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Chapter 1: Telling the Right Story:

Choosing the Right Story for the Leadership Challenge at Hand

Storytelling is fundamental to the human search for meaning.

Mary Catherine Bateson^a

In 1998, I made a pilgrimage to the International Storytelling Center in Jonesborough, Tennessee, seeking enlightenment. As program director of knowledge management at the World Bank, I'd stumbled onto the power of storytelling. Despite a career of scoffing at such touchy-feely stuff—like most business executives, I knew that analytical was good, anecdotal was bad—my thinking had started to change. Over the previous few years, I'd seen stories help galvanize an organization around a defined business goal.

In the mid-1990s, that goal was to get people at the World Bank to support efforts at knowledge management—a strange notion within the organization at the time. I offered people cogent arguments about the need to gather the knowledge scattered throughout the organization. They didn't listen. I gave PowerPoint presentations that compellingly demonstrated the value of sharing and leveraging our know-how. My audiences merely looked dazed. In desperation, I was ready to try almost anything.

Then in 1996 I began telling people a story:

In June of last year, a health worker in a tiny town in Zambia went to the Web site of the Centers for Disease Control and got the answer to a question about the treatment of malaria. Remember that this in Zambia, one of the poorest countries in the world, and it took place in a tiny place 600 kilometers from the capital city. But the most striking thing about this picture, at least for us, is that the World Bank isn't in it. Despite our know-how on all kinds of poverty-related issues, that knowledge isn't available to the millions of people who could use it. Imagine if it were. Think what an organization we could become.

This simple story helped World Bank staff and managers envision a different kind of future for the organization. When knowledge management later became an official corporate priority, I used similar stories to maintain the momentum. So I began to wonder how the tool of narrative might be put to work even more effectively. As a rational manager, I decided to consult the experts.

At the International Storytelling Center, I told the Zambia story to a professional storyteller, J.G. “Paw-Paw” Pinkerton, and asked the master what he thought. Imagine my chagrin when he said he didn’t hear a story at all. There was no real “telling.” There was no plot. There was no building up of the characters. Who was this health worker in Zambia? And what was her world like? What did it *feel* like to be in the exotic environment of Zambia, facing the problems she faced? My anecdote, he said, was pathetic thing, not a story at all. I needed to start from scratch if I hoped to turn it into a “real story.”

Was I surprised? Well, not exactly. The story *was* bland. There was a problem with this advice from the expert, though. I knew in my heart it was wrong. And with that realization, I was on the brink of an important insight: Beware the well-told story!

A. The Power of Narrative

But let’s back up a bit. Do stories *really* have a role to play in the business world? Believe me, I’m familiar with skepticism about them. When you talk about storytelling to a group of hardheaded executives, you better be prepared for some eye rolling. If the group is polite as well as tough, don’t be surprised if the eyes simply glaze over.

That’s because most executives operate with a particular—and generally justified—mind-set. Analysis is what drives business thinking. It seemingly cuts through the fog of myth, gossip, and speculation, to get to the hard facts. It purports to go wherever the observations and premises and conclusions take it, undistorted by the hopes or fears of the analyst.^b Its strength lies in its objectivity, its impersonality, its heartlessness.

Yet this strength is also a weakness. Analysis might excite the mind, but it hardly offers a route to the heart. And that’s where we must go if we are to motivate people not only to take action but to do so with energy and enthusiasm. At a time when corporate survival often requires disruptive change, leadership involves inspiring people to act in unfamiliar, and often unwelcome, ways. Mind-numbing cascades of numbers or daze-inducing PowerPoint slides won’t achieve this goal. Even logical arguments for making the needed changes usually won’t do the trick.

But effective storytelling often does. In fact, in certain situations, nothing else works. Although good business cases are developed through the use of numbers, they are typically approved on the basis of a story—that is, a narrative that links a set of events in some kind of causal sequence. Storytelling can translate those dry and abstract numbers into compelling pictures of a leader’s goals. I saw this happen at the World Bank—by 2000, we were increasingly recognized as leaders in the area of knowledge management—and have seen it in scores of other large organizations since then.

So why did I have problems with the advice I’d received from the professional storyteller in Jonesborough?

A “poorly told” story

The timing of my trip to Tennessee was fortunate. If I had sought expert advice two years earlier, I might have taken the master’s recommendations without question. But I’d had some time to approach the idea of organizational storytelling with a beginner’s mind, free of strictures about “the right way” to tell a story.

