# OFCIDE

## THING

PREVIEW EDITION

THE ONE THING **EVERY** EXECUTIVE TEAM MUST DECIDE.

DAVE RAMOS

I think Dave Ramos's differentiation theory in Decide One Thing is very interesting.

What's the one thing your organization can do, or provide, or make, better than anybody else? If you can figure that out, you're halfway to greatness—and if you can deliver on the promise, you're there.

This book is full of ideas that will kindle the imagination of any leader.

#### **—KEN BLANCHARD**

coauthor of *The One Minute Manager*® and *Trust Works!* 



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DAVE RAMOS



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#### CONTENTS

- 15 CHAPTER ONE SHIFT POINTS
- 25 CHAPTER TWO
  WHY ONE THING?
- 47 CHAPTER THREE

  EXAMPLES AND CASE

  STUDIES
- 87 CHAPTER FOUR
  THE DECISION MAKERS
- 99 CHAPTER FIVE
  DEFINE YOUR MARKET
- 115 CHAPTER SIX
  THE DECISION DRIVERS
- 121 CHAPTER SEVEN
  DECISION TIME
- 131 CHAPTER EIGHT
  ALIGN EVERYTHING

- 147 CHAPTER NINE
  WINNING THE RACE
- 159 CHAPTER TEN
  THE WINNER'S CIRCLE
- 163 BUT WAIT...
  THERE'S MORE!

## B.L.U.F.

The United States military has millions of acronyms.

My favorite is B.L.U.F.—which stands for Bottom Line Up Front.

So, here is the bottom line: organizations must be good at lots of things. However, a differentiating competitive advantage comes from being great at One Thing. Not just great—differentiatingly great.

The rest of this book makes the case for this idea, presents a range of case studies to help you understand some of the options, and outlines the process for deciding.

The one thing **every** executive team must decide is, "What is your One Thing?"

## INTRODUCTION

There are two kinds of people in the world.

Those who *always* read the introduction section of a book...like my wife, and those who *never* read the introduction...like me!

So if you are an introduction reader, this section is for you!

Several years ago, I was having breakfast with Ken Thornton, a retired IBM senior executive and a member of the SHIFTPOINTS Advisory Board, soliciting his advice about how to build the business.

"Dave—you need to develop a methodology, and you need to write a book."

Those words hit me hard. The 20-minute drive home felt like a time warp. I remember thinking, "Write a book? Where do I even begin?"

As I tried to start writing, all I could think of was the hilarious movie *Throw Momma from the Train*, starring Billy Crystal and Danny DeVito. In the movie, Billy Crystal plays an author with writer's block. Over and over, he types out the first line of his book.

"The night was ..."

And over and over, he rips the paper from his typewriter in frustration. He is stuck.

Like Crystal in the movie, I had a lot of fits and starts. I have a degree in accounting, not literature.

Eventually, however, I found my voice. I adopted a writing style that I first learned from the advertising copywriters I worked with back in my Nortel Networks days.

Short, punchy sentences. Often without verbs.

It drives the grammarians and Microsoft Word crazy, but it works for me.

I hope you like it.

A lot!

# EXECUTIVE TEAMS, PROPHETS, AND CHANGE AGENTS

There are millions of books on leadership, and there are millions of executive coaches.

So why is there such a leadership void?

Because leadership is a team sport.

Most leadership books are written as if there were one supreme leader and everyone else is simply a follower.

Most coaches only work with one leader, as if that will make the team better.

But leadership simply does not work that way.

That's why SHIFTPOINTS' model is to work with the entire leadership team of an organization.

However, the Decide One Thing process is really the purview and responsibility of the CEO and the senior executive team.

So this book is specifically written for the executive team...to go through as a team!

While this book is designed for the executive team, in some cases, the reader of this book will not be the CEO or a member of the executive team.

Most likely, you are a prophet and/or a change agent, and every organization needs people like you. You push the envelope. Say what needs to be said. Poke and prod. Nudge and cajole.

