



Becoming a Category of One

How Extraordinary Companies Transcend Commodity and Defy Comparison

by Joe Calloway
John Wiley & Sons © 2003
240 pages

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Take-Aways

- Businesses in today's marketplace are viewed as commodities more than ever before.
- If you strive to be the leader in your category, you still have to compete on price.
- Some brands are so beloved that they become one-of-a-kind rather than top-of-class.
- A company's status as a 'category of one' usually stems from a watershed decision that its management made or from a defining moment in its history.
- Becoming your own category begins with self identity, that is, knowing who you are.
- Brand is a feeling your customers have about the promises you've made them, and how those promises were fulfilled.
- For your company to become a Category of One, every employee has to support, promote and defend your brand.
- Success today means you excelled at competing in a market that no longer exists.
- Your brand really exists in the minds of your customers. That's where you have to make an impact.
- Trying to advertise your way into becoming a Category of One company is akin to making promises you know you're unable to keep. It's a bad idea!

Rating (10 is best)

Overall

9

Applicability

9

Innovation

8

Style

9

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Relevance

What You Will Learn

In this Abstract, you will learn: 1) What a “Category of One” company is, in terms of its distinctive products and services; and 2) How to make your organization a Category of One.

Recommendation

Any CEO would love to run a company that is regarded as truly in a class by itself. After all that’s about as close to a monopoly as you can get without running afoul of the regulators. Some companies — such as Starbucks, Volkswagen, Southwest Airlines and Apple Computers — do come close to being in a class by themselves. Here, consultant and author Joe Calloway suggests that all “Category of One” companies share a common trait that explains how they achieved success. More than just a book of theory, this volume also offers practical case studies, information and interviews. Strong on concepts, it needs to provide a bit more guidance about how to push your company into its own category. That said, *getAbstract.com* very strongly recommends this book to business leaders and students of management who find marketplace excellence a never-ending pursuit.

Abstract

An Industry of One

A firm is asking for trouble if it expends all its energy trying to be the best company in its category. If you enter that race, you will always be nipping at your rival’s heels, while some company farther down the food chain has you in its crosshairs. Now, there is a better way to compete. Rather than trying to become a category leader, create your own category. Be a Category of One. Distinguish yourself — become the only company of your type anywhere and make sure your customers and potential customers know it.

At first blush, that sounds strange. How can a company be its own market segment? However, Category of One companies are everywhere. They include big retail operations, such as LensCrafters, or small businesses, such as that popular neighborhood shop that works extra hard to please its customers. Your favorite Category of One business may be a friendly, efficient dental practice you can depend upon or a daringly creative boutique ad design firm. Category of One companies are everywhere if you know what to look for and where to look.

The diverse companies that create their own categories of business share a common thread of success. The approach that works for the smallest of firms also works for giants such as Southwest Airlines. And all of them begin at the same point.

Becoming a Category of One

Becoming a Category of One requires a conscious decision. Executives and employees must decide that they want the company to be uniquely successful. Every single company that becomes a Category of One firm has a so-called moment of truth, where its people decide to take the business to the next level.

Category of One companies have a clear sense of identity. They define themselves by answering “what is the point?” of our business. They avoid issuing abstract mission statements that don’t relate to the firm’s practical operations. “What is the point?”

“Greatness is a decision. It must be chosen. And making that choice is a defining moment in the life of a Category of One company.”

“There are common threads that run through extraordinary companies, regardless of the size of the organization or the industry that they’re in.”

“You will continue to be seen as a commodity, and be forced to compete on price, until you do something that transcends being a commodity in the customers’ eyes.”

“What’s most amazing to me is that these Category of One companies are everywhere.”

“Brand is everything.”

“It should be the top priority of every employee to build, protect, and represent your brand to the best of their ability.”

narrows in on the reason the company exists, for employees, for customers and for stakeholders. When you ask “What’s the point?” you focus on the larger reason for being in business, which usually transcends even making more money.

