

Business Strategy Realization



Rich Berens
President

CEOCFO: *Mr. Berens, the Root tagline is “Strategy execution through people.” How so?*

Mr. Berens: Fundamentally, what we go after is the disconnect that exists between the strategy of an organization and ultimately the execution of it. In the 25+ years of having worked with 850+ companies, including 66% of the Fortune 50, what we have seen time and time again is that there is a lot of great work done on the strategy side. We get that 150-page PowerPoint deck that has a lot of good content, but then we look at the effective implementation of that strategy in the organization and the difference it is really making. We are finding that is getting stuck and not connecting with people. So, our focus has been on how to bring that content to life and how to bring meaning to the people in the front line and at the manager level who need to bring that strategy to life and implement it effectively. That is what motivates us. How do we execute on strategy in a better and more effective way by connecting people to it in a way that makes sense to them. The cause of our organization is to invigorate the power of human beings to make a difference. We are all about connecting people in a way that is more meaningful to them, but also in a way that helps the business. When we talk about strategy and execution through people, it is ultimately about unleashing a dormant human capital that is so often trapped in an organization and that cannot be at its best.

CEOCFO: *When you are analyzing a company, what are some of the things you take into consideration that perhaps most people would not think are meaningful in assessing the disconnect?*

Mr. Berens: One element is the alignment at the leadership level. Logically, leaders have a shared meaning of what success really looks like. All too often there will be that 50-page PowerPoint slide deck, but when we ask the leadership team what the priorities are that really drive the business that you are going to act on, we get very different answers. When we talk about what the implementation of a strategy really looks like, we get very different interpretations. An example we will often use to illustrate that is if I told you the word bear and I asked what mental image came to mind. I might get the animal, and somebody might say a brown bear, grizzly bear, bare-naked or I might get Bayer aspirin. There are all kinds of different mental models that come with the word, and in organizations we regularly see the words innovation, customer focus, and process excellence. It has all the same kinds of different interpretations that create confusion. So one element we look at is if leaders truly have shared meaning about what success looks like. That is number one. Number two, another good one, is to what degree do we have East, West connections and collaboration. Most organizations are very good in the North-South execution. I may be in the finance department, marketing department and operations department, and have a sphere of influence and decision-making, but great organizations need to have good inter-connectivity between their different functions to calibrate their goals and execute. I can normally tell you within the first 48 hours of working with an organization, their degree of shared meaning and their degree of East-West functionality that drives strategy execution and business performance.

CEOCFO: *Are you still surprised at how there is such a disconnect?*

Mr. Berens: Yes and no. Yes, because you have so many good people that you think they would find a better way, but no because business is very complex. People are complicated. Business is complex; if you look at economic regulatory competitive changes, it is moving so fast. We are incorporating more and more technology, and it is moving faster than ever. Things are constantly changing, so it puts a lot of pressure on business, and then you have many different people with different expectations and goals that creates a lot of natural tensions, desires and ambitions. You throw those two together and it makes a complex environment. I think we are somewhat creatively motivated to change it because we do believe there is a better way. There are ways to address that and work on that more effectively, but I am not shocked that it is the way it is because it is a complex feat.

CEOCFO: How are you able to help companies identify what they really need to accomplish not what they may think is needed?

Mr. Berens: I think the first thing, that is the most important, is to hold up the mirror. We always talk about that before really defining where you want to go, you have to be really clear on where you are. Where you are in terms of your strategic intent and from a strategies standpoint, and also where you are from a behavioral reality in how you act. One thing we will often do is use humor and visualizations. Think of a Dilbert-like cartoon, where we will showcase how leaders are currently working together and making decisions and how the company executes on its strategy. By seeing all those disconnects and those honest truths, leaders can identify what is working and also what is broken and what the perceptions are in the business. That is often a great starting point for change. It all starts with leaders being vulnerable and being open to seeing how things currently are, and with that done, we can then really create a compelling future and excite everybody around.

“Root is the best in the business using creative methods and 25+ years of consulting experience to help you execute on your strategy and deliver on your goals in a way that your people are engaged, excited and can make a meaningful contribution to your business.” - Rich Berens

CEOCFO: Would you give us a concrete example?

Mr. Berens: One example is a multi-billion dollar conglomerate that we worked with. We were actually working on clarification and the story of their strategy. Leaders are not great storytellers, so we help them become better storytellers and more consistent storytellers for the organization. We were actually feeling pretty good about the strategy story we had put in place and the strategy itself, and in this instance we had the top 150 of a 50,000-person organization coming together at a very nice resort in Florida. We shared the strategy and had the conversations, and then ultimately we asked the question via those anonymous voting devices. We asked that top 150 that based on the strategy we just shared, how many of you would recommend to your friends and family to invest in our company. Only 22% said “yes”. While that is not completely unusual for a leadership team, we certainly thought it was not all that good. The chairman and CEO said they were feeling good about the strategy and there was something else going on that they wanted to investigate. We interviewed a subset, and we started visualizing what they thought the issue was. In a nutshell, the Top 150 did not have an issue with the strategy, but they did not have conviction and faith that the leadership team would do what it had to do in order to execute on it and be committed to it. Leaders were lacking conviction behind it, and there was a lack of belief that they would make the right decisions. We visualized the truth, and in this case, we visualized for a leadership team a board table where we have non-confrontational water sitting on the table. We had the real issues not being talked about in the meeting, but they were talked about privately. We showed private conversations, and we showed a primary table and a kiddy table depicting who had a seat at that table and who did not. There was a lot of in- fighting going on and people holding up signs saying, “I have met my number, leave me alone”, meaning as long as I hit my number I do not have to play in the sandbox. These were all behavioral issues that got in the way, so we keyed those up very directly, but in a humorous way. Unless those were getting addressed, the strategy did not matter. We worked with the leadership team through those behavioral realities, identified how they needed to change and model differently to the organization, how they wanted business to get done, and then create a ground rules for behavioral realities that they would all commit to. That started creating more camaraderie and a more productive working relationship at the very top but also greatly enhanced the belief of the broader leadership team that the change was real and that the strategy was achievable. It was not an overnight transformation, but 6 years later, the company had tripled its stock value and the CEO was featured on the cover of CEO magazine. That would be one example of working with a leadership team, and not just strategy alignment but behavioral alignment to really implement strategy and move the needle.

