

Get Out of Your Industry

By Jim Mathis

“You can’t be sentimental about nostalgia that hasn’t worked. And you have to embrace change.”

-Chef Ramsay

Movies vs. Reality

One of my favorite movies is “You’ve Got Mail” with Tom Hanks and Meg Ryan. Yeah, I know it is a “chick flick,” but I like it nonetheless. In the movie, Meg’s character owns a small children’s bookstore called The Shop Around the Corner. She is competing with a huge new box store run by Tom Hanks’ character. Tom’s store, the mythical Fox Books, sells more than just the average bookstore. It has sections for everything and even specializes in books from local authors. The place where it burns Meg’s store is the huge children’s section. Fox Books does things a small bookstore would never dream of doing. Could Meg’s store feature local authors? Probably. Could she sell something to her customers that they would buy from her and can’t get anywhere else? Yes. Eventually The Shop Around the Corner children’s bookstore is run out of business by the mighty Fox Books. Could Meg have saved her store by coming up with something that Fox Books didn’t do for their customers? Definitely.

When something works, people grow fixated on it. They stop looking for alternative options. And this fixation creates an opportunity for those willing to reconsider the accepted approach. Have you seen the kiosks in airports for Rosetta Stone, the language learning tool? They decided to challenge the norm. In 1995, Rosetta Stone executives decided to bundle their language products and sell the package for \$300, which was much more expensive than their competitors' price tag of \$5 to \$20. If they accepted that the only way to sell language tools was through bookstores and catalogs, like their competitors were doing, it would be almost impossible to sell a \$300 product. People are unlikely to put that much money on their credit cards after only reading the back cover of a box.

Recognizing this, Rosetta Stone had to either give up its \$300 pricing strategy or diverge from industry norms. It dared to veer. Rosetta Stone headed for the mall and airports. It lined up its high-end language learning software with other kiosks hocking sunglasses and hair extensions. They seemed to be out of place — \$300 software next to \$20 sunglasses — but this is precisely what a smart strategist wants. “We needed to open places where we could demonstrate the products,” says CEO Tom Adams. “So we opened kiosks. We bet that if we demonstrated it to 10 people, five would buy, because they’d get it.”

About once a month, our family likes to go to a bookstore and spend a quiet evening reading and finding new resources. Our favorite place to go is Barnes and Noble. We like the atmosphere and the ambience. But we like going there for more than just a bookstore. Have you ever noticed what they have? Barnes and Noble is more than just a bookstore. They are a coffee and snack shop. They are a magazine store. They are a music and DVD store. They are a gathering place with comfy chairs. They are a children’s place. They are a library. You can sit and read all you want. I remember when I was about 10 years old going to a local drugstore and looking at the Superman and Batman comic books. You had to sneak a peak at them because if the manager caught you, he would always say in a gruff voice, “Hey kid! Buy it

or put it back!!” Has anyone ever said that to you in a Barnes and Noble? Of course not. They let you read the books with the anticipation that you will like them and buy them.

Yes, Barnes and Noble is more than just a bookstore. This is why they are the industry leader. When they attend the booksellers convention you know how they are treated — either with a lot of respect or a lot of resentment. The ones who want to emulate them try to copy them. The ones who detest them do so because they can’t replicate the B&N experience. Barnes and Noble is leading their industry because they are MORE than just a bookstore. They are all I listed above and more.

In the New World of Work, market leaders are at the top because they are more than their industry. They have cornered their industry market and have diversified into areas that enhance their services to become more than what they were at the beginning. Disney has become more than a theme park. Southwest has become more than an airline. Starbucks is more than a coffee shop. HBO does more than just show movies. Google is more than just a search engine. Apple does more than just sell computers. AT&T is more than a phone company. Wal-Mart is more than a discount store (more on that later), and so on.

As I go around the world speaking, I hear from time to time that many trade associations are saving money by hiring industry-specific speakers. They want to know everything current within their industry. I also notice that the industry leaders are usually absent from these association meetings. It takes me back to when I worked in the church. Our denomination was arranged in local associations, state conventions and the national organization. The local associations were populated almost exclusively by smaller to medium sized churches. Smaller churches needed the association for support and funding of their programs. Their budgets were so small that they couldn’t put together major training programs, so they relied on the association. The large mega-churches didn’t attend because they had all the support they needed. Even they were resented somewhat by the smaller churches because of their size and the fact that they produced their own events and often their own material. Many of the large churches actually bought their training material and curriculum from outside of the denomination – heresy!

Look at Wal-Mart. Here is a major industry leader. What is their prime business? They are a discount store. But look closer. They have become more than a discount store. Wal-Mart is a garden center. They are an optometrist. Super Wal-Marts are a grocery store. They sell massages and spa treatments. They are an auto care center. They are a health and wellness store. They are a beauty styling salon. They are a photo center. Put them up against the old world industry standard K-mart and there is no comparison. Target comes close with its super stores and groceries, but Wal-Mart is leading the way. They are even looking into banking – their own bank, not an in-store branch of another bank. Wal-Mart stays on top because they don’t borrow ideas from the discount store industry. They ARE the new ideas for the industry. They shape the industry. Want to know the next big trend for the discount stores? Stay out of K-mart. Take a walk in your local Wal-Mart.

