DAVE RAMOS

SPECIAL PREVIEW EDITION

THE THREE SHIFTS

HOW TO DEVELOP A

DIFFERENTIATING COMPETITIVE ADVANTAGE

Every company competes.

Winners win because they develop a Differentiating Competitive Advantage (DCA).

To help clients develop one, we created a simple, three-step methodology.

SHIFT #1 is called Decide One Thing. The objective is to choose One Thing that will become your Differentiating Competitive Advantage.

SHIFT #2 is called Drive One Direction. It helps you engage everyone and align everything with your One Thing.

SHIFT #3 is called Deliver Every Time. It ensures that you deliver your One Thing ... Every Time!

Since completing The Three Shifts, our best clients have grown tenfold! Some have quadrupled in size. Several have doubled. Two have won Best Place to Work awards. One is in the Inc. 5000 Hall of Fame.

I hope you enjoy this Special Preview Edition and that it inspires you to complete the process.

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Special Preview Edition

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responsibility for errors, or for changes that occur after publication.

SHIFT #1: DECIDE ONE THING

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Every business school teaches that companies must develop a competitive advantage.

But they don't teach you how to do it.

They have theoretical frameworks. Endless 2x2 matrixes. SWOTs. Five Forces. Blue Oceans.

Those frameworks are helpful, but they don't teach you how to develop a competitive advantage.

There are dozens of business management methodologies, such as the Balanced Scorecard, ScaleUp, the Entrepreneurial Operating System (EOS), the Four Disciplines of Execution (4DX), and more.

Those methodologies are helpful, but they don't teach you how to create a competitive advantage either.

Likewise, there are dozens of CEO peer groups, such as Vistage, C12, Renaissance Executive Forums, The Alternative Board, and more.

These groups are helpful but ... you guessed it ... they don't teach you how to create a competitive advantage either.

Yet, every private equity firm, venture capital firm, and serious investor uses the strength of a company's competitive advantage as a key investment criterion.

So, creating a competitive advantage is mission critical. It is the most important driver of company value.

Yet, none of these organizations teach you how to create one.

To address this problem, we developed a methodology that is both profoundly simple and incredibly effective.

There are three steps. We call them The Three Shifts.

It all starts with **SHIFT#1: *Decide One Thing*.**

BECOMING GREAT

Every company does lots of things.

Sadly, most never become truly great at anything.

In 1990, C.K. Prahalad and Gary Hamel introduced the idea of corporate competencies in a Harvard Business Review article entitled, “The Core Competence of the Corporation.”

In the article, Prahalad and Hamel argue that competitive advantage comes from a company’s core competencies – the collective learning, skills, and capabilities of the firm.

More recently, Strategy&, the strategy consulting arm of PwC, advised companies to develop a set of “differentiating capabilities.” However, they do so with a word of caution:

> “Too many companies … strive to be world-class at everything they do, but often spread their resources too thin, and they don’t excel at anything.”

We strongly agree. Especially the “they don’t excel at anything” part.

Try to complete this sentence, “We are the best in the world at _____.”

Most companies cannot honestly fill in that blank. After all, only One Company can be the best in the world.

However, *every* company can aspire to become great at something. So, every company can—and should—complete this sentence, “Our ambition is to become great at _____.”

Of course, there are many things that you can choose.

Now, consider what it would take for your company to turn a core competence into something that you are truly great at doing, such as:

- Intense focus
- Concentrated investment
- Relentless innovation
- Total dedication
- Irrational perseverance

Very few companies have the discipline to achieve true greatness.

But One Thing is certain: you can’t be great at everything.

DIFFERENTIATINGLY GREAT

Becoming great is good. But it's not good enough.

To win, you must become differentiatingly great.

This adds the concept of differentiation, which is absolutely critical.

While being different is good, how many times have you said, "That's different" and meant "that's weird."

You don't buy something just because it is different. You buy it because it is both better *and* different.

Otherwise known as "differentiatingly great."

Differentiatingly is not officially a word. Microsoft Office reminds me of that every time I type it! But I think it is the best word, so I'll continue to use it.