It wasn’t that I couldn’t follow the Jonesborough storyteller’s recommendations. I saw immediately how to flesh out my modest anecdote about the health worker in Zambia: You’d dramatically depict her life, the scourge of malaria that she faced in her work, and perhaps the pain and suffering of the patient she was treating that day. You’d describe the extraordinary set of events that had led to her being seated in front of a computer screen deep in the hinterland of Zambia. You’d delineate the false leads she had followed before she came across the CDC Web site. You’d build up to the moment of triumph when she found the answer to her question about malaria and vividly describe how that answer could transform the life of her patient. The story would be a veritable epic!

This traditional, or “maximalist,” account would be more engrossing than my dry anecdote. But I had learned enough by then to realize that telling the story in this way to a corporate audience would not galvanize implementation of a strange new idea like knowledge management. I knew that in the hectic modern workplace, people had neither the time nor the patience—remember executives’ general skepticism about storytelling in the first place—to absorb a richly detailed narrative. If I was going to hold the attention of my audience, I had to make my point in seconds, not in minutes.

There was another problem. Even if my audience did take the time to listen to a fully developed tale, telling it in that fashion would not allow listeners the mental space to relate the story to their own very different worlds. Although I was describing a health worker in Zambia, I wanted my audience to focus not on Zambia but on their own situations. I hoped they would think, “If the CDC can reach a health worker in Zambia, why can’t the World Bank? Why don’t we put our knowledge on a Web site and broaden our scope?” If my listeners were immersed in a saga about that health worker and her patient, they might be too preoccupied to ask themselves these questions—or to provide answers. In other words, I didn’t want my audience too interested in Zambia. A minimalist narrative was effective *because* it lacked detail and texture. The same characteristic that the professional storyteller saw as a flaw was, for my purposes, a strength.

On my return from Jonesborough, I educated myself on the principles of traditional storytelling. More than 2,000 years ago, Aristotle, in his *Poetics*, said stories should have a beginning, a middle, and an end. They should include complex characters as well as a plot that incorporates a reversal of fortune and a lesson learned. Furthermore, the storyteller should be so engaged with the story—visualizing the action, feeling what the

characters feel—that the listeners become drawn into the narrative's world. Aristotle's formula has proved successful over the ages, from Ovid's *Metamorphoses* to *The Arabian Nights* to *The Adventures of Tom Sawyer* and most Hollywood screenplays.

Despite the narrative power of this kind of story, I knew that it probably wouldn't spark action in an organization. My insight blinded me to something else, though. Believing that this wonderful and rich tradition had *no* place in the time-constrained world of modern business was as wrongheaded as thinking that all stories had to be full of detail and color. Later on, I would see that the well-told story is relevant in a modern organization. Indeed, a number of surprises about the use of storytelling in organizations awaited me.

Tales of success and failure

In December 2000, I left the World Bank and began to consult with companies on their knowledge management and, by extension, their use of organizational stories. The following year, I found myself in London with Dave Snowden, a director of IBM's Institute of Knowledge Management, teaching a storytelling masterclass to around 70 executives from private- and public-sector organizations.

In the morning, I spoke about my experience at the World Bank and how a positive orientation was essential if a narrative like the one about Zambia was to have its intended effect. But in the afternoon, to my dismay, my fellow presenter emphatically asserted the opposite.

At IBM and elsewhere, Dave had found purely positive stories to be problematic. They were, he said, like the Janet and John stories told to children in the United Kingdom or the Dick and Jane stories in the United States: The characters were so good they made you feel queasy. The naughtiest thing Janet and John would do was spill a bottle of water in the yard. Then they would go and tell their mother about it and promise never to do it again. Janet would volunteer to help with the cleanup and John would offer to help wash the car. These stories for children reflected a desire to show things as they should be, rather than as they actually are. In a corporate environment, Dave told his audience, listeners would respond to such rosy tales by conjuring up negative "antistories" about what must have actually happened. His message: Beware the positive story!

After the workshop, Dave and I discussed why his stories focused on the negative while mine accentuated the positive. I could see he had a point. I'd used negative stories myself when trying to teach people the nitty-gritty of any subject. The fact is, people learn more from their mistakes than from their successes.

Eventually, however, it dawned on me that our points of view were complementary. We were simply talking about organizational stories used for different purposes: my stories were designed to motivate people, and Dave's were designed to share knowledge. His

stories might describe how and why a team failed to accomplish an objective, with the aim of helping others avoid the same mistakes. (To *elicit* such stories, Dave often had to start by getting people to talk about their successes, even if these accounts were ultimately less useful vehicles for conveying knowledge.) It was then that I began to realize that the purpose of telling a story might determine its form.

