that blends the best qualities of books and traditional educational events. There are, of course, any number of moves you could make. A model for the new offering might be something like the following:

Establish one or more books as the core content for an educational event

This gives you the ability to feature some of the best content available, and you can allow for an appropriate amount of time for learners to read and absorb a significant amount of content rather than delivering a limited subset of the content in a the one-shot, time-constrained environment of a classroom session. (Keep in mind, too, that you do not have to stick to full-fledged books: articles may serve the purpose just fine.)

Provide supplemental content to help tie book content to the specific challenges of your field or industry

This might take the form of brief articles, case studies, or short video/audio clips featuring interviews with experts or example organizations. Don't overthink it or assume you have to shoot for high production value. There are probably already good supplemental materials available, and capturing video or audio interviews with a smart phone and simple software is well within the capabilities of most organizations.

Provide expert and/or peer facilitation to help guide learners and answer questions

This can be done in real-time through Web conferencing or asynchronously through an existing listserv or private discussion area on LinkedIn or Facebook. I'd also recommend looking at sites like [GoodReads](#) to see examples of how community and discussion can form around a book. Keep in mind that, by supporting this functionality online, you have a great deal of latitude with the timeline. Your event may take place on a single day, multiple days, or over a number of weeks. Also keep in mind that you may be able to feature the actual book author as one the experts – most authors are continually looking for ways to create more exposure for their books.

Provide assessments that offer the opportunity for continuing education credit

While this practice could present challenges with accrediting bodies in some fields, it is already common with journal-based CE in a number of professions.

There are many other possibilities, of course. You will need to determine what makes sense with your audience and then experiment to see what clicks. The above approach has the advantage of dramatically lowering the costs associated with a traditional face-to-face learning event while elevating the value of a book to a level on par with a learning event.

Of course, depending on where you are coming from you may say "But isn't this basically the same model as online college courses?" and in many ways you would be right. That said, I don't need one hand to count up the number of times I have seen trade and professional associations – the main audience on this Web site – re-conceptualize their events in this way. The power of this strategic move lies in treating the offering not simply as a course in an online catalog but in positioning it as a new form of educational event. It's a simple move, but most Blue Ocean moves are.

A Broader Look at Publishing as an Alternative Industry

It's also worth examining the publishing industry more broadly and asking whether any key trends or practices there could impact your educational initiatives. The move to eBooks is an obvious one. Somewhat less obvious might be the boom in self-publishing – representing a new avenue for both your organization and its subject matter experts to affordably produce and distribute (in both print and eBook versions) content that could serve as the basis for learning experiences.

You might also want to take a further jump with self-publishing over into the world of self-publishing eLearning platforms. Look, for example, at [Udemy](#) or [Skillshare](#). What if you were to provide a similar platform for your subject matter experts – perhaps by partnering with a company of this sort? Or

by embracing the [Market Maker business model](#)?

So, those are just a few examples of where looking at books and the publishing industry might take you. The point is not that creating some sort of book-based offering is the answer to your strategic challenges – maybe it is, maybe it isn't. What's important is that this sort of thinking process – of looking *across* – can help stimulate ideas and put you more in touch with the trade offs your customers and members make all the time.

I like this particular example because we often tend to under value or dismiss options like the old-fashioned book in our efforts to embrace the latest and greatest. Books still offers plenty of opportunities, however, particularly with the rise of self-publishing and eBooks.

Do you see other ways that looking at the publishing industry could help you rethink your strategy? Or, what other alternative industries might be a source of inspiration? Please share your thoughts and comments at <http://www.tagoras.com/blue-ocean-strategy-1/>.

Looking Across Strategic Groups



There are existing strategic approaches within nearly every field or industry. Think, for example, of the luxury car market versus the economy car market. Both fall within the same overall industry – automobiles – but sellers pursue very different strategies

for serving essentially the same functional need.

What are some of the strategic groupings within the overall market for adult education and development, and what might you learn from them? Kim and Chan write in *Blue Ocean Strategy*:

Strategic groups can generally be ranked in a rough hierarchical order built on two dimensions: price and performance. Each jump in price tends to bring a corresponding jump in some dimensions of performance.