Since it is not a word, you can't look it up in the dictionary. So, I asked ChatGPT to write a definition:

DIFFERENTIATINGLY (adv.)
dif·fer·en·ti·at·ing·ly

> How legendary companies operate when they stop blending in and start standing out.

It's being the only one that does what you do, the way you do it.
It's what happens when focus meets obsession—and average gets obliterated.

In the last chapter, we reviewed what it takes to become great at something. Now, let's add what it takes to become *differentiatingly* great:

- Unique intellectual property
- Unique business processes
- Unique customer experiences
- Unique talent or expertise
- Proprietary data or insights
- Exclusive distribution channels
- Patents, trademarks, and legal moats

So, when you decide to become differentiatingly great at something, you are setting off on a unique, One-of-a-Kind journey.

Most companies will never try. Some will consider the idea but get distracted and relapse into their undisciplined dabbling ways. A few will try for a while and give up because it is too hard.

Those that complete the process will achieve something extraordinarily rare. They will be a unique, One-of-a-Kind, differentiatingly great company.

WHY JUST ONE THING?

Start by becoming differentiatingly great at One Thing.

But wait, why just One Thing?

Since we published *Decide One Thing* in 2013, we've heard this question hundreds of times. Here is our answer:

> *To compete, you must be good at many things.*
>
> *To win, you must have a Differentiating Competitive Advantage (DCA).*
>
> *The best way to develop a Differentiating Competitive Advantage is to become differentiatingly great at One Thing.*

Let's unpack the logic:

To compete, you must be good at many things.

Every company must be (at least) good at everything that is required to stay in business. Sales. Marketing. Customer service. Innovation. And more.

Sadly, many companies don't even meet this standard.

To win, you must have a Differentiating Competitive Advantage (DCA).

Virtually every industry is brutally competitive. Creating a competitive advantage is critical to success. The classic model is that there are only three ways to do it: scale (you are the biggest), low cost (you are the cheapest), or differentiation. Since 99% of companies will never be the biggest or the cheapest, they must find a way to differentiate. That is why we use the term, "Differentiating Competitive Advantage."

The best way to develop a Differentiating Competitive Advantage is to become differentiatingly great at One Thing.

You can't develop a Differentiating Competitive Advantage by being good at everything. You must find something that you can become great at.

Not just great, differentiatingly great.

It is extremely difficult to become differentiatingly great at something, and it is impossible to become differentiatingly great at everything.

Therefore, you must choose something—One Thing—that can become your Differentiating Competitive Advantage.

BUT WAIT ...

But wait ... what about Amazon?

They do more than One Thing!

Yes, Amazon is great at many things.

But they didn't start that way. In the beginning, Amazon was laser-focused on One Market: books.

They didn't try to do everything. They didn't try to be a retailer, a publisher, a hardware company, a grocer, and a cloud computing platform—all at once.

In addition, Amazon was obsessed with One Thing: being the world's most customer-obsessed company.

The combination of their laser-focus on One Market and their clear point of differentiation created an incredible Differentiating Competitive Advantage.

That success generated cash. That cash funded growth.

And that growth enabled the development of new core competencies—logistics, platform development, AWS, and more.

But even today, customer obsession remains Amazon's One Thing. It's not just a motto. It's the big idea that drives everything they do. It's the north star for their innovation, hiring, metrics, and culture.

If your company builds a Differentiating Competitive Advantage so strong that you dominate a category and print cash—congratulations. If you want to use that cash to leverage your One Thing and expand—go for it.

But don't skip Step One.

Amazon didn't become great at everything overnight. Neither will you.

Most companies try to skip ahead. They spread themselves too thin from the beginning. They say yes to everything. As a result, they never develop a real Differentiating Competitive Advantage. They stay stuck in the middle—dabbling, distracted, diluted.

But if you want to become the behemoth that Amazon is today, copy the strategy they used from Day One. (They still do this and call it having a "Day One Obsession.")

Decide One Thing. Become differentiatingly great at it. Dominate One Market. Print boatloads of cash. Lather. Rinse. Repeat.

BUT WAIT … THERE'S MORE

But wait …

Do we <u>really</u> need to just pick One Thing?

Some companies reject the idea of focusing on One Thing. Some companies consider the idea but never go through the process. Some companies go through the process but never decide.