We have some advice for prophets and change agents:

- Buy copies of this book for your CEO and his or her direct reports.
- Start a grassroots movement with other prophets and change agents.
- Lead brainstorming sessions about what your organization's One Thing might be.
- Be an internal champion for the cause of being "differentiation-driven."
- Help your own team become differentiatingly great.

Do these things, and pretty soon you might actually become a member of the executive team. CHAPTER ONE



## SHIFT POINTS

ONLY ONE THING CAN BE THE MAIN THING.



#### SHIFT POINTS

It probably won't take long for you to figure out that I'm a car guy.

My mom is German. I'll never forget my first trip to Germany. I was ten years old. Within a few minutes of our arrival, we pulled out onto the Autobahn and zoooooom!

A silver Porsche 911 passed us like we were standing still. I was hooked.

So when I started my company, it was just natural for me to use car-related analogies in my work.

Our clients are mid sized, high-growth organizations, run by what we call "Fast Lane Leaders."

The majority of our work has been helping clients who were at a strategic inflection point.

We call them shift points.

For some, their growth had plateaued. Others wanted to take their organizations "to the next level."

All of them were struggling to break out of the competitive pack.

Ultimately, these organizations—specifically their senior executive teams—had some big decisions to make:

They could be disappointingly mediocre at everything, or become differentiatingly great at One Thing.

They could dabble in dozens of markets...or dominate One Market.

They could remain fragmented and inefficient...or align everyone in One Direction.

They could continue backstabbing and undermining... or come together as One Team.

They could stay with the herd on the wide road, or make their own way on the Narrow One.

Perhaps your organization is also at a shift point. Perhaps the recession has taken its toll. Perhaps your people are running on fumes. Perhaps the competition has passed you by.

If so, this book will lay out a clear choice.

#### **DIFFERENTIATION-DRIVEN**

There are many things that can (and do) drive organizations.

In our experience, the real high-performance organizations are differentiation-driven.

SHIFTPOINTS has spent the last ten years working to answer two questions:

What (exactly) is a high-performance organization?

What does it take to build one?

The process started with an intense period of reading and research. Conservatively, we have read 100 books on the subject.

To supplement our "100 Books" research program, we had conversations with over 100 CEOs. These CEO conversations were tremendously helpful as we worked to understand what it really takes to build a high-performance organization.

In addition, we developed a High-Performance Organization Survey to provide hard data to supplement the anecdotal research.

Ultimately, we concluded that high-performance organizations are "differentiation-driven."

Differentiation-driven organizations are unique and very rare.

First, they have identified something (which we call One Thing) that is their defining differentiation. Second, they use their One Thing to align everything in the organization:

- They have compelling corporate identities and often become iconic brands.
- They have tightly focused corporate strategies and create truly unique products and services.
- They recruit, retain, and unleash the talents of the very best people in their industry, who share a unique DNA.
- They manage the organization with incredible clarity, so everyone is driving in the same direction.

Finally, differentiation-driven organizations win. Far more often than their undifferentiated, unfocused, and uninspiring competitors.

Differentiation-driven organizations are unique, aligned, and intensely focused. That's why they win.

#### Our model is simple:

#### WARNING LIGHTS

SHIFTPOINTS starts engagements with a comprehensive diagnostic of the organization's current performance.

Of course, one of the primary things we look at is differentiation.

Your car's dashboard has warning lights that alert you when something is wrong. (If you are like most people, you ignore them for a long time before taking action.)

Likewise, your organization has warning lights that alert you when your differentiation is low. These are some of the most common ones:

- Low win rates
- · Heavy price discounts
- · Plateaued growth
- · Trouble recruiting top talent
- · High employee turnover
- · Low employee engagement
- · High delivery variability
- Low customer retention
- Low margins
- Low brand awareness

Perhaps your organization is seeing some of these warning lights. (If you are like most organizations, you have been ignoring them for a long time.)

Perhaps you have even hired consultants to help you fix one or more of these issues. My hunch is that it did not work, probably because the consultant misdiagnosed the problem.