CEOCFO: Do you follow through and check with a company down the line to see if they have actually made some changes?

Mr. Berens: We certainly check, and with some of them, we will be with them for years. We will be partners in ongoing execution. Others will do it themselves and do a wonderful job, sometimes with our guidance or just with our advice. Some completely run on their own, and not all of them follow through as well as we would like. It depends a little bit on the type of services they use from Root. We frequently check, and 70% of our business is repeat business, so it is clients who keep coming back. Most of our business is from clients who need to work with us to sustain the implementation to continually connect people. It is not just sharing the story once. Once you have shared it, it is how your managers are equipped to really train and coach your people to effectively connect them to the strategy. A very basic example would be if you are a company that is moving from a product-based focus to a solutions-based focus and all of a sudden your sales people are not selling specs, but they are selling solutions to clients. You have to have a different conversation. To have that conversation, your managers/leaders might need to be trained. For strategy to really work, you have to do training

and capability building with those people. The sustainment gets a lot more tactical as we work with organizations because in the end you have to get down to 2,000 feet to really move the needle.

CEOCFO: *Are companies coming to you because they know the depth of what you do or is it something that they are pleased to find out as they start working with Root?*

Mr. Berens: They come to us most of the time because we have a breakthrough deliverable called Strategic Learning Map modules, which were written up in Harvard Business. It is a very powerful visual tool that is a three by five-foot visual map that is used for conversation to deploy strategy. Most of our calls start with: we have a strategy, and somehow it is not working or resonating with people, can you help us because we hear you are the best in the business on that? That is often our entry point. As we have conversations with the client, what becomes evident is that to truly implement your strategy and share that story, it is more than just a visual conversation tool. You have to think about this in terms of more of a process and a broader effort. That is the point where we start to go much deeper into the other areas where we can help beyond the initial Learning Map visual.

CEOCFO: *Would you tell us about your services for smaller businesses?*

Mr. Berens: We have only done that here for the last couple of years, but we get a lot of phone calls from small- to mid-size organizations who obviously struggle with similar challenges as the larger companies, so we started to package and productize some of the deliverables that lend themselves to do that. There is a deliverable on problem identification, such as what part of your strategy is not working in your organization. We have productized a six-hour workshop that lets you diagnose your own organization relative to where you are on strategy execution. We have done the same for helping you manage through change. There is a workshop on that, and there is one on how to effectively train your managers. What we have done is bring our 20 years of experience and make it accessible to the masses or to companies who otherwise could not afford what we do because they are small or because it is a department in a large organization that would not have the budget for a very large engagement.

CEOCFO: *How is business?*

Mr. Berens: Business has been very good. We are going to be in our fifth consecutive year of solid growth, and we just wrapped up a fantastic December and very good first half of the year. We run a July to June fiscal year, and we are ahead of plan. I think we have a pretty good gauge on the economy because we work across all industries and have pretty good visibility into how people at companies are feeling about their performance and their budgets, so we get a pretty good sense on where most companies' heads are. I would say the economy feels sound and solid, and our business feels sound and solid. Our diversifications and new products and services have paved the way for us to have a nice growth trajectory the last five years, and hopefully more to come.

CEOCFO: *What has changed in your approach over the last few years? What have you learned that makes Root have a better offering today?*

Mr. Berens: When I mentioned our Strategic Learning Map solutions, they were and still are extraordinarily successful in terms of being called an organizational intervention. They create an organizational conversation around strategy that is very powerful, but ultimately it was a being used as a silver bullet that was not fully solving the problem. What we really started to do is study the clients we worked with and we asked what those did that most meaningfully moved the needle and drove change. What were the things that they did effectively? We studied that and built new offerings and services around that because it allowed us to really serve our customers better. We looked at how do we move from a single product-based business that is very successful, to more of a consulting organization that uses world-class products and services to help you execute on your strategy. Starting with leadership alignment to deploying that strategy to hundreds of thousands or tens of thousands of people to build the skill sets and training to now ultimately bring that to life. I would say we moved from a one-trick pony that was very effective to a more holistic solution that really can solve our client's problems and what they are looking to achieve in a more effective way. What makes us unique in that whole process is that we take a creative angle to it. We are about 150 people, and about one third of our people are creative. They are not MBA or business analysts, but they are masters of fine arts. They are designers, psychologists and anthropologists. We look at problems in a very different way, and we combine left and right brain. We put new thinking in there, and it allows us to solve problems in a new and different way. I think that brings a very unique and interesting perspective to our clients.

CEOCFO: *Why choose Root?*

Mr. Berens: I think if you are looking to deliver on your strategy and the promises you make to your shareholders and your clients, people always say that your employees are your most important asset. I would say your most important asset is often under-utilized. They are often indifferent or disengaged, and they do not quite know what to do to really help the organization achieve its goals. That is why your strategies are bound to get stuck or minimally under-achieved. We can

address that for you. Root is the best in the business using creative methods and 25+ years of consulting experience to help you execute on your strategy and deliver on your goals in a way that your people are engaged, excited and can make a meaningful contribution to your business.

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