As soon as we suggest that a company should focus on One Thing, the objections start flying.

But we have multiple business units!

We get it. You're not a startup in a garage anymore. But even complex, multi-billion-dollar conglomerates should have One overarching differentiator that unifies the company.

But our customers want everything!"

Of course. That is why we say, "You must be (at least) good at many things. But to win, to dominate—you must be differentiatingly great at One Thing."

But we're already good at a lot of things.

In competitive markets, "good" is table stakes. You're probably surrounded by competitors who are also

good. The companies that win consistently are the ones that are better and different.

But we don't want to limit ourselves.

Choosing a focus is not limiting—it's liberating. It gives your people clarity. It gives your customers consistency. It gives your brand coherence. And paradoxically, it gives you more growth, not less.

But we don't want to put our eggs in one basket.

The real risk is spreading your eggs everywhere and never building anything truly great. The smartest strategy is to develop your One Thing, master it, and then scale from a position of strength.

But we might pick the wrong One Thing.

Then you pivot. You'll have made progress anyway. You'll have learned, focused, improved. That's not failure. That's momentum.

The bottom line?

You can make excuses, or you can develop a Differentiating Competitive Advantage ... which starts when you Decide One Thing.

THE ONLY ONE

Jerry Garcia, of the Grateful Dead, said, "It's not enough to be the best at what you do; you must be perceived to be ***the only one*** who does what you do."

To the best of my knowledge, Jerry did not read my book, but he sure got my point!

I don't own any Grateful Dead records, have never been to a Grateful Dead concert, and have never worn anything tie-dyed. I can't even name one Grateful Dead song.

Nonetheless, I would recognize them in a second. They are indeed a one-of-a-kind band.

Your goal is to make your One Thing so distinctive, so valuable, and so hard to copy that your customers believe you are The Only One who can deliver it.

This is the ultimate test of a Differentiating Competitive Advantage.

You're not just better—you're better and different.

For example, Dyson is The Only One that combines high-efficiency cyclonic suction technology and proprietary brushless digital motors to create vacuums

that never lose suction. (Their innovations are protected by over 1,500 patents.)

Boeing is The Only One with top-secret engineering knowledge around stealth technology and aerospace manufacturing.

Tesla is The Only One with a vertically integrated electric vehicle stack, including battery chemistry, Dojo AI training chips, Full Self-Driving (FSD) software, and a charging network they control.

In 2025, Jeep revived its iconic, “There’s Only One,” tagline. Originally introduced in the 1990s, the phrase emphasizes Jeep’s legacy in off-road and adventure vehicles.

These companies dominate by being The Only One in their category.

That is why we say, “To win, you must be differentiatingly great.”

But to truly dominate, you must become The Only One.

Try to complete this sentence: “There are thousands of companies that sell _____, but we are The Only One that _____.”

SUMMARY – DECIDE ONE THING

This chapter was not in Version One of the manuscript.

But I felt compelled to add it.

In the Bible, Jesus tells a parable commonly known as "The Parable of the Soils." It describes how different people respond to the Gospel.

Interestingly, we have seen similar responses to the Decide One Thing model:

First, ***The Rejectors*** categorically rejected the Decide One Thing idea. They expressed the objections in the *But Wait … There's More* chapter. And sadly, these companies never achieved much of anything.

The Dabblers considered the idea but never went through the process. Most of these companies are in the "Strategy of the Month Club."

Often, this comes from the top. Every time the CEO reads a new book or attends a new seminar, there is a new initiative. Rather than making a long-term commitment to One Thing, they have "One-Night Stands" with all of them.

The Wanderers went through the process but never chose their One Thing. As a result, they continued to wander around, unfocused and undifferentiated. Revenue plateaued. Employees who were psyched

about the process got discouraged and left. A few of these companies are now bankrupt.

The Quitters "decided" but never really engaged everyone and aligned everything. They launched with fanfare but gave up when the "going got tough." They never fully committed to the Drive One Direction process. They were so close to achieving breakthrough results but lacked the discipline to stay with it.

The Winners, perhaps 10% of companies, completed The Three Shifts process. They evaluated their options and chose their One Thing. The engaged everyone and aligned everything. They Delivered Every Time and turned their One Thing into a Differentiating Competitive Advantage.

