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**Big box, beige uniformity has seized the nation
Author Scott McKain can set us free**

**COLLAPSE OF DISTINCTION:
Stand out and move up while your competition fails**

“As things tighten up, the path Scott McKain illuminates may be the best way to survive.”

-Miami Herald

A cross country road trip or a flight across time zones today will teach you a sobering lesson --- the faster we move, the more everything begins to be the same. From Starbucks in Singapore to McDonald's in Memphis, a sobering conformity has taken hold. Whether you're buying a meal, an insurance policy or even a new car, the customer experience has a scary sameness that has buyers growing less impressed, and less loyal, than ever before. A challenging economy makes it all the worse, as customers become infinitely more discriminating about where and how they spend.

Author Scott McKain takes a close look at this growing problem in his new book, **COLLAPSE OF DISTINCTION: Stand out and move up while your competition fails** (April 3, 2009; hardcover; Nelsonfree) and offers cogent, practical advice for businesses searching for ways to truly stand out from their competitors, especially in a challenging economy.

McKain was raised in small town Indiana, where his parents ran a local grocery store and where he took his dates to the diner where one could eat, linger, and catch up on local news. Eventually, a large supermarket and a fast food chain opened up within a mile of each small business. While mindful, and even frightened of the competition, these business owners decided not to compete on price or speed, and instead chose to focus on the things that made their establishments beloved by their customers. McKain's family's grocery store and the local diner survived. Each made the decision to focus on what made them not just different, but truly distinct from their competitors.

“Being different, standing out, getting noticed in a sea of sameness is vital to an organization's sustained growth,” writes McKain. “If you cannot find it within yourself to become emotional, committed, engaged, and yes, fervent, about differentiation, then you had better be prepared to take your place among that vast throng of the mediocre who are judged by their customers solely on the basis of price.”

McKain believes there are three key destroyers of differentiation between you and your competition. **Incremental advances** are what happens when businesses focus on beating one another, rather than focusing on their customers. They begin trying to out-do the businesses next door with lower prices, longer hours, perhaps a bonus card for frequent buyers like the other guy is giving out. The trouble is that these are all small tweaks – the same tweaks available at the business next door and this strategy *prevents* real breakthrough growth as it creates a string of companies that offer slight variations of the same thing. **New Competitors** are proliferating faster than ever and the worst thing they bring is a tendency to imitate them. Simply put, you can't out-McDonald McDonald's. And finally, **Familiarity Breeds Complacency**, which is what happens when your product is consistently available, consistently of the same quality and consistently the same price. Customers, over time, take you for granted and are now prime candidates to be lured away by a new, different, and unique customer experience.

In short, the road to truly distinctive products and services lies after you have escaped the three destroyers. Companies that avoid the traps have set the stage to differentiate themselves and create not only loyal buyers, but experiences that are truly unique. In this space are companies like Apple, which created not just another laptop, or personal music

player, but an entire community and culture of users. That community is what sells Apple's MacBook and iPods by the hundreds of thousands.

McKain offers four key steps to truly differentiating your company from the pack:

CLARITY - Companies cannot become distinct until they have truly defined their mission – whether its a pharmaceutical company that creates cancer drugs or a payroll firm that believes its job is not just to cut checks but “fund dreams.” Clearly, the more tangible, precise, and specific a company's purpose, the more likely it is to create a unique experience.

CREATIVITY – Companies must work to inspire *productive* creativity -- that kind that stimulates strategies and changes that will have an immediate positive impact on the customer experience. Organizations do not have to totally re-engineer themselves to be creative. First, they must break down their interaction with the customer step-by-step and examine each piece of the interaction. Next, they should chose one part of the process where you can stand out, and be unique from their competitors. Finally, they must put all their focus on changing that *one part* of the experience, making that single piece of the experience superior and memorable.

COMMUNICATION - A distinctive company must be able to clearly communicate its purpose and goals up, down and across the company – from sales to production to human resources – through a compelling story. Everyone must be able to relate exactly why the company exists, and how what it offers is different from the competitor. Only when everyone on the **INSIDE** can relate the narrative will the differentiation show to the customer.

CUSTOMER EXPERIENCE FOCUS – Truly distinctive companies are born when your efforts and your actions are centered around creating experiences so compelling that loyalty is assured. Customer connectivity and intimacy must be at the center of every decision the company makes. Distinctive organizations excel at creating the “Ultimate Customer Experience.”