For example, hiring an HR consultant to help you with employee engagement won't really work—because engagement isn't the problem. It is a symptom of a much larger and more complicated problem.

These warning lights are all symptoms of low differentiation. Solving them requires a comprehensive diagnostic and uniquely integrated approach.

#### TEN EASY QUESTIONS

My father-in-law taught Old Testament courses at a conservative Bible college. He was legendary for being a difficult and demanding professor. All of his students remember his pop quizzes, which always had the same feature.

Ten easy questions.

Of course, they were never easy.

To evaluate your organization's current level of differentiation, consider taking the SHIFTPOINTS Differentiation Index assessment.

The Differentiation Index is comprised of ten (not so easy) questions.

You can take the assessment for free, but you must register and request a company ID. To start the process, contact us at start@SHIFTPOINTS.com.

Once you have completed the assessment, SHIFT-POINTS will provide a report of your results, including a competitive benchmark, which compares your organization with every other organization that has completed the assessment.

#### CHAPTER TWO



# WHY ONE THING?

IT IS BETTER TO BE DIFFERENTIATINGLY
GREAT AT ONE THING THAN
DISAPPOINTINGLY MEDIOCRE
AT DOZENS OF THINGS.



#### ONE QUESTION

Whenever I meet a new executive, I always start with the same question.

"How do you differentiate your firm?"

You'd be surprised how many people can't answer that question.

Most organizations look alike, sound alike, and act alike. Their products are the same. Their brands are bland.

They disappear into a vanilla sea of sameness.

You go to a trade show, but every booth looks the same. You go home with a bag of giveaways, but end up giving them all away.

You shop for gas, but every station seems the same. You debate crossing the street but can't justify the pain.

You go to a networking event, but everyone sounds the same. You unload your pocket of business cards but can't remember anyone's name.

You board the plane, but every airline sounds the same. Flight attendants offer you peanuts, and the kid next to you is driving you insane.

You review the proposals, but all the vendors blend together. The sales reps show up, and you just yak about the weather.

Most books about differentiation focus on being different. This one focuses on being better.

Not just a little bit better...not just great...but differentiatingly great.

Because it is good to be different, but it is great to be differentiatingly great.

- Does your organization blend into the bland vanilla sea of sameness?
- How would you answer the differentiation question?
- Are you experiencing any of the warning lights of low differentiation?

#### CORPORATE DIFFERENTIATION

The word "corporate" has taken on a negative connotation.

We're from corporate...and we're here to help.

However, the main reason that most organizations struggle with differentiation is that they have not done the corporate-level work.

Most organizations focus on differentiating their products but never tackle the task of differentiating their company.

Often, the subject of differentiation is just delegated to the marketing department to work on with the advertising agency.

"Make our brochures better."

However, your corporate differentiation is really something far bigger and more strategic than just marketing. Done properly, it impacts everything in your organization, from human resources to finance to how you keep score.

It is your *corporate* differentiation that creates one powerful and compelling brand identity. It clarifies who the organization is and what you stand for.

It is your *corporate* differentiation that aligns all of your tactics into One Strategy.

It is your *corporate* differentiation that unifies all of your people into One Team.

It is your *corporate* differentiation that integrates all of your products and services into One Portfolio.

So creating a corporate-level differentiation is vitally important. But it is also really hard.

Completing this difficult work is the responsibility of the senior executive team.

You could even say that it is Job One.

Differentiation-driven organizations are good at many things—but decide to become differentiatingly great at One Thing.

- Does your organization have a corporate-level differentiation?
- Is differentiation seen as a "marketing issue" or a corporate strategy goal?
- Do you have a powerful and compelling brand identity?

#### THE CHALLENGE

But if differentiation is so important, why are most organizations so vanilla?

Because building a differentiation-driven organization is hard.

