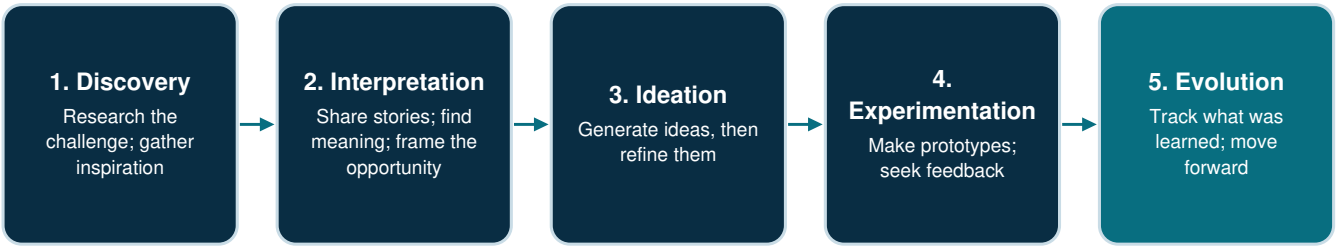
Design thinking and Blue Ocean Strategy

MODULE 4 | 4.5.1 | STUDENT COMPANION

Design thinking puts people at the centre of innovation, bringing together what people need, what technology makes possible and what makes sense for the business. It starts with **empathy**, is **collaborative** and **iterative**, and alternates between **divergent** thinking (opening up possibilities) and **convergent** thinking (narrowing them down), so diverse teams with permission to experiment do it best.

Five stages of design thinking



Human-centred, collaborative and iterative: open up, then narrow down

Case note: GE Healthcare's 'Adventure Series'

Doug Dietz, an industrial designer at GE Healthcare, watched a frightened young girl being led towards one of the scanners he had designed; many children had to be sedated because a scan only works if the patient lies still. After training in design thinking at Stanford University's design school, he asked how a scan could feel to a child. Working with children, parents and staff, his team turned scanner rooms into adventures, such as a pirate ship or a jungle, with stories for staff to tell. The machine barely changed; the experience did. At the Children's Hospital of Pittsburgh, sedation for children's CT scans fell from more than 80% to under 3% (results have varied between hospitals).

Sources: GE Healthcare; Milwaukee Journal Sentinel, 2016; published design thinking case studies.

Another version of the process: four questions

Jeanne Liedtka and colleagues organise design thinking around four questions. Despite its creative reputation, design thinking is a highly structured process.

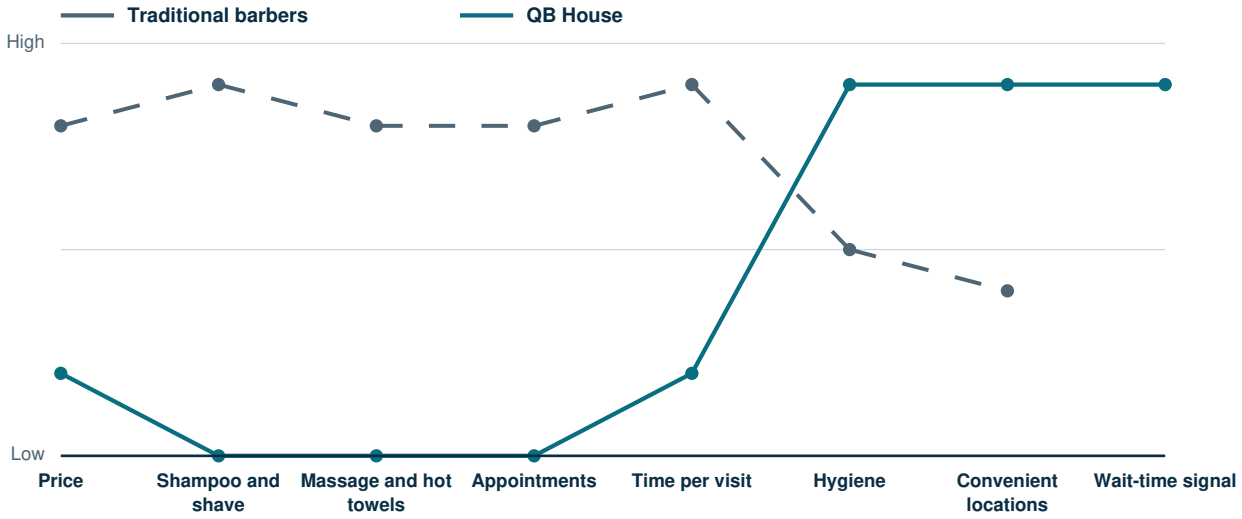
Question	What happens
What is?	Research the current reality; turn insights into design criteria
What if?	Generate ideas that challenge those criteria
What wows?	Choose the most promising concepts; surface the assumptions behind them
What works?	Test those assumptions with real customers until a concept proves itself

Cheap prototypes, staged money: three-dimensional printing can turn a design into a physical prototype in hours. For CPAs, design thinking means funding a series of small experiments and releasing more money as each key assumption is confirmed, rather than approving one large budget up front.