Together, these four components provide a jumping off point from just being different to being truly distinct.

COLLAPSE OF DISTINCTION is road map and primer to real growth and real change. And as author Scott McKain writes, “an economic downturn is tailor made for grabbing market share from your competitor.”

COLLAPSE OF DISTINCTION:

Stand out and move up while your competition fails

Author: Scott McKain

Publication date: April 3, 2009

Nelsonfree, Hardcover, \$24.99

ISBN: 978-1-5955-5185-6

<http://createdistinction.com/>

<http://collapseofdistinction.com>

About Scott McKain

Scott McKain is Vice Chairman of Obsidian Enterprises (<http://www.obsidianenterprises.com/>), a dynamic holding company with interests in widely varied businesses: from a finance company to butyl rubber reclamation, from manufacturing trailers to leasing celebrity coaches, from cosmetic surgery to publishing magazines. Obsidian has grown from a small investment to \$100 million in annual sales and is widely considered one of the fastest growing companies in the country.

McKain is also Vice Chairman of Durham Capital Corporation and co-founder and Principal of The Value Added Institute (<http://www.valueaddedinstitute.com/>), a think-tank that explores the role of the customer experience in creating lifelong client loyalty.

A popular speaker and bestselling author (*All Business is Show Business, What Customers REALLY Want*), McKain is a member of the Professional Speakers Hall of Fame and has appeared on the dais in 14 countries and all fifty United States. His clients include Fortune 500 companies such as GE, IBM, and Phillips. He lives in Indianapolis with his wife, Tammy, and sons Corbin and Faron Byler.

Speaking of DISTINCT.....Scott McKain's new book, *Collapse of Distinction*, is among the first that publisher Thomas Nelson will offer under a new program, *Nelsonfree*.

About Nelsonfree

Nelsonfree is about freeing readers and their books. Instead of being locked into one format or another, with *Nelsonfree* you buy one format and you get **two more for free-an ebook and an audio version**. Free your book and enhance your experience. You choose the format you want, plus when, where, and how you want to use it. Traditionally, that kind of freedom meant buying three different versions of the same book. You'd pay as much as \$65, maybe more, for the same content in different wrappers. *Not anymore*. With *Nelsonfree*, you buy one format and get the others without spending another cent.

**An Interview with
Scott McKain
Author of
COLLAPSE OF DISTINCTION**

Q: What exactly is the collapse of distinction and what made it happen?

A: The **Collapse of Distinction** refers to the phenomenon where we are unable to distinguish between products, services, suppliers and salespeople because everything seems the same. How do you tell one insurance company, for example, from another? What makes one store superior over another as a place where we should spend our hard-earned money during this challenging economic time? We began our voyage on this “sea of sameness” because three “Destroyers of Differentiation” occurred simultaneously. First, our system encourages modest advancements rather than major improvements. Therefore, organizations are paying more attention to their competition than their customers so they can imitate them, merely to keep pace. Second, from Interstate highways of decades ago, to the Internet today, advanced delivery systems brought more competitors to the market to challenge one another for customers. The sheer volume of options has become overwhelming. Third, we were taught that “familiarity breeds contempt.” But, that’s not true. Instead, it breeds complacency. We take the familiar for granted. Combine the synergistic impact of incremental advancement, seemingly infinite numbers of competitors, and customer boredom and you have a collapse of distinction.

Q: Can you tell us the difference between being different and being truly distinct?

A: There are three levels – sameness, differentiation, and distinction. Look at the laptop computer market. You have many companies that manufacture a product at that “sameness” level – Acer, Asus, and Gateway to name a few. I can’t tell you why I should buy an Acer over an Asus. They seem the same – so, my decision naturally becomes a “price play.” The next level, “differentiation,” takes us to manufacturers who are perceived to be a step above. Sony, HP, and Dell come to mind. The way the Sony Vaio line integrates with their cameras, the custom-built advantage of Dell, the reliability and quality of HP – these aspects differentiate from those at the “sameness” level. However, the highest level is that of “distinction” – and the obvious example is the MacBook line from Apple. The product is considered remarkable, and the customer experience generated by the Apple Stores creates a compelling reason to pay a premium price. Note, however, it is not merely that the product is of a higher quality. It is a magical mix of the service a customer receives, the product the customer purchases and the compelling experience associated with doing business with the distinctive organization. As a result, they are able to hold their ground in a challenging climate for

business, grow market share as their competition's decline, and position themselves for even more amazing success during an economic recovery.