Here are a few of the most common challenges:

- Organizations are complex entities, and it is hard to find One Thing that everyone can agree on.
- Organizations are constantly changing, merging, divesting, etc., so making a decision about a corporate-level differentiation seems like a moving target.
- Most organizations have divisions, and often the division general managers have more power than corporate headquarters. Thus, there is a tendency to fight "corporate" initiatives.
- Most organizations operate in multiple geographies, and it is hard to get all of the geography heads to agree on one corporate differentiation that works globally.
- Most branding firms don't have the strategic breadth that is required to address differentiation at the corporate level. In addition, many people equate differentiation with creating a logo.

- Creating a corporate-level differentiation is hard, so executive teams procrastinate the decision.
   Differentiation is always important but rarely urgent.
- Many executive teams don't work well enough together to effectively solve strategic problems.
   They fight and disagree, and the differentiation decision gets stuck in a strategic stalemate.
- Big strategic trends, like globalization and the Internet, have made every industry massively more competitive. Thus, finding something to differentiate your organization is a challenge...all the good ideas seem to have already been taken.

No one has ever devised a simple yet powerful methodology to help executive teams develop and then actualize a corporate-level differentiation...until now.

- Do you believe that your entire organization could ever agree to One Thing?
- Does it seem like all of the good differentiation ideas have already been taken by your competitors?
- Would you consider using an outside facilitator to break the strategic stalemate?

#### THE ONE THING

SHIFTPOINTS developed a methodology for creating a corporate-level differentiation that we call Decide One Thing.

Here is the basic premise:

Every organization is good at many things.

But differentiation comes from being great at One Thing.

This is a radically new and different approach.

Unlike traditional branding models, this model does not focus on creating a new logo, some pithy messaging, and a new brochure. We all know that approach doesn't work. We even have a phrase for it.

"Putting lipstick on a pig."

So our starting point is to identify something that you can become differentiatingly great at. Then you must use that concept to align everything in your organization to turn that concept into reality.

You won't become great just by *saying* that you are great. It requires incredible discipline and dogmatic leadership.

Any study of *individual* greatness reveals that people pay a high price for achieving greatness.

This is also true for organizational greatness.

It is extremely hard to become great at something, but it is impossible to become great at twenty-seven things. Therefore, you must choose something—One Thing—to become great at, and then be willing to pay the price for actually achieving greatness.

And, of course, this requires intense effort over a really long period of time. Many people—and organizations—say they want to be great, but don't have the determination required to achieve it.

There is a headline from an old Nike ad that captures this idea perfectly, "One man's workout is another man's warm-up."

Focus on achieving greatness. That's what truly differentiates.

- Is your organization truly committed to achieving greatness?
- What do you think achieving greatness will cost you?
- Is everyone—especially every executive—willing to pay the price?

#### YOU MUST DECIDE

The reason we say "Decide One Thing" is to reinforce the notion that you must decide.

There are many options, but you have to choose One of them.

Which, by definition, means that you are *not* choosing the other ones.

You can be the cheapest or the most expensive. But not both.

You can be the biggest or the smallest. But not both.

You can have the most or the fewest. But not both.

Walmart chose price as their One Thing. They have good service, good selection, and good design. But Walmart has differentiatingly great prices. Every day Walmart focuses on lowering costs and passing along the savings, "helping their customers save money and live better."

Nordstrom chose customer service. They have good prices and good selection. But Nordstrom has differentiatingly great service. The corporation's heroes are sales clerks who go way, way beyond the call of duty to serve their customers.

Apple chose product design as their One Thing. They have limited selection, but "insanely great" design. Their stores are cool. Their packaging is cool. Their ads are cool. Even their power supplies are cool.

Amazon chose product selection. They have good service, good prices, but unbelievable "A to Z" selection. They started by applying Web technology to books. Now they carry everything from air conditioners to Zippo lighters.

BMW chose performance. They have good quality, good design, but incredible driving performance. They are "The Ultimate Driving Machine." They have interviews with suspension engineers on their website.

Lexus chose quality. No interviews with suspension engineers, just "The Relentless Pursuit of Perfection."

Of course, you must decide, because you don't want your One Thing to be just anything!