Category of One companies typically escape the trap of past success. Rather than continually defining themselves in terms of what they used to do, or once did, or how “things have always been done,” they define themselves in terms of constantly searching for the next great innovation. They strive to distinguish themselves. Unless you are a Category of One company, your customers see you as a commodity. After all, that’s how they perceive every other business. Until you transcend their expectations, so they lift you out of the category of the norm and into the Category of One, you can expect to be forced to compete based on price like every one else. And that can be uncomfortable.

Category of One companies commit to promoting and building their brands. Each one understands that its brand represents an invisible promise to its customers, a promise of quality, service and effectiveness. Sometimes a brand also reflects lifestyle and values. When customers think of you, they think of your brand, because it represents the promises that you keep.

Category of One companies want their customers to think of them differently, and instill that desire in their employees. These organizations strive to know more about their customers than anyone else. They want to come closer to their customers than any potential rivals could. They wish to connect emotionally with their customers more completely than anyone else. Customer service is an ancient business precept, but surprisingly many organizations fail to build their operations on that simple rule. Category of One companies, in contrast, are dedicated to winning and keeping loyal customers for life.

Today, your customers have increasingly higher expectations. They seek unique performers in the marketplace, those who can consistently deliver what no other business can provide. To be a Category of One company, identify and meet those evolving expectations sooner than anyone else, often even before many consumers realize that’s what they’re actually seeking. Do that consistently, and you will turn your firm into a Category of One.

Creating Processes for Change

Becoming a great company requires making a decision. When Neal Armstrong first stepped on the moon in the film *Apollo 13*, another astronaut remarked, “It’s not a miracle. We just decided to go.” Deciding to go is the essential point every company must reach as it seeks to become a Category of One. The defining moment in the life of any company or person arrives with a deeply felt sense of commitment to the decision to distinguish yourself.

Often distinguishing your company has more to do with what processes and operations you discard than it does with the new concepts you implement. Like spring cleaning, this process is more about saying goodbye to old junk and less about bringing new items in your home. You and your organization need spring cleaning to create clear space for the new concepts you wish to include. To create new processes for change, first look at your business with fresh eyes. Inspect every current process and ask yourself, “Does this all really still make sense?”

Category of One companies don’t tweak. They don’t approach their processes as hallowed institutions and they don’t make minor adjustments. Being in your own category isn’t

“Your brand has to be about what outcome you create for your customers. Your brand has to be about a feeling.”

“To take care of the customer may seem like the oldest business philosophy in the world, and indeed it may be, but what I found amazing is how few companies actually base their businesses on that philosophy.”

“Once a gut level commitment to go is made, everything changes. If everything doesn't change, then you probably haven't made the commitment.”

“In a perfect world, you'd eventually get a 100% commitment from everyone. Everyone in the organization would join the decision to go. The bigger you are, the less likely that's ever going to happen.”

about gradualism. Rather, Category of One corporations tear down assumptions and re-think the way they do everything. That takes verve and commitment, which few companies have. A calm transition probably isn't really much of a transition at all. Remember, you are not just rearranging the furniture. You're throwing out the furniture, remodeling or, perhaps, getting ready to move to a new house.

When you want to act fast, determine who you can really count on to come along for the ride. This choice is often overlooked. Be realistic; understand that not everyone will be excited about the transformational change you're generating. However, those involved must make a commitment. The whole organization must decide to go forward, not just the leadership. Some firms take an hour to get ready to roll, some take a week and some never make it. Don't worry if the timing doesn't seem perfect yet...it never will. After all, you don't fully arrive in business at some fixed date, because the marketplace continually changes. The fun lies in what's coming next, anyway.

To become a Category of One company, consider the following areas:

Who Are You?

This is the toughest question for most companies to answer, but to be a Category of One company, you have to determine who you really are. How does your brand fit the reality of your company? What's your culture? Your values? These important questions must be answered first. Knowing who you are makes decision-making so much easier. Organizations without strong self-identity must start at the beginning each time they face a decision. Firms with strong self-knowledge already know what they want.