Q: Throughout the book, you say that if distinction collapses, you will be forced to compete on price alone. Tell us why that's the zone where most businesses do not want to be?

A: If you're forced into competing solely on price, then I only have to execute two steps to beat you – have a reasonably equal product and the cheapest price. It's easy today to duplicate competitive products, and anyone can cut price. The question is, can you stay in business doing it? For many, the answer is no. If your price cannot support the margins necessary to stay viable, that's just corporate suicide. However, what's often unnoticed is the death spiral that this approach creates. I cut my price because I'm not differentiated, and now my cash flow is so tight, I have to cut the number of people that are serving my customers – meaning clients and prospects have a bad experience and go someplace else. Which, of course, means that I probably cut my price more, layoff more people, and continue to do exactly what ensures my demise.

Q: You offer a four-part plan to raise your business above its competitors – Clarity, Creativity, Communication, Customer Experience Focus. Can you briefly talk to us about these steps and how they fit together?

A: The first of the Four Cornerstones of Distinction is Clarity. It might sound unbelievable; however, most organizations I've studied aren't precise about what they stand for and what is important to them. And, the same is even more appropriate in describing individual professionals. Distinctive companies and individuals are remarkably clear about what they are – and resist the natural urge to add more services and options that move them from their core. Starbucks, for example, became a behemoth because they didn't have the breakfast sandwiches that McDonald's offers. We went to Starbucks for darn good coffee, and we paid a premium for it. As Starbucks has wandered from its clarity, they've found an erosion of customers. The second Cornerstone is Creativity. It's important to note that these steps have to be executed in this specific order. Creativity without first having established Clarity is futile. However, distinct organizations find a way to do something considered ordinary in their industry in an extraordinary manner. Enterprise rents the same cars as Hertz and Avis. Their creative point is that, of course, "they pick you up." It creates a point of distinction. The third is Communication. And, this is not about telling more – although many would be advised to do so – it's really about communicating in stories, rather than facts and figures. Many of us grew up learning our alphabet from Big Bird as opposed to disciplined rote and repetition of a previous era. Therefore, engagement in a narrative is

much more powerful than a simple recitation of a product's advantages or a service's benefits. The fourth is Customer Experience Focus. Note this is not a mere "customer focus" that is so often discussed. Distinctive companies take it a step higher to concentrate on what the experience – the emotional connectivity – is that they create with their customers. The classic examples are Nordstrom, Ritz Carlton, and a handful of others that focus upon how it "feels" to do business with them, which is a higher level of thinking than non-distinct companies employ.

Q: You describe in the book how a big supermarket moved in near your own family's grocery store. Tell us how that experience shaped both your life, and this book.

A: It's difficult to overstate how much I was impacted when a big supermarket moved into our small town in my teenage years, with the intention of putting our family grocery store out of business. The overwhelming sense of threat and dread I had then exactly mirrors what many individuals and organizations are facing today as a result of a terrible economy. Yet, looking back and seeing how my father – armed only with instinct and dedication – developed a strategy that not only kept us in business, but eventually ran his bigger competition out of town, provides the perfect analogy of how today's professionals and organizations can stand out and move up.

Q: Is the big box conformity that we see all around us already inevitability for the business world or do you believe that there will be some shift back to the local, unique and distinctive companies?

A: First, the big boxes aren't going away – they are a confirmed part of the American, and even international, landscape. And, with good reason! If the customer cannot determine that there is any compelling reason to do business with one organization over any other, then why not just throw up big stores, sell a bit of everything, and sell it cheaper? However, we're seeing the initial stages of a customer revolt. Home Depot has had to step up their customer service from abysmal levels – and, by doing so, their latest results were superior to their big box competitors. We have always preferred to do business with unique, distinctive companies. It's just that there are so few of them, we have not had many options as customers. It should be easier to be more distinctive when you are intensely local – however, the barista at my neighborhood Starbucks knows my name. Any organization can achieve distinction – the question is, are they willing to make the commitments and the corresponding sacrifices necessary, to do so? It's really all about how you create what I call "Ultimate Customer Experiences" for the people and companies you want to sell and serve.