Granted, even optimistic stories have to be true and believable, since jaded corporate audiences know too well the experience of being presented with half-truths. Stories told in order to spur action need to make good on their promises and contain sufficient evidence of a positive outcome. But stories intended mainly to transfer knowledge must be more than true. Because their objective is to generate understanding and not action, they tend to highlight the pitfalls of ignorance; they are meant not to inspire people but to make them cautious. Just as my minimalist stories to spark action were different from a traditional entertainment story told in a maximalist fashion, so an effective knowledge-sharing story would have negative rather than positive overtones.

A collective yawn

Once I saw that different narrative forms can further different business goals, I looked for other ways that managers could make stories work for them. A number of distinct story types began to emerge—ones that didn't necessarily follow Aristotelian guidelines but were nonetheless used to good effect in a variety of organizations. (For descriptions of some of them and the purposes for which they might be used, see the sidebar "A Storytelling Catalog.") And I continued to come across unexpected insights about the nature of storytelling within organizations.

For one thing, if negative stories have their place, so do "boring" ones. In his book *Talking about Machines*, Julian Orr recounts a number of stories that have circulated among photocopy machine repair technicians at Xerox. [1] While rich in detail, they are even less storylike than my little anecdote about the health care worker in Zambia. Most of these tales, which present solutions to technical problems faced by the technicians, lack a plot and a distinct character. In fact, they are hardly stories at all, with little to hold the interest of anyone except those close to the often-esoteric subject matter. Why are they compelling even to this limited audience? Because they are driven forward by a detailed explanation of the cause-and-effect relationship between an action and its consequence. For example:

You've got a malfunctioning copy machine with an E053 error code, which is supposed to mean a problem in the 24-volt Interlock Power Supply. But you could chase the source of that 24-volt Interlock problem forever, and you'd never, ever find out what it is. If you're lucky enough, you'll eventually get an F066 error code, which indicates the true source of the malfunction—namely, a shorted dicorotron. Apparently, this is happening because the circuitry in the XER board

has been changed to prevent the damage that would otherwise occur when a dicorotron shorted. Before the change in circuitry, a shorted dicorotron would have fried the whole XER board. Changing the circuitry has prevented damage to the XER board, but it's created a different issue. Now an E053 error message doesn't give you the true source of the machine's malfunction.

This story, paraphrased here, doesn't just describe the technician's accurate diagnosis of a problem; it also relates *why* things happened as they did. This makes the account, negative in tone and almost unintelligible to an outsider, both informative *and* interesting to its intended audience.

As I continued my investigation, one area of particular interest for me was the link between storytelling and leadership. I already knew from personal experience how stories could be used as a catalyst for action. And I had seen in several influential books — *Leading Minds* (1996), by Howard Gardner, *The Leadership Engine* (1998), by Noel Tichy and *The Story Factor* (2000) by Annette Simmons – how stories could help leaders define their personality, boosting confidence in their integrity and providing some idea of how they might act in a given situation.

I also had seen leaders using narrative to inculcate a positive set of corporate values and beliefs in the hearts and minds of employees. Think, for example, of Tyco's effort to repair its battered value system. The company began by developing a straightforward guide setting forth new rules in such areas as harassment, conflicts of interest, and fraud. But Eric Pillmore, senior vice president of corporate governance, soon learned that in this form the booklet would merely gather dust on people's shelves. So he threw out what he had done and started again in an effort to bring the principles alive through stories. Here is one of them:

The entire team jokes about Tom being gay. Tom has never complained and doesn't seem to mind, but when Mark is assigned to work with Tom, the jokes turn on Mark. Now that Mark receives the brunt of the jokes, he tells his supervisor he wants to be reassigned. His supervisor complies with Mark's request. [2]

This story serves as a sidebar for the section of the guide that deals with sexual harassment and other forms of intimidating behavior. While the company's policy on harassment is clearly laid out in the guide, the simple narrative helps bring the policy to life and provides a starting point for thinking about and discussing the complex issues involved. Dozens of similar stories illustrate an array of company policies. [3]

An enticing but hazy future

Although these types of stories furthered leadership goals in a relatively predictable way, others I came across were more quirky—particularly ones used to communicate vision. Noel Tichy writes in *The Leadership Engine* about the importance of preparing an

organization for change. He notes that “the best way to get humans to venture into unknown terrain is to make that terrain familiar and desirable by taking them there first in their imaginations.” Aha! I thought. Here is a place where storytelling, perhaps the most powerful route to people’s imaginations, could prove indispensable.