Within the continuing education and professional development market, I'd argue that there is a lot of focus around the middle of the market, where trade and professional associations, along with community colleges and university and college continuing education programs, compete on moderate price – moderate performance offerings. Viewed in terms of [the Value Ramp™ approach](#) that we advocate, most of these organizations focus too much on the middle – they often do not have much to offer at either the low price or high price end of their curves.

The low price end of the curve (the lower left on the Value Ramp) is being disrupted by an influx of free and low cost offerings and by trends like the “massive open online course,” or MOOC, movement. While I think there are clear opportunities there, for purposes of this article I'm going to focus on the high end of the market: the high price – high value area at the top right of the [Value Ramp](#).

The Executive Education Model

A strategic group that I find particularly interesting relative to this area of the curve is executive education. This is a roughly \$1 billion market – traditionally housed within university business schools – in which customers (often corporate buyers) typically pay thousands, if not tens of thousands for non-credit, non-degree programs. Executive education offerings may be open enrollment

or customized, but in either case, they tend to provide relatively small group, intimate access to topflight experts. The traditional view has been that face-to-face interaction is necessary for the level of learning executive education aims to deliver, and the need for face-to-face interaction with relatively high-priced instructors has driven the cost structure.

But advances in technology, particularly those that are supporting much more dynamic and effective approaches to online collaboration and blended learning are making executive education a market ripe for disruption. I'd argue, for example, that what TED has done with its place-based conferences is akin to a scaled version of executive education.

TED has created an exclusive event that provides relatively intimate access to well-known experts as well as to a group of forward-thinking peers. Those interested in the event have to apply to attend and the price tag is several thousand dollars above what you pay for the average conference. It is, however, always sold out because attendees see very high value, relative to cost in the package that TED has put together. This sort of value/cost innovation is at the very heart of Blue Ocean Strategy. (See additional comments on TED in my [Content Pod™ on effective pricing practices](#) from the [Leading Learning Symposium](#).)

Another area in which I have seen potential demand for executive-type education is in the market for continuing professional education (CPE) for accountants. This market tends to be focused on certified public accountants (CPAs), but there is a significant slice of the accounting profession that works in "business and industry" rather than in accounting firms and that does not necessarily even care about maintaining CPA credentials. Chief financial officers at small-to-mid-sized businesses, in particular, are a group within this business and industry segment that could be ripe for an executive education-type offering. They often operate alone, or with a relatively small staff, and could

benefit greatly from expert-guided peer interaction around the issues that are common in corporate accounting and financial management.

What are some of the parallels to these examples in your markets, or how might looking across other strategic groups potentially lead to some breakthroughs? Please comment and share your thoughts at <http://www.tagoras.com/blue-ocean-strategy-2/>.

Looking Across Buyer Groups



While it is typical to target a specific buyer when selling pretty much any type of product or service – education included – in most sales there is actually a range of people, a “chain” of buyers who can impact the buying decision. As Kim and Maubourgne write in *Blue Ocean Strategy*,

The purchasers who pay for the product or service may differ from the actual users, and in some cases there are important influencers as well. Although these three groups may overlap, they often differ. When they do, they frequently hold different definitions of value. A corporate purchasing agent, for example, may be more concerned with costs than the corporate user, who is likely to be far more concerned with ease of use. Similarly, a retailer may value a manufacturer's just-in-time stock replenishment and innovative financing.

There can, of course, be overlap among the links in the buyer chain. For educational products, for example, the user and purchaser are very often one and the same. I think there are ample opportunities, however, to target influencers and perhaps even to break the purchaser/user into separate links.

Targeting influencers, in particular, can be a powerful way to solidify a position that competitors will find it hard to touch. Organizations that offer some form of credential – a certification or assessment-based certificate, for example – have an edge here. Most people go through the trouble of earning a credential not just for their personal satisfaction but because somebody else – potential employers, potential customers, etc. – cares about it. Those “somebody elses” are potential influencers.

The Project Management Institute (PMI), for example, has done a good job over the years of cultivating influencer demand for its credential – employers value a PMI certification, and prospective employees know it. Similarly, the CFP Board currently has a campaign under way to dramatically boost general public awareness of and demand for its credential (see <http://www.letsmakeaplan.org/>). The CFP Board is going after the influencers.