- Why is making the differentiation decision so difficult?
- Consider some other iconic brands. Can you identify their One Thing?
- How long did it take these organizations to become iconic brands?

#### JOB ONE

For seventeen years, Ford used the tagline "Quality is Job One."

Ford had the courage to admit that their cars did indeed have quality problems, and fixing those problems was critical to the company's survival.

So critical that Ford made it Job One.

Ford also knew that they could not fix the quality problems without the help of their employees. Therefore, their global advertising campaign was designed to reach both consumers and employees.

The advertising helped employees understand the magnitude of the problem. Every night on TV.

Other elements of the change program engaged the employees in the process.

Eventually, the advertising even highlighted those employees who had signed up to be part of the solution. They went from factory workers to TV stars.

The campaign worked. Quality did indeed improve.

However, Ford abandoned the "Quality is Job One" tagline, and the company now ranks 27th (out of 34) in the J. D. Power and Associates 2012 U.S. Initial Quality Study.

#### DECIDE ONE THING

This is a great case study in the difficulty of becoming differentiatingly great.

Perhaps Ford threw in the towel in frustration.

Perhaps the key stakeholders never really bought in.

Perhaps it was just an advertising campaign after all.

But the lesson is clear: only One Thing can be Job One.

- What is Job One for your organization?
- Do all of your customers and employees know exactly what it is?
- Do you have the organizational discipline to stay with it as long as it takes?

# THE ONE HUNDRED MILLION DOLLAR QUESTION

Another way to understand the One Thing is "The One Hundred Million Dollar Question." It goes like this.

"If we gave you \$100 million to invest in your business with only one condition—that you had to invest all of the money in just one area—where would you invest it?"

You'd be surprised how many executive teams can't answer this question.

Obviously, there are a lot of things that you can do with \$100M. We can see executive teams trying to avoid making a decision.

Often, they reply by saying that they would invest the \$100M in three things.

Our response? "No. You can't have the money unless you invest all of it in just one area. I don't care what it is, but you are not allowed to dribble it out into three things ... or twenty-seven things. Just One Thing."

The point of the question is to reinforce the idea that it is extremely difficult to become great at something, but it is impossible to become differentiatingly great at everything.

To become differentiatingly great at something, you must invest a disproportionate share of the organization's resources (money, people, and time) in it. Which means that you must invest less in other areas.

For example, Apple chose product design, specifically the user interface, as their One Thing. After decades of investment, they are indeed differentiatingly great.

This takes intense discipline. You will have to say no to a lot of good ideas in order to say yes to the best ones. You will have to stay focused on One Thing for a really long time. Perhaps decades.

Eventually, you will climb the ladder and create a brand that stands alone. Just like Apple.

Remember, it is better to be differentiatingly great at One Thing than disappointingly mediocre at dozens of things.

- Where would you invest the \$100M?
- Are you tempted to say "three things"?
- How long does it take for organizations to become differentiatingly great?

# THE ONE THING AND THE HEDGEHOG

Jim Collins introduced the Hedgehog Concept in his landmark book, *Good to Great* (2001).

The Decide One Thing idea evolved from our work with high-growth organizations, many of which struggled to make the Hedgehog Concept work.

Collins developed the Hedgehog Concept for Fortune 500 companies, and described it as a "coherent concept" and a "unifying theme."

The Hedgehog "three circles" process was based on a Venn diagram with three circles: Economic Engine + Passion + Best in the World. An organization's Hedgehog was in the overlap of the Venn—a great concept.

Sadly, Collins reported that the average company took four years to discover their Hedgehog, and it took two more years for the Hedgehog to produce results.

That's a total of six years!

In contrast, the Decide One Thing process is for Fast Lane Leaders who want to accelerate results...and fast!

The Hedgehog was primarily an inwardly focused activity. In contrast, the Decide One Thing process is

#### DECIDE ONE THING

more externally focused, and is designed to identify your defining differentiation.

This defining differentiation is translated into a customer value proposition that can win new business and improve margins.

Many of our clients have completed the Decide One Thing process in 90 days.