Embrace Change

While everyone agrees intellectually that change is good, people don't handle it well. Past marketplace success can truly be your enemy, because the marketplace is always constantly changing. The two best responses to past success are “congratulations” and “look out.” Achieving success is not easy, but neither is avoiding the complacency that so often comes with triumph — especially a triumph that happened some time ago. Today, success simply means that you know how to compete in markets that no longer exist, because they were entities of the rapidly receding past. Today's market is history tomorrow.

Avoid the Commodity Trap

Unless you can answer the question “Why should I do business with you?” on behalf of your customers — and do so effectively — your success will always be limited. The better your answer, the closer you are to being a Category of One organization. Today's marketplace has become very “commoditized.” Supply and demand rule. Customers see equivalence everywhere, and they have much more information at their finger tips, so they compare relentlessly. Some companies respond to this pressure by making promises they know are false. That certainly isn't the way to go. The problem with business today is exemplified by the vague hotel motto that boasted, “Better than our competition.” The fact is you can't advertise your way to answering your customers' needs.

Tractor Supply: A Case in Point

The Tractor Supply company knows how to be a Category of One company. CEO Joe Scarlett teaches that a leader constantly reminds you of who you are; he articulates your potential and the organization's, and he expects that potential to be achieved. The company is unique, he says, because it and its employees really live their mission statement. Twice a year, the firm's values are reinforced at a large company-wide

“If you’re successful, that means you know what used to work. If you’re successful, that means that you can compete and win in markets that no longer exist.”

“The marketplace has become ‘commoditized.’ Customers see parity everywhere.”

meeting. It’s key values include a strong sense of ethics, so important amid today’s corporate governance issues.

Tractor Supply provides legendary customer satisfaction and earns customer loyalty. Employees are empowered to do whatever it takes to make customers happy. Although Tractor Supply tries to avoid provoking negative customer comments, it encourages comments because they lead to a higher level of customer satisfaction. Employees are taught to learn the customers’ names and to walk customers to the product. You will never see an employee point and say “over there” in response to an inquiry. Any and every employee will walk customers over to a product to give them a close look. As you might expect, Tractor Supply is a sales driven organization.

Tractor Supply’s success has another important aspect. Its executives focus on making it a great place to work. They know that if they want outstanding work from their employees, they have to encourage people as they strive for excellence. Employee satisfaction is part of the bottom line goal, because satisfied, experienced personnel can serve customers with distinction. Attaining higher service levels wasn’t an overnight task for Tractor Supply. The secret was repetition, persistently repeating the firm’s aspiration to attain a unique position in its customers’ minds. Over time, the message has been communicated effectively. Tractor Supply proves you really can perform your way to being a Category of One.

Know Where Your Brand Resides

Your brand is not locked in a safe at the headquarters of your advertising firm. It is not in the slick pages of your annual report nor in those dusty files in your corporate archives. Your brand actually resides in the minds of your customers. In that sense, your brand customers own your brand. It represents their belief that your brand fulfills its promises. You are who your customers think you are. They unavoidably know the truth of your company, probably better than you do. Moreover, nothing is more important to your business than your brand because it defines your company to the marketplace. It is not enough for your customers to know you; they have to love you. They must love your brand and everything it represents.

In today’s competitive market, the last place you want to be is jumbled in with everyone else, competing for a diminishing market share and constantly having to cut prices to close sales. The alternative is to risk change, to commit to the journey of becoming a Category of One company. It all begins with the decision to define yourself uniquely in the marketplace, and to back that identity with a commitment to fulfilling the promises that your brand makes to your customers. Do so, and your brand can become one that customers truly love.

About The Author

Consultant Joe Calloway is a frequent speaker on trends in business. He has been inducted into the international Speaker’s Hall of Fame. He lives in Nashville, Tennessee, where he owns an award-winning restaurant. The clients of his consultancy range from hotels in Great Britain and computer companies in South Africa to global brands such as IBM and BMW.