Shifting the purchaser involves some of the same dynamics as targeting influencers: you have to make someone beside your usual target buyer care enough about whatever you offer to pick up the bill. If you can tell a convincing story about the value your education provides to employers, for example, they are going to be much more likely to pick up some or all of the bill – or not stop doing it when times get tough.

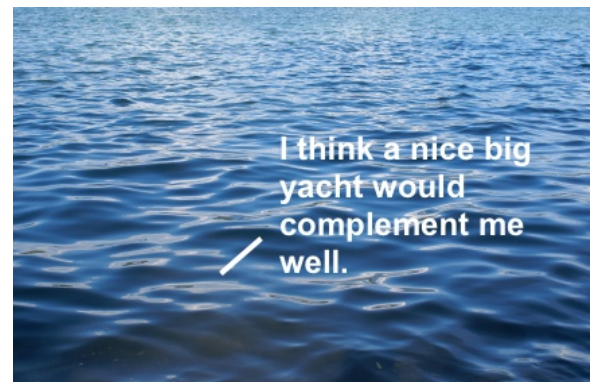
I think CAI, an organization I highlight in *Leading the Learning Revolution*, has made significant steps in this direction by developing *The Management Advantage*™ program over the past few years. By creating a clear path, and essentially, a compelling story about the value created

through its educational programs, CAI has made its offering much more attractive to – and more likely to be funded by – executives at the companies it serves.

As you may have gathered, targeting influencers and shifting purchasers both tend to be long-term approaches. They are reliant upon strong positioning and on consistent brand building. Organizations that employ them successfully, however, can become practically unassailable in their target markets.

So, as you are planning that next seminar or conference, think about all of the links in your chain of buyers, and think long term. How could you strengthen the pull of your products in parts of the chain you may not have focused on before? Please comment and share your thoughts at <http://www.tagoras.com/blue-ocean-strategy-3/>.

Looking Across Complementary Products and Services



In nearly every field or industry, businesses tend to focus narrowly on a core set of products and services and competition generally occurs within commonly understood boundaries for those products and services. Significant value, however, is often “hidden in complementary products and services.” To discover this value, Kim and Mauborgne suggest a series of questions:

What is the context in which your product or service is used? What happens before, during, and after?

Can you identify the pain points?
How can you eliminate these pain points through a complementary product or service offering?

Think, for example, of the market for athletic shoes. The focus has traditionally been on the shoes themselves. Makers strive to offer a range of models and styles and to emphasize performance-oriented features like lightness or ruggedness. Nike, however, has recognized that the shoe is only part of the customer's total experience. Many customers – particularly those willing to pay the premium associated with Nike products – are serious about physical activity and improving their performance over time. This recognition led [Nike to partner with Apple around a special version of the Apple Watch](#), one that is likely to have strong appeal for Nike's fitness-oriented audience. (I mention this particular example to highlight the fact that partnerships can often be a good way to tap into the opportunities represented by complementary products and services.)

In education markets, the focus tends to be on the particular body of content or time that defines a formal education experience: a course, a conference, a Webinar. A great deal of emphasis is put on determining titles, identifying subject matter experts, and – particularly in recent history – trying to improve the quality of what happens within the prescribed space of the formal experiences. We tend not to pay enough attention to the fact that any single educational experience is only one of many that will factor into an individual's ongoing learning process.

Consider what happens before an individual engages in a learning experience. I routinely have clients tell me, for example, that staff members spend a good bit of time by phone or e-mail helping members find and understand the available choices for continuing education. This is not just a matter of a Web site with usability issues (though, alas, that often is an issue): it's a reflection of the complexity of the world we now live in, and of a desire – at least among

a certain segment customers – to maximize the value of their educational investments. Similarly, in my consulting work, I have actually had clients pay me to map out how they might get the most out of a particular conference.

These examples suggest possible opportunities for engaging customers with complementary services before the formal education experience. There may also be other good opportunities after a formal educational experience. For example, coaching services – whether on an individual or group basis – could be a powerful way to help learners retain, apply, and improve upon what they learn from formal educational experiences like courses or conferences.

As with examples offered in other parts of this article, these may or may not be ideas that jibe with your education business. But, in general, it is worth remembering that a particular conference session, seminar, or online course is rarely the “total solution” a customer seeks. Lifelong learners want to grow and develop over time in ways that increase their professional competence and confidence (the two go hand in hand), provide personal satisfaction, and enhance their overall value in the employment market. If you step back and take a look at your offerings from this perspective, you will almost certainly see ways in which you can unlock new value.