That's 2,100 days faster than Good to Great.

Of course, the Decide One Thing process is the starting point, not the finish line. It can take another year—or more—to align everything. And becoming differentiatingly great is a lifelong quest.

- Has your organization attempted to apply the Hedgehog Concept?
- Were you ever able to definitively identify your Hedgehog?
- · Did your Hedgehog generate results?

#### ONE TENTH OF ONE PERCENT

According to Wikipedia, 99.9 percent of human DNA is common to all human beings. Imagine—there are seven billion people of all shapes, sizes, heights, weights, sexes, and colors on the planet—and our DNA is 99.9 percent alike.

Thus, only one tenth of one percent of the DNA sequence is unique to each individual.

#### One tenth of one percent!

Organizations are the same—they are 99.9 percent alike. They all have accounting departments, websites, sales targets, press releases, pithy brochures, and golf balls with their company logo.

However, like the uniqueness in human DNA, your organization's defining differentiation will come from the 0.1 percent that makes you unique, such as:

- A unique component of your service delivery process.
- A unique aspect of your organization's worldview.
- A unique ingredient in your "special sauce."
- A unique asset, strength, or capability.

Like the scientists researching DNA, you might have to look at your organization under a microscope to find it.

#### DECIDE ONE THING

For example, drive a BMW and a Lexus back-to-back. At first they will seem very similar. Nice-looking cars. Well appointed. Four doors. Four tires. Four cupholders.

On closer inspection, the differences will emerge. The BMW has a throatier exhaust note. The Lexus is quieter. The BMW's seats are more form-fitting, designed to hold you stable at the Nürburgring. The BMW will have touches of Alcantara, the suede-like material found in race cars. The Lexus will have plusher seats and softer refinements.

Each company has found their unique DNA. The difference may be just one tenth of one percent, but it is there.

The Decide One Thing process is one of discovery, exploration, and examination. It works best when the executive team embraces it as a top priority.

- What is your "one tenth of one percent"?
- Does your brand identity reflect your uniqueness?
- Does your organization stand out in the "sea of sameness"?

#### **TRIATHLONS**

Awhile back, a CEO asked me a very interesting question: "Can my One Thing be Three Things?"

My reflex reaction was to say, "Of course not."

However, as I thought about it, I used the following analogy with him: "Is being a triathlete a viable strategy for an athlete?"

The answer is "Yes, being a triathlete is viable. On one condition: you must *only* compete in triathlons."

The pure, specialist runner will beat the triathlete in a running race every time. The pure, specialist swimmer will beat the triathlete in a swimming race every time. The pure, specialist biker will beat the triathlete in a bike race every time.

But the triathlete will beat all of them in a triathlon.

As it turned out, the CEO was an accomplished triathlete. Thus, the analogy worked perfectly.

So it is a viable strategy to combine three things (or more) into your One Thing. McDonald's famous "special sauce" is a combination of multiple ingredients.

For example, we had a client who combined people, technology, and practices in a unique way. The three

capabilities were so integrated and intertwined that they were essentially inseparable.

Almost Trinitarian.

Many organizations try to wiggle out of Deciding One Thing by using this concept.

"Our One Thing is Three Things."

But they miss the point. A triathlon really is just One Thing.

Remember, this differentiation strategy only works if your three things are so integrated that they really are One Thing. And you must only compete in markets where your "Three In One" Thing matches the customers' buying criteria. Your target customers must value your unique combination more than they value "point" solutions from other vendors.

- Is your One Thing a combination of three things?
- How do you uniquely combine three things into One?
- Are you only entering races where your "Three in One" Thing gives you a competitive advantage?



I HOPE YOU ENJOYED THIS SPECIAL PREVIEW EDITION OF DECIDE ONE THING.

TO LEARN MORE ABOUT SHIFTPOINTS AND OUR METHODOLOGY, PLEASE GO TO:

www.SHIFTPOINTS.com

IN ADDITION, YOU MAY WANT TO SUBSCRIBE TO OUR