Some of those companies have now grown 10X, some have grown 5X, 4X, or 3X. A few had amazing exits. Several also won Best Place to Work awards. One has won it 10 times in a row!

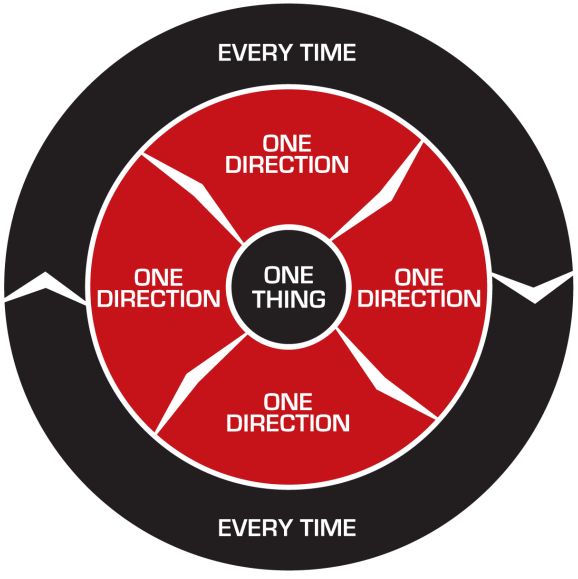
This is both frustrating and encouraging.

It is frustrating that 90% of the companies rejected the Decide One Thing idea and were left behind.

And it is encouraging that the few who embraced it achieved such amazing results. You'll find them in The Winners Circle.

I hope to see you there!

SHIFT #2: DRIVE ONE DIRECTION



SHIFT #2: DRIVE ONE DIRECTION

Once you Decide One Thing, you must begin to turn it into a Differentiating Competitive Advantage.

SHIFT #2: *Drive One Direction* is an internally-focused process that engages everyone and aligns everything with your One Thing.

Imagine a fleet of vehicles.

All of them driving in One Direction, dynamically aligned with a navigation system that can reroute the fleet on a dime.

Over the past two decades, we have worked with dozens of companies, helping them improve strategic alignment. In addition, we studied over three hundred organizations of all shapes, sizes, and industries.

Based on this work, we came to some important conclusions:

First, misalignment is alarmingly common. Virtually every company—even solopreneurs—suffers from it.

Second, organizational and societal factors have made alignment more difficult than it has ever been.

Third, strategic alignment is mission-critical. In fact, we believe that every organization, regardless of size or industry or operating model needs strategic alignment.

So, if misalignment is alarmingly common, and creating alignment is more difficult than it has ever been, and every organization needs it, how do companies create strategic alignment?

Drive One Direction answers that question.

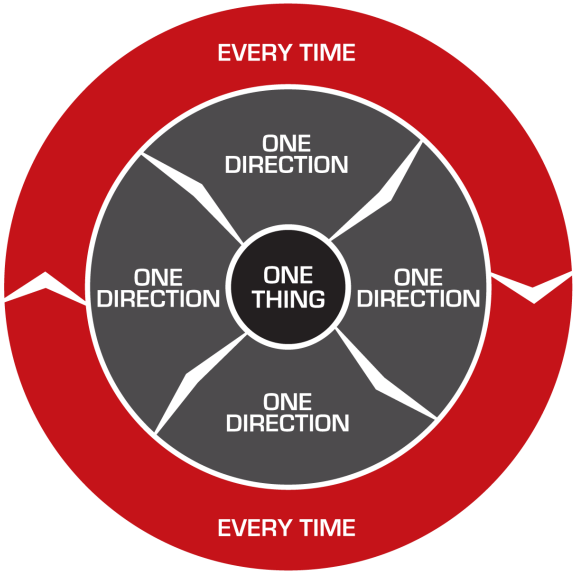
Because the big thing that is missing is, "Align with what?"

Our model is to engage everyone and align everything with your One Thing. This changes everything!

There are Twenty-One components. As you will see, each one uses the word "One."

We call them "The Twenty-One Accelerators," since each One is designed to accelerate the development of your Differentiating Competitive Advantage.