Red oceans and blue oceans (Kim and Mauborgne)

Red ocean	Blue ocean
Rivals fight for customers in a crowded, familiar market	A market space nobody else serves yet
The aim is to outperform competitors	The aim is to make rivals irrelevant, for a while
Firms split up the demand that already exists	New customers are drawn in who weren't buying before
Choose more value at a higher cost, or less value at a lower cost	Raise value and cut cost at the same time (value innovation)

A strategy canvas



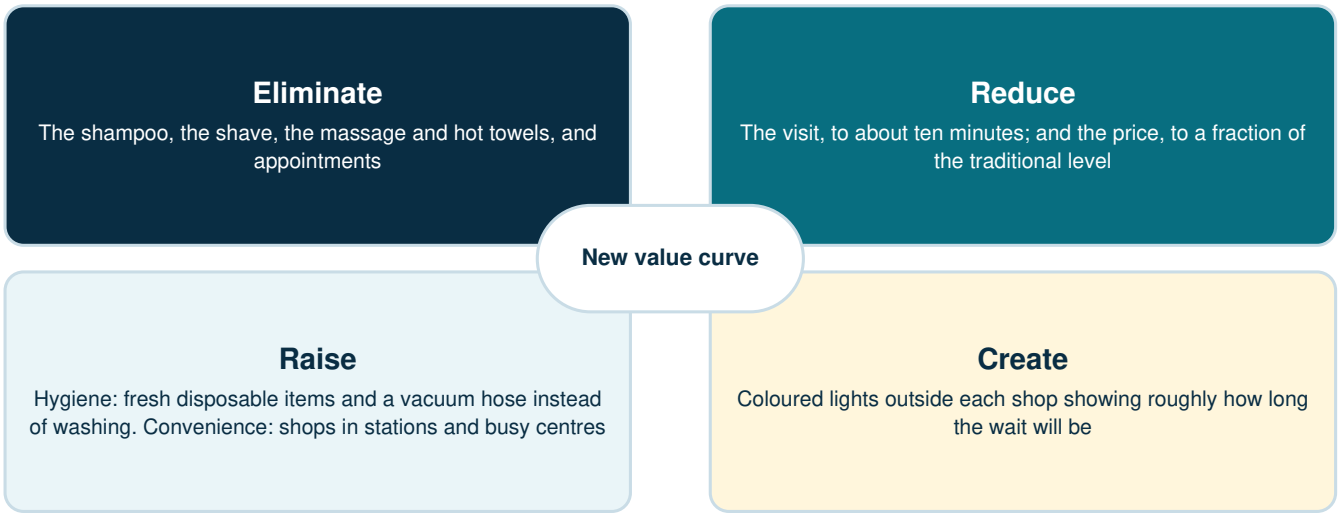
Price is always the first factor; a new factor appears only on the new curve

The buyer utility map

Test every stage against every lever. Each empty cell is a question, such as: could buying be simpler, could using it be more fun, could disposal be greener?

Six stages of the buyer's experience	Six levers of utility
Purchase; delivery; use	Customer productivity; simplicity; convenience
Supplements; maintenance; disposal	Risk; fun and image; environmental friendliness

The four actions framework



The three tests: divergent, focused, and summed up as 'ten minutes for a thousand yen'

Case note: QB House

QB House, a Japanese barbershop chain that opened its first shop in 1996, faced an industry that competed on long, relaxing visits with a shampoo, shave, hot towels and massage, often by appointment. It eliminated those extras, reduced the visit to about ten minutes and the price to a fraction of the norm (1,000 yen at launch; 1,400 yen since February 2025), raised hygiene and convenience, and created signal lights showing the likely wait. Busy workers who had never had time for a traditional barber suddenly had a reason to go. By June 2026 it had about 612 shops in Japan and 155 overseas.

Sources: QB House (CUTBASE) company information, 2026; W. C. Kim and R. Mauborgne, Blue Ocean Strategy, 2005.

Three tests of a good Blue Ocean strategy

No blue ocean stays blue forever: successful moves attract imitators, so keep watching the value curve.

Test	Question
Divergence	Is the new value curve clearly different from the industry's?
Focus	Does it concentrate on a few factors rather than everything?
Compelling tagline	Can customers and staff grasp it instantly?

Practice questions

MODULE 4 | 4.5.1 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Five stages

Activity in an imagined library redesign	Stage
(a) Watching how teenagers use the library after school	
(b) Interviewing parents about homework routines	
(c) The team sharing stories and spotting that teens want to study together	
(d) Reframing the challenge as 'how might we make this the best place to study with friends?'	
(e) Brainstorming sixty ideas	
(f) Shortlisting three concepts	
(g) A two-week pop-up study zone with movable furniture	
(h) Collecting feedback cards and counting visitors	
(i) Tracking use over a term, then rolling out to two branches	
(j) Recording lessons for the next project	

Question 2 - Four actions for a gym

Imagine a new gym for busy beginners. The industry competes on long contracts, large equipment floors, personal trainers, pools and saunas, price, opening hours and group classes.

Action	Your factors
Eliminate	
Reduce	
Raise	
Create	

Question 3 - Test the strategy

Imagine an airline proposes a new 'premium economy plus' seat that offers slightly more legroom, slightly better meals, slightly more baggage and slightly faster boarding than its rivals, at a slightly higher price. Test the proposal against the three tests of a good Blue Ocean strategy, and suggest how it could be improved.

Worked answers

MODULE 4 | 4.5.1 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Library redesign

Stage	Activities
Discovery	(a), (b)
Interpretation	(c), (d)
Ideation	(e), (f)
Experimentation	(g), (h)
Evolution	(i), (j)

Question 2 - Gym for busy beginners (example)

Action	Factors
Eliminate	Lock-in contracts; pools and saunas
Reduce	Size of the equipment floor; price
Raise	Opening hours; beginner support and friendliness
Create	Twenty-minute guided circuits; an app that tracks progress and books sessions

Question 3 - Premium economy plus

Divergent? No: the new curve sits just above rivals' on every factor. **Focused?** No: it improves everything a little, which raises costs without standing out. **Tagline?** Hard to sum up: 'slightly better at everything' won't excite anyone. **Improvement:** pick a few factors that matter to a target segment, such as business travellers on short flights, and raise them sharply (fast boarding, a guaranteed quiet zone, flexible changes), while eliminating or reducing others (meals, lounge access) to keep costs down.