If you want to lead in your industry, get out of it. Look outside for ideas that work somewhere else and see how they converge with your message and product line. Get out of your cookie-cutter mold and find a new way to provide services that no one else in your region does. Look for ideas that get your stodgy

employees to say, "But companies like us don't do, or sell that." Can't you just hear someone going up to Sam Walton and saying, "But sir, discount stores don't do eye glasses!"? Where would they be if he had listened to the people that told him (and you know they did), "Sam, discount stores just sell clothes, home furnishings and appliances."? They'd be ... well, K-mart, or the old Target.

Notice that once a market leader picks up on an idea, it catches on and everyone begins doing it. UPS came up with a tracking system and got OUT of the shipping business and into the "Where is my package business." It became so popular that soon their chief competitor FedEx began offering customer-friendly package tracking. Now it has become an industry standard. Dominos began selling delivery of pizzas. Now their competition, namely Pizza Hut, Little Caesar's and Papa John's do the same. The challenge is to continually look for new ideas from outside of the norm and innovate ahead of everyone else.

An innovation that restaurants are implementing is to offer other services and perks for their customers. Some are making meetings available during down parts of the day. Introducing a "Wall of Fame" of their most frequent and loyal customers. Some high-end eateries are featuring special menu items for those loyal customers that are "insider specials" for them and them alone. It makes other customers want to come back and be included. As one in a community introduces these services, others will follow. A recent article in Advertising Age commented, "Companies hit by the recession can get back to growth by offering new services using their existing brands," writes Rance Crain. The publisher of Better Homes & Gardens used the brand to launch a home-repair service, while other companies have started side ventures offering wine groups, webinars and even trade shows. Are these products and services common to the home magazine business? No, but if successful, you can bet they will be the wave of the future in that industry.

This principle not only applies to products and services for your customers, it can be applied to services provided for employees. I worked with a hospital in Kansas that has one of the largest day care facilities for the children of its employees. As many times as I have worked with (or been in) hospitals I have never seen a stand-alone large facility like this. Market leaders who want to snag the brightest and best workers should think of perks and enticements that aren't industry standard. Look outside of your arena and find out what other organizations in other businesses are doing to attract and keep the best people. How would you fill in this blank: "Our organization doesn't do _____ because no one in our industry does that for their people." That might give you a clue.

You can also create your own industry by coming up with a new branding concept. Take as an example the story recorded on The Marketing Intern blog site of Greg Koch's efforts in marketing Stone Brewing Company's beer. Koch created a video about "Craft Brewing." The video comes from the site www.iamacraftbrewer.com, a site dedicated to the proposition that all beer is most certainly not created equal, that watered-down beer waters down the beer industry, and that it's high time people started drinking what they like, not what the television tells them to drink. While lots of brewers are featured in this video (and on the site), no one brand is featured more than any other. So when Koch featured in the movie and put "I Am a Craft Brewer" on his site, he positioned his brand (Stone Brewing)

as a solution to America's beer problem. Rather than be like his competition within the industry, he created his own industry: Craft Brewing and set himself and his brand apart.

The same is true for trade associations. The association lobbies the state/provincial and national government on behalf of their members – often the smaller ones. The smaller companies belong because they need the support of the association. They get some of their resources and guidance from being close to others in their industry. But the problem this breeds is being so tight with your industry, that you become myopic to new innovations and ideas. It's hard to get an outside idea into an industry – it's even harder to get it out. The larger corporations don't attend and rarely join the state or national associations. They have their own training departments, their own resources and sometimes their own lobbyists. They have no need of the association because they have outgrown it. The association can't bring in new ideas hiring only industry speakers.

I hear someone hiring industry-only speakers and I know right away why they have a limited budget. Their budget is limited by their abilities to expand their thinking. It is funny that the first thing many association meeting planners decide to do when monies are tight is go with industry speakers. Sure, they can get someone for next to nothing to make a presentation at the annual general meeting, but look at the lack of new ideas they will bring to the table. The industry speakers have very few ideas coming in from the outside. The large corporations look outside of the industry constantly for ideas and innovative ideas. They don't do business solely within the parameters of their business. They get out of it.

The future of your company lies outside of your industry. I speak across industry lines to organizations looking to get a leg up on their competition. Often I present to many of the trade associations who want the best ideas for their members because if their member organizations are successful, the association will benefit in the long run. My hat is off to the banking association from a Midwestern state who told me, "We want someone who has been successful in business apart from banking. We want to translate that knowledge to our people so they can rise above and be competitive."

Everyone sitting in the room is your competitor. You want to get ahead in your industry, look outside of the norm; outside of past experience; outside of the industry to get ahead. Your best way to get ahead is get out and away from everyone else. History has shown they will follow your lead.

Permission is granted to reprint this article.

Jim Mathis, CSP is an international Certified Speaking Professional, Corporate Reinvention Strategist and author. To subscribe to his free personal and professional development newsletter, please send an e-mail to: subscribe@jimmathis.com with the word SUBSCRIBE in the subject. An electronic copy will be sent out to you every month. For more information on how Jim and his programs can benefit your organization or group, please call 888-688-0220, or visit his web site: www.jimmathis.com.