SHIFT #3: DELIVER EVERY TIME



SHIFT #3: DELIVER EVERY TIME

Promising One Thing is one thing. Delivering it Every Time is another thing!

This is where the rubber meets the road.

SHIFT #3 is called ***Deliver Every Time***. This is an externally-focused process to ensure that you deliver exactly what you promised.

Not One Time, but Every Time.

This is where the rubber meets the road.

Every year, companies spend trillions on marketing, making promises to customers.

To cut through the clutter and stand out from the competition, their claims get bigger and more audacious.

Every day, salespeople make promises to customers. To win the deal, their promises get bolder and more exaggerated.

And customers make purchase decisions based on these heightened promises.

And sadly, many companies don't keep them.

I'm sure you have had multiple personal experiences with this.

The company promised delivery on Monday … but the package arrived on Friday. The restaurant promised your lamb chops would be rare … but they were well done. The contractor promised he would finish the job on Tuesday … but he never showed up. The airline told you the flight was leaving at 5:15 … but they left you stranded.

Although we live in a world of broken promises, the best companies keep theirs.

In **SHIFT #3: *Deliver Every Time***, we will cover five simple ideas that you can implement to ensure that you deliver exactly what you promised.

Not One Time, but Every Time.

THE WINNERS CIRCLE

THE SEVEN WINS

What happens when you complete The Three Shifts?

Your company heads to The Winners Circle!

Specifically, our clients have experienced seven specific wins:

WIN #1: Improved Employee Engagement

As you implement your One Thing, you begin to recruit people who are intensely passionate about it. Infusing your One Thing into every HR function provides incredible clarity and consistency which fuels significant improvements in employee engagement.

WIN #2: Improved Win Rate

As you become differentiatingly great at your One Thing, you also communicate a more compelling brand promise. When you combine this with more precise targeting of customers who value your One Thing and a more effective sales force, you will see significant improvements in your win rate. This will obviously also drive top line growth.

WIN #3: Improved Gross Margins

Since you are targeting customers who value your One Thing, you have reduced discounting and even have

the potential to raise prices to reflect the increased value you are delivering.

WIN #4: Increased Customer Satisfaction

When your brand promise is clear, your marketing campaign is compelling, your sales processes are aligned, and your delivery is consistent, your customer satisfaction (and retention) will go up dramatically.

WIN #5: Improved Net Income

As you use your One Thing to prune and focus your investments, you become more efficient. This reduces waste and improves net income.

WIN #6: Increased Valuation

Since investors pay a premium for companies with a Differentiating Competitive Advantage, your share price will rise, and your valuation will be at the high end of the EBITDA multiple range.

WIN #7: The Flywheel

These wins generate the cash required to continue improving your One Thing, engaging employees, winning customers, and attracting investors. This further strengthens your Differentiating Competitive Advantage and opens new opportunities for growth.

SHIFTPOINTS®

For six years, the Home Depot used a great tagline.

You can do it. We can help.

While SHIFTPOINTS does not use this tagline, it is a great explanation of our model.

We hope you are now both inspired and equipped to apply The Three Shifts™ methodology to transform your company.

You can do it … but if you need some help, here is a brief description of our services:

- **The Differentiation Index™** – a proprietary assessment of your company's Differentiating Competitive Advantage.
- **The Jump Start Program™** – a one-hour keynote to introduce your executive team to The Three Shifts methodology.
- **The Pit Stop Program®** – a one-month engagement that culminates in a one-day Decide One Thing workshop.
- **The Top Gear Program®** – a one-year engagement that follows The Pit Stop Program. It helps clients implement the Drive One Direction and Deliver Every Time components of the process.

Over the past two decades, we have worked with a broad range of companies, from solopreneurs—otherwise known as One-Person Companies—to billion-dollar private equity rollups.

We have worked in over two dozen different industries, from construction companies to churches. Restaurants to real estate. Health care to hospitality.

While each of these companies had different challenges, they all had One Thing in common: they knew that having a Differentiating Competitive Advantage was key to their success.

In some cases, a one-hour Jump Start Program was enough. In other cases, the client needed a multiyear Top Gear Program to achieve results.

Your transformation starts when you Decide One Thing.

You can do it. We can help.

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