But as I looked at examples of such stories in a number of arenas, I discovered that most of the successful ones were surprisingly sketchy about the details of the imagined future. Consider Winston Churchill’s “We Shall Fight on the Beaches” speech and Martin Luther King, Jr.’s “I Have a Dream” speech. Neither of these famous addresses came close to describing the future in enough detail that it became, in listeners’ minds, “familiar terrain.”

Over time—and, in part, through my work I did in corporate scenario planning—I realized why. Specific predictions about the future are likely to be proved wrong. Because they almost inevitably differ in major or minor ways from what eventually happens, leaders who utter them risk losing people’s confidence. Consequently, a story designed to prepare people for change needs to evoke the future and conjure up a direction for getting there—without being too precise. Think of the corporate future laid out in a famous mandate by Jack Welch: General Electric will be either number one or number two in the field, or we will exit the sector. This is a clear, but broad-brush, description of where Welch wanted to take the company. Like my Zambia story, though for different reasons, it doesn’t convey *too* much information.

I also came across stories used in somewhat unusual situations that called for reactive rather than proactive measures. These stories counteracted negative ones that circulated like a virus within an organization and threatened to infect the entire body. Dave Snowden of IBM first pointed out to me how stories could be used in this manner. His hypothesis was that you could attach a positive story to a negative one in order to defuse it, as an antibody would neutralize an antigen.

For example, at an IBM manufacturing site for laptop computers in the United Kingdom, stories circulated among the blue-collar workers about the facility’s managers, who were accused of “not doing any real work,” being “overpaid,” and having “no idea what it’s like on the manufacturing line.” But an additional story was injected into the mix: One day, a new site director turned up in a white coat, unannounced and unaccompanied, and sat on the line making ThinkPads for a day. He asked workers on the assembly line for help. In response, someone asked him: “Why do you earn so much more than me?” His simple reply: “If you screw up badly, you lose your job. If I screw up badly, 3,000 people lose their jobs.”^c

While not a story in the traditional sense, the manager’s words—and actions—served as a seed for the story that eventually circulated in opposition to the one about managers’ being lazy and overpaid. You can imagine the buzz: “Blimey, you should’ve seen how he

fumbled with those circuit boards. I guess *he'll* never work on the line. But you know, he *does* have a point about his pay.” The atmosphere at the facility began improving within weeks.

TWO PAGE SIDEBAR

B. A Storytelling Catalog

Storytelling is an increasingly accepted way to achieve management goals. But leaders need to employ a variety of narrative patterns for different aims.

Sparking action.

Leadership is, above all, about getting people to change. To achieve this goal, you need to communicate the sometimes complex nature of the changes required and inspire an often skeptical organization to enthusiastically carry them out. This is the place for what I call a “springboard story,” one that enables listeners to visualize the large-scale transformation needed in their circumstances and then to act on that realization.

Such a story is based on an actual event, preferably recent enough to seem relevant. It has a single protagonist with whom members of the target audience can identify. And there is an authentically happy ending, in which a change has at least in part been successfully implemented. (There is also an implicit alternate ending, an unhappy one that would have resulted had the change not occurred.)

The story has enough detail to be intelligible and credible but not so much that listeners are but – and this is key – not so much texture that audience becomes completely wrapped up in it. If that happens, people won't have the mental space to create an analogous scenario for change in their own organization. For example, if you want to get an organization to embrace a new technology, you might tell stories about individuals elsewhere who have successfully implemented it, without dwelling on the specifics of implementation.

Communicating who you are

You aren't likely to lead people through wrenching change if they don't trust you. And if they're to trust you, they have to know you: who you are, where you've come from, and why you hold the views you do. Ideally, they'll end up not only understanding you but also empathizing with you.

Stories for this purpose are usually based on a life event that reveals some strength or vulnerability and shows what the speaker took from the experience.

Unlike a story designed to spark action, this kind is typically “well told,” with colorful detail and context. So the speaker needs to ensure that the audience has enough time and interest to hear the story.

For example, Jack Welch's success in making General Electric a winner was undoubtedly aided by his ability to tell his own story, which includes a tongue-lashing he once received from his mother after he hurled a hockey stick across the

ice in response to a disappointing loss. His mother chased the young Jack Welch into the locker room where the young men on the team were changing and grabbed him by the shoulders. "You punk!" he reports her saying in his memoir "If you don't know how to lose, you'll never know how to win."[4]

On the face of it, this is a story about Jack Welch's youth, but it's also a story about the Jack Welch of today. From this story, we get a good idea of the kind of person Jack Welch became as the CEO of GE – obsessed with wining, strong on loyalty, and an aggressive style of behavior, someone who is very much "in your face".