Please share your thoughts and comments at <http://www.tagoras.com/blue-ocean-strategy-4/>.

Looking Across Functional-Emotional Orientation

Do you believe your members and customers buy your educational offerings because of their strong “functional” appeal – i.e., they fulfill a clear need at a reasonable price?

Or do they buy them for more emotional “reasons” – e.g., for the prestige associated with your brand, or the feeling of

accomplishment that comes from earning one of your certificates?

Think about that for a moment, and then read on.



We tend to lean pretty clearly in one direction or the other – functional or emotional – in marketing our offerings, but as Kim and Maubourgne argue in *Blue Ocean Strategy*,

the appeal of most products or services is rarely intrinsically one or the other. Rather it is usually a result of the way companies have competed in the past, which has unconsciously educated consumers on what to expect.

If we tune into the functional-emotional orientation of our market, then we may be in a position to carve out a new space by going against the established orientation.

In my experience, the market for continuing education and professional development has skewed toward a highly functional orientation over time. Price – member pricing, early bird pricing, bundled pricing – has become the major factor in many segments of the market. Convenience is usually a close second. In areas where continuing education credit is important, education often devolves to commodity status as organizations compete to provide the cheapest, most convenient CE (CPE, CLE, CME, etc.)

And, of course, this is what customers come to expect. As Kim and Mauborgne put it:

No wonder market research rarely reveals new insights into what attracts customers. Industries have trained customers in what to expect. When surveyed, they echo back: more of the same for less.

If this is the kind of feedback you are hearing, a shift in orientation may be just what you need to breath new life into your strategy. Consider, for example, what Jason Blumer has managed to do with the coaching he offers through his CPA firm and the Thriveal Network.

Participation Jason's [Thriveal Academy](#) and [Incubator](#) are driven much more by the energy and sense of community he has fostered over time than the typical "Check the compliance box" CPE sale. Certainly, it's top notch, highly functional content, but you can bet that it's the emotional connection to Jason and his unique perspective that is driving sales.

So, give it some thought: what might you do to shift your orientation? (The reverse direction works too, of course – i.e., from emotional to functional – I find you don't tend to see as much of a need for that in continuing education markets.).

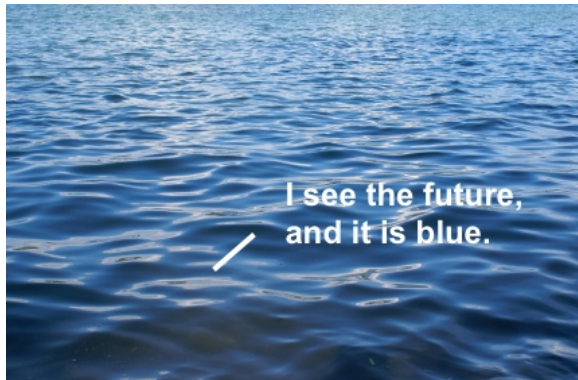
Please comment and share your thoughts at <http://www.tagoras.com/blue-ocean-strategy-5/>.

Looking Across Time

External trends tend to be a key driver of change in most fields. The rise of the Internet, for example, has had a tremendous impact over the past two decades on just about every field and industry. Education has certainly been no exception. Still, even in the face of such a sweeping trend, one that clearly offers enormous new opportunities, most organizations respond only at a tactical rather than a strategic level. As Kim and Maugborne put it, most organizations

adapt incrementally and somewhat passively as events unfold. Whether it's the emergence of new

technologies or major regulatory changes, managers tend to focus on projecting the trend itself. That is, they ask in which direction a technology will evolve, how it will be adopted, whether it will become scalable. They pace their own actions to keep up with the development of the trends they're tracking.



So, for example, in the world of continuing education, organizations may cautiously add some Webinars or self-paced courses to their portfolio and eventually consider putting a learning management system in place. But none of this fundamentally changes the business model or fuels significant differentiation from competitors – all of whom are likely to make exactly the same moves.

To find blue ocean potential in a trend, you have to do more than look at the trend itself, you have to search for insights into “how the trend will change value to customers [members] and impact the company’s [organization’s] business model.”

