



APSE Northern Region Demand Innovation

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Blue Ocean Strategy



**Key principles: W Chan Kim and
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Blue Ocean Strategy Unit: INSEAD**



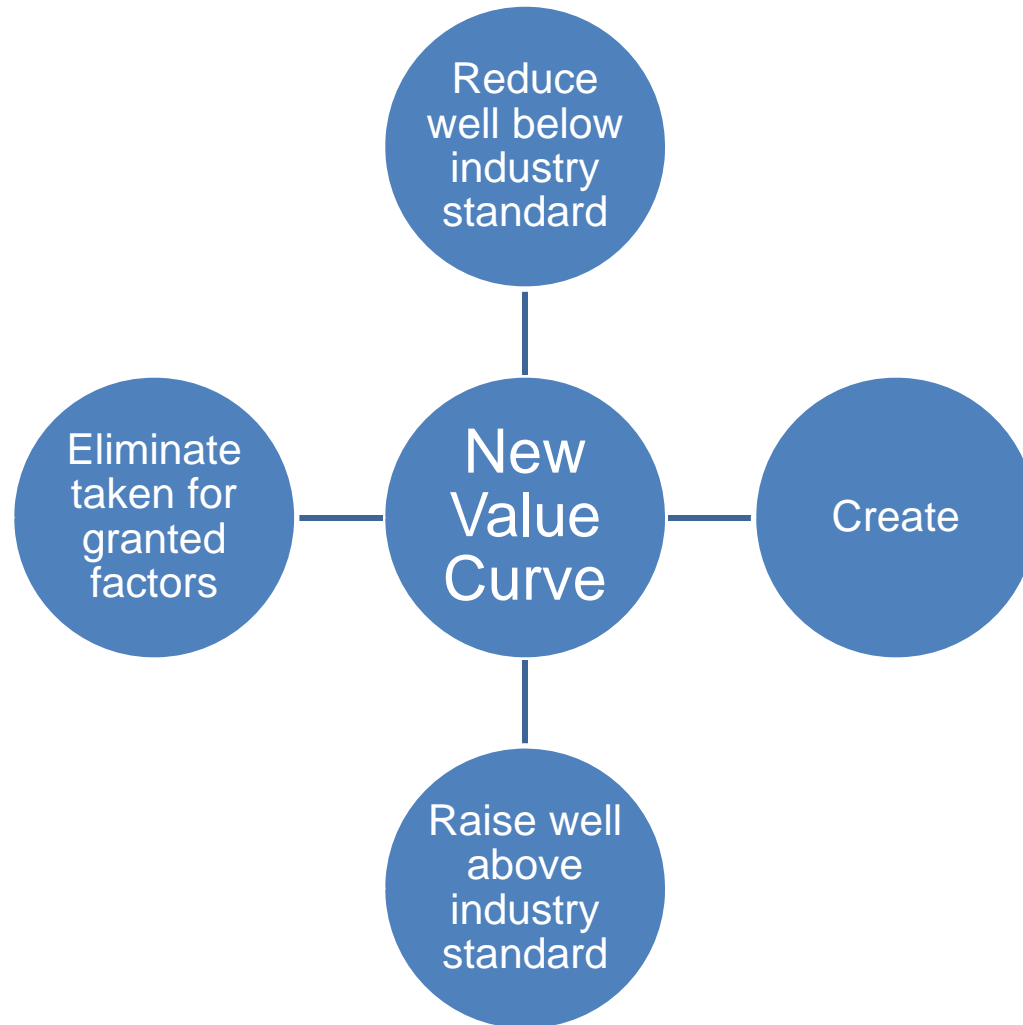
- Value innovation
- Thinking beyond competition strategy
- Creating new demand
- Finding uncontested market space
- Avoiding commoditisation of product

Key relevance to public sector

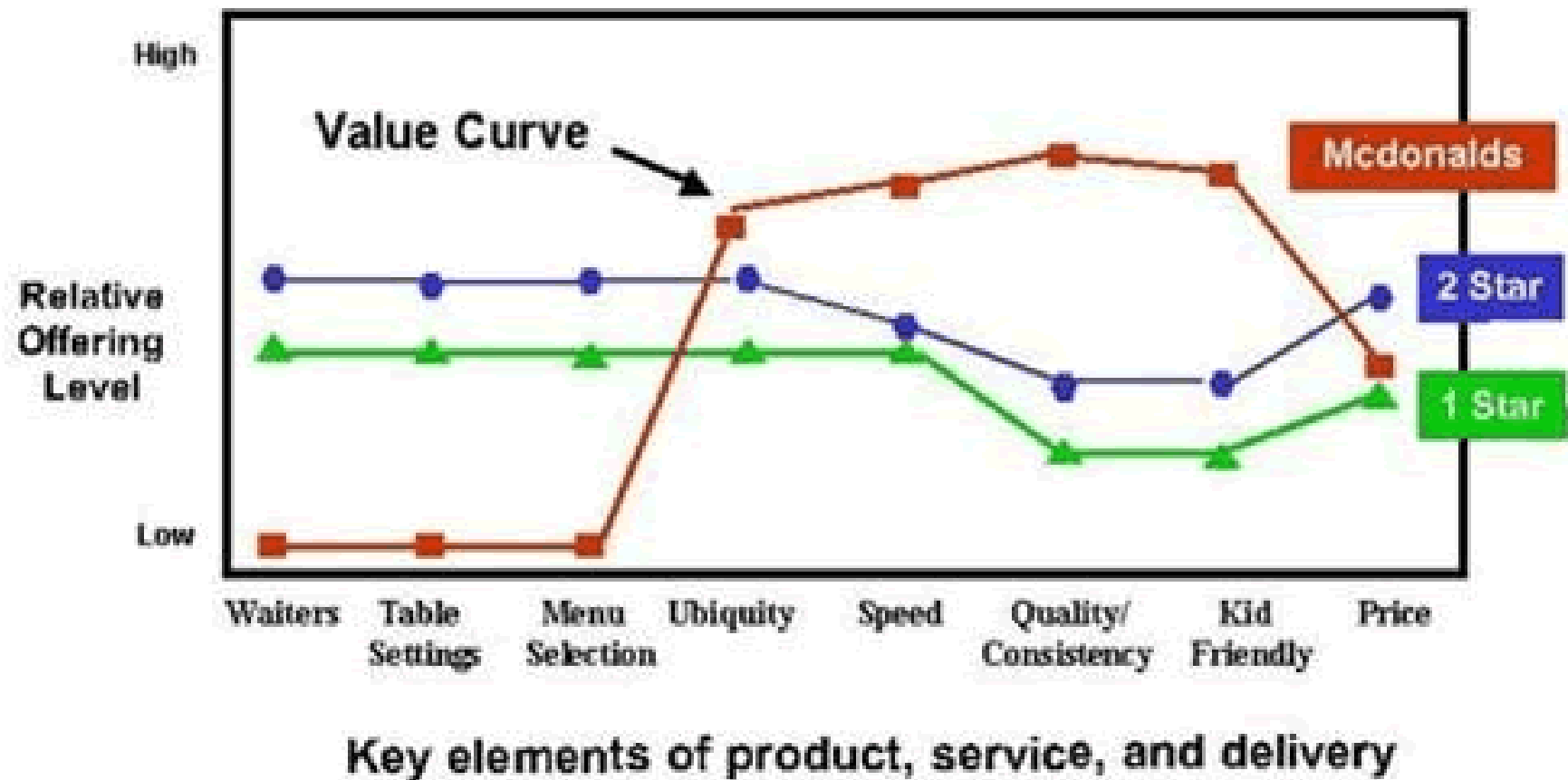


- Blue ocean is consciously concerned with demand side
 - Creating new demand
 - Managing demand through re-focussing
- Transcends marginal savings available on supply side
 - Competition and contestability theory focus on cost control and efficiency – not enough
 - Entrenches current approach to delivery

4 Action Framework



Strategy canvas



6 Path Framework



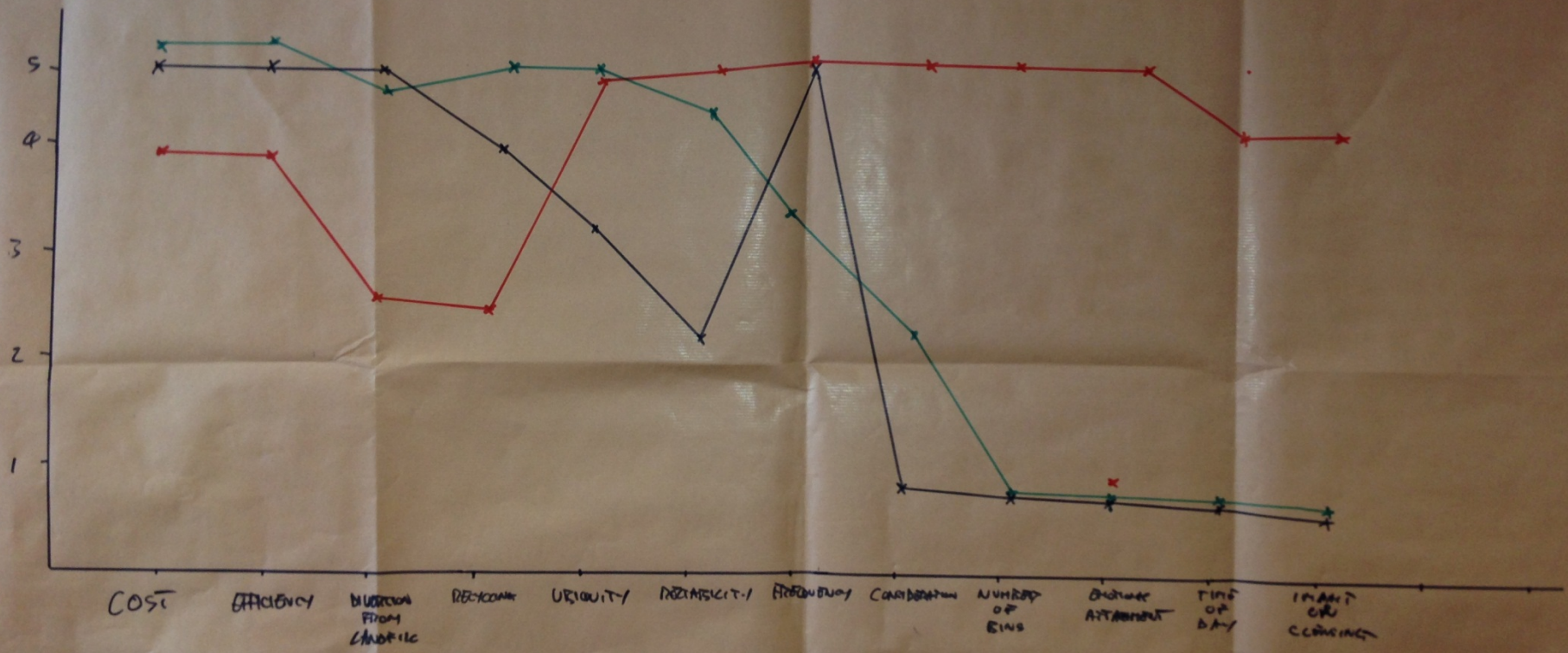
	Head to head competition	Blue Ocean Creation
Industry	Focus on industry rivals	Looks across industry boundaries
Strategic group	Focus on competitive position within strategic group	Looks across strategic groups within industry
Buyer group	Focusses on better serving the buyer group	Redefines the industry buyer group
Scope of product or service offer	Focusses on maximising the value of product within the bounds of its industry	Looks across to complimentary products and service offerings
Functional – emotional orientation	Focusses on improving price performance within existing orientation	Rethinks the functional – emotional orientation of its industry
Time	Focusses on adapting to external trends as they occur	Participates in shaping external trends over time

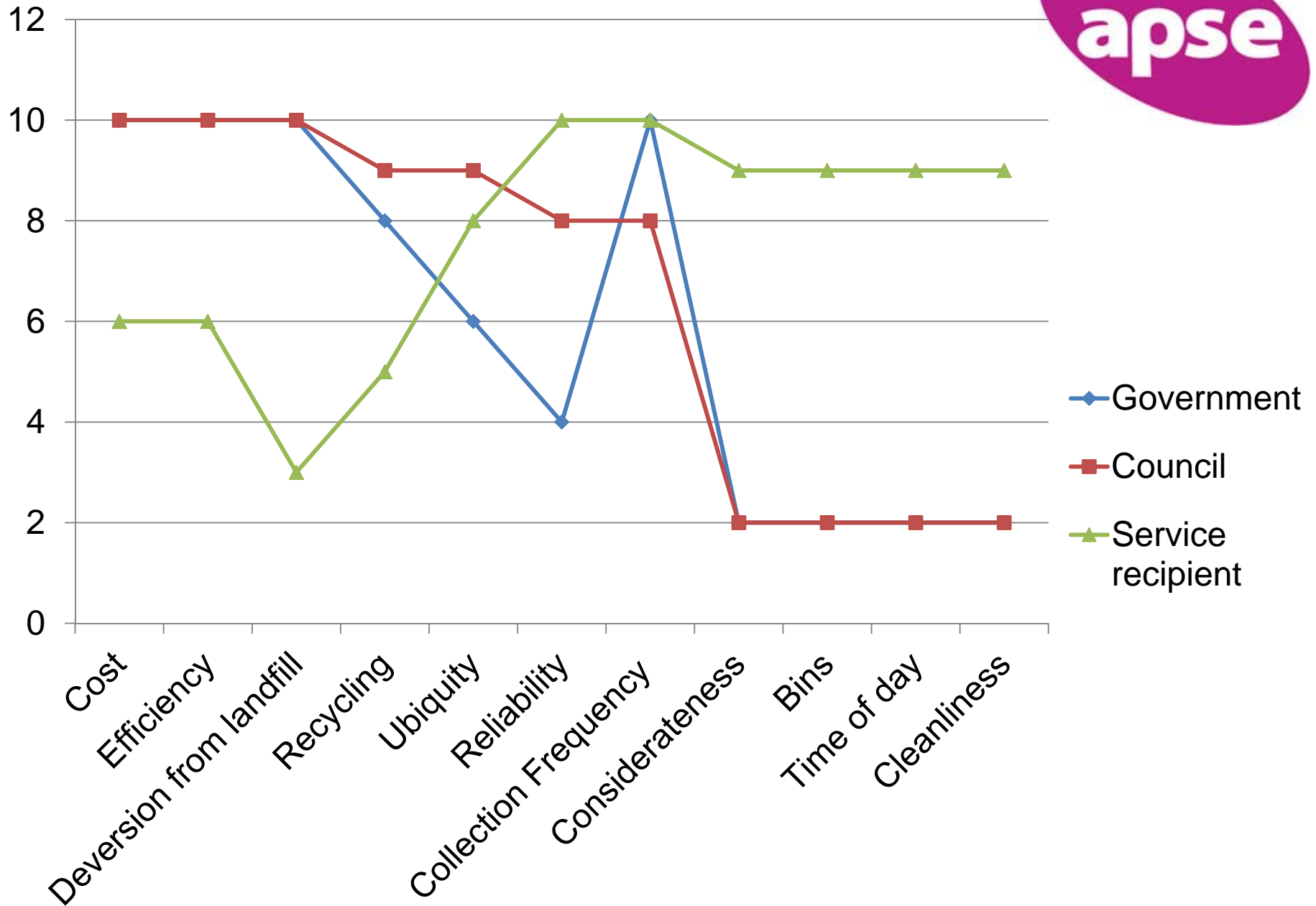
Public sector relevance: Garbage collection



- Key value factors
 - Removal of waste
 - Level of recycling
 - Cleanliness of streets
 - Regular collection
 - Stated day collection
 - Optimised collection routes
 - Fast collection
- Red ocean differentiation factors
 - Process efficiency
 - Salary costs

DEMAND CHAIN = GOVERNMENT → LOCAL POLITICIANS → SERVICE RECIPIENT





Reconstruct market boundaries



Look across alternative industries	<ul style="list-style-type: none">• Bring sites• Skip hire
Look across strategic groups within industries	<ul style="list-style-type: none">• Domestic collection• Recycling• Trade waste
Look across the chain of buyers	<ul style="list-style-type: none">• Government• Council buyers• Councillors• End users
Look across complimentary product and service offerings	<ul style="list-style-type: none">• Street cleansing
Look across functional or emotional appeal to buyers	<ul style="list-style-type: none">• Opportunity to save the planet
Look across time	<ul style="list-style-type: none">• Increasing number of bins for recyclables

A blue ocean alternative



- Communal waste bins – underground skips
- High standard of cleanliness
- Skip collection vehicles
- Close to houses
- Monthly or less empty frequency
- Dispose of household waste anytime
- Alternative for elderly/disabled/non joiners

4 Action Grid



<p>Eliminate</p> <p>Ubiquity Regular collection days Time of collection Disruption to traffic Complex collection technology Missed bins/wrong bin presented Garden clutter</p>	<p>Raise</p> <p>Cleanliness Recycling</p>
<p>Reduce</p> <p>Frequency of collection Cost</p>	<p>Create</p> <p>Incentivisation Emotional attachment Advertising revenue</p>

Value added



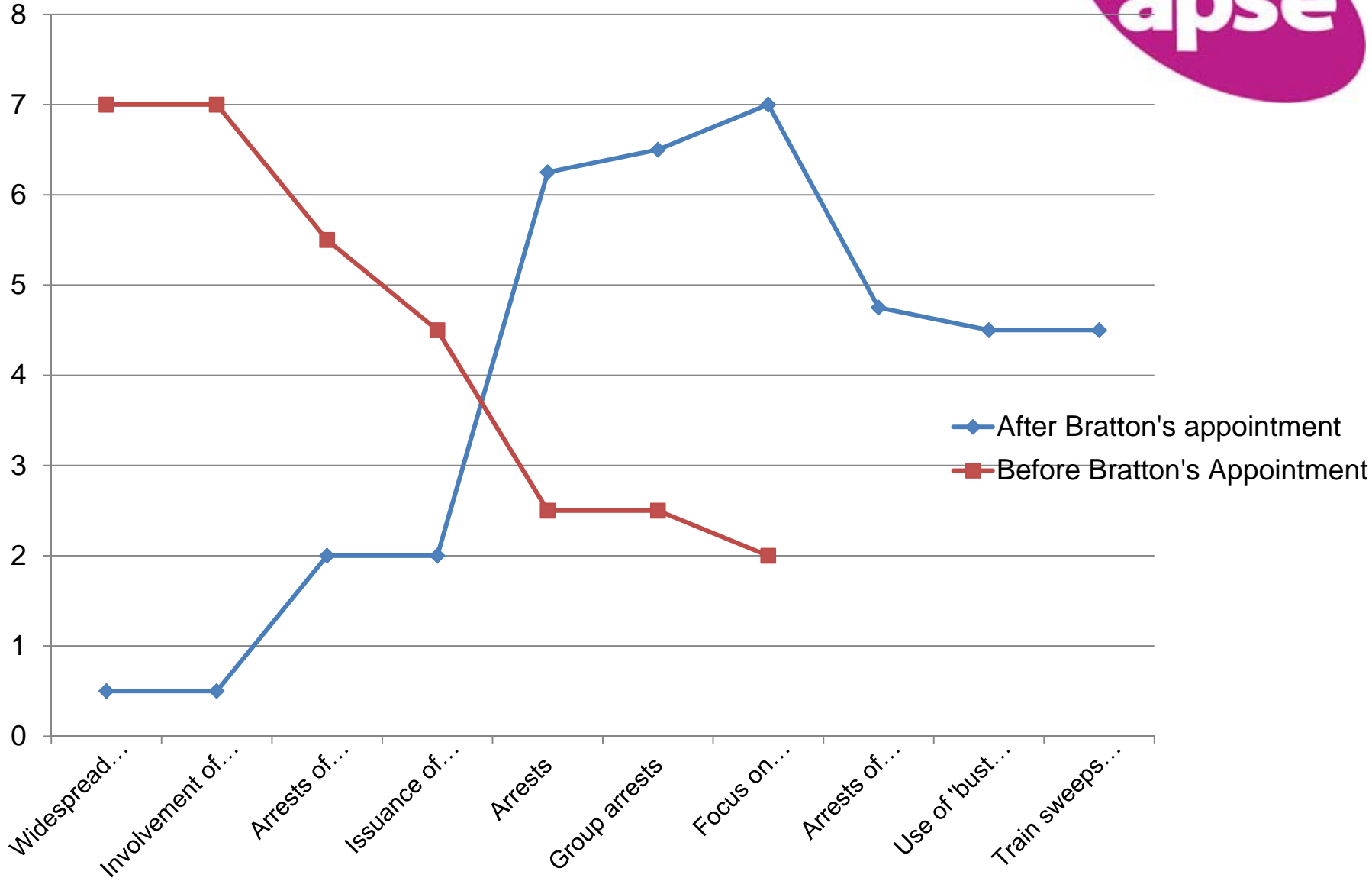
Collection costs reduced massively	<ul style="list-style-type: none">• Monthly collection or less from a fraction of collection points• Fuel savings• Less disruption and congestion
Lower cost vehicles	<ul style="list-style-type: none">• Skip vehicles rather than expensive twin lifts• Driver or driver plus one• 24 hour collection
Increased recycling yield	<ul style="list-style-type: none">• Less contamination
Environmental benefits	<ul style="list-style-type: none">• Reduced vehicle pollution• Less rubbish on streets• No wheeled bins• Cluttering up gardens
No forgotten bins	<ul style="list-style-type: none">• By householder or council
Reduced crime rates	<ul style="list-style-type: none">• Burglars no longer know who is away from bins not put out

Making change happen



- Factors of disproportionate influence
 - People, acts, activities
- Fair process
 - Keeping the workforce on board
 - Stakeholder analysis (power/influence)
- Focus divergence
 - Functional to emotional
 - Demand chain
- Compelling tag line
 - Marketing

NYPD transformation strategy curve



Understanding Demand



‘Giving the people what they want is fundamentally and disastrously wrong. The people don’t know what they want...(Give) them something better’

Samuel ‘Roxy’ Rothapfel



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