Communicating who the company is – branding

In some ways the stories by which companies communicate the reputation of themselves and their products so as to establish their brand is analogous to the individual's story of who you are.

Just as individuals need trust in order to lead, so companies need trust if their products and services are to have success in the marketplace. For customers to trust a company and its products, they have to know what sort of a company they are dealing with, what kind of values they espouse, and how they approach meeting customers' needs.

Strong brands are based on a narrative – a promise that the company makes to the customer, and a promise that the company has to keep. It's a story that the customer has about the company and its products and services. The brand narrative is owned by the customer, not the company.

Once you have settled on the brand promise and made sure that the organization can deliver on it, communicating that to customers is most effectively done, not through electronic advertising which today has limited credibility, but rather through having the product or service tell its own story, or by the customers' word of mouth.

Transmitting values

Stories can be effective tools for ingraining values within an organization, particularly those that help forestall future problems by clearly establishing limits on destructive behavior. A story of this type ensures that the audience understands "how things are done around here."

These narratives often take the form of a parable. Religious leaders have used them for thousands of years to communicate values. The stories are usually set in some kind of generic past and have few context-setting details—though the context that is established needs to seem relevant to the listeners. The "facts" of such tales can be hypothetical, but they must be believable. For example, a story might tell the sad fate of someone who failed to see the conflict of interest in not disclosing his or her financial interest in a company supplier.

Of course, narratives alone cannot establish values in an organization. Leaders need to live the values on a daily basis.

Fostering collaboration

Every management textbook talks about the value of getting people to work together. But most don't offer advice on making that happen in real-life work environments—except, “Encourage conversations.” Yes, but how?

One approach is to generate a *common* narrative around a group's concerns and goals, beginning with a story told by one member of the group. Ideally, that first story sparks another, which sparks another. If the process continues, group members develop a shared perspective, one that enables a sense of community to emerge naturally. The first story must be emotionally moving enough to unleash the narrative impulse in others and to create a readiness to hear more stories. It could, for example, vividly describe how the speaker had grappled with a difficult work situation.

For this process to occur, it is best if the group has an open agenda that allows the stories to surface organically. It is also desirable to have a plan ready so that the energy generated by the positive experience of sharing stories can be immediately channeled into action.

Taming the grapevine

Rumors flow incessantly through every organization. “Have you heard the latest?” is a whispered refrain that's difficult for managers to deal with. Denying a rumor can give it credibility. Asking how it got started may ensure its spread. Ignoring it altogether risks allowing it to grow out of control. Rumors about issues central to the future of the organization—takeovers, reorganizations, major managerial changes—can be an enormous distraction (or worse) to the staff of an organization and beyond.

So as an executive, what can you do? One response is to harness the energy of the grapevine to defuse the rumor, using a story to convince listeners that the gossip is either untrue or unreasonable. This kind of story highlights the incongruity between the rumor and reality. You could use gentle satire to mock the rumor, the rumor's author, or even yourself, in an effort to undermine the rumor's power. For example, you might deal with a false rumor of “imminent corporate-wide reorganization” by jokingly recounting how the front office's current struggles involving the seating chart for executive committee meetings would have to be worked out first. Keep in mind, though, that humor can backfire. Mean-spirited ridicule can generate a well-deserved backlash.

The trick is to work with, not against, the flow of the vast underground river of informal communication that exists in every organization. Of course, you can't ridicule a rumor

into oblivion if it's true or at least reasonable. If that's the case, there is little that can be done except to admit the rumor, put it in perspective, and move on.

Sharing knowledge

Much of the intellectual capital of an organization is not written down anywhere but resides in the minds of the staff. Communicating this know-how across an organization and beyond typically occurs informally, through the sharing of stories.

Knowledge-sharing narratives are unusual in that they lack a hero or even a detectable plot. They are more about problems, and how and why they got—or, more likely, didn't get—resolved. They include a description of the problem, the setting, the solution, and the explanation. Because they highlight a problem—say, the challenge employees face in learning to use a new system—they tend to have a negative tone. And because they often focus in detail on why a particular solution worked, they may be of little interest outside a defined group of people. Though unashamedly entertaining and lacking most elements of a conventional story, they are nonetheless the uncelebrated workhorse of organizational narrative.

They present a