You also need to be sure you are dealing with trend that is truly worthy of strategic response. Kim and Maugborne argue that trends capable of driving Blue Ocean Strategy:

are decisive – There is no doubt that the trend will actually have an impact on your business

are irreversible – The trend is not merely a fad or a fashion. It is here to stay

follow a clear trajectory – You can see with reasonable clarity where the trend is headed, at least as far as the impact on your business is concerned

“Having identified a trend of this nature,” Kim and Maugborgne write,

you can then look across time and ask yourself what the market would look like if the trend were taken to its logical conclusion. Working back from that vision of a blue ocean strategy, you can identify what must be changed today to unlock a new blue ocean.

In Search of a Logical Conclusion

If there is one trend that I think warrants some serious analysis right now, it is the growth of mobile computing and communication. I don’t think there is any doubt that this is a decisive and irreversible trend, and I would argue that it has a clear trajectory when it comes to lifelong learning.

Mobile is the great “connector of dots” for all of the learning industry buzz words from the last decade or two: “anytime, anywhere,” “just in time,” “blended,” “social.” You don’t have to do much more than thumb through the screens of your own smart phone or tablet and reflect back on your last few days to realize that you are, in fact, an anytime, anywhere, just in time, blended, social learner – and that’s mostly because of your mobile device.

The problem – which is also to say the opportunity – is that most organizations still don’t have much of a vision for how to support this shift in a compelling way. And most organizations are doing, or will do, what Kim and Mauborgne suggest above – adapting incrementally rather than attempting to shape the trend.

What if you were to attempt to shape, rather than simply react, to the trend. What would that look like for the learners you support and the field or industry within which they

work. Personally, I think membership and “learning as a service” (“LaaS” – you heard it here first, folks) need to become synonymous, and mobile is perhaps the key tool for making that happen. What would that look like for your organization – keeping in mind mobile as perhaps the great enabler?

I don’t know the specific answers for your organization, but I am certain that the blue oceans created with mobile will focus at least as much on context as on content. They will be about understanding not only what an individual needs to learn, but also the likely circumstances and drivers of learning. How well do you really understand these within your field or industry, and given that understanding, how does mobile enable you to create new value for your learners?

Please comment and share your thoughts at <http://www.tagoras.com/blue-ocean-strategy-6/>.

Is There Always a Blue Ocean To Be Found?

By now you may be thinking that Blue Ocean Strategy sounds awfully powerful. Given that it seems so powerful, it’s logical to ask, “Does this always work?” Or, put another way, “Is there always a blue ocean to be found?”

I have no doubt that Blue Ocean Strategy purists would say “yes,” but personally I am not so sure. At the very least, even if a blue ocean does exist for your organization, the amount of change necessary to reach it – even with very strong leadership – may simply be untenable in the short-to-medium term. And, it is in the nature of many blue oceans that in the longer term, they tend to disappear.

That said, I haven’t the slightest doubt that embracing the six paths approach – along with other tools described in the book – can dramatically improve an organization’s strategy efforts. At the very least, these tools push organizational leaders to think beyond the incremental tweaks that tend to characterize traditional strategic planning and find more substantial ways to stand out in competitive markets. The process may or may not lead to discovery of a true blue ocean, but it will almost certainly lead to a much better strategy. ■

Notes

This article is adapted from a series of blog posts published on the Tagoras Web site. The entire series can be found online at <http://www.tagoras.com/tag/blue-ocean/>.

About the Author

Jeff Cobb is a co-founder and managing director of Tagoras. He is the author of multiple books, including [*Leading the Learning Revolution: The Expert's Guide to Capitalizing on the Exploding Lifelong Education Market*](#), and he speaks frequently about how the emergence of a new global learning economy is impacting both individuals and organizations. **More information about his speaking is available on his personal Web site at jeffthomascobb.com.**

About Tagoras

Tagoras provides educational events, media, and advisory services to help organizations in the business of lifelong learning maximize the reach, revenue, and impact of their offerings. The company host two major annual events – the [Leading Learning Symposium](#) and [Learning • Technology • Design™ \(LTD\)](#) and also publishes the weekly [Leading Learning Podcast](#). For more information as well as access to a range of free resources, visit the Tagoras Web site at <http://www.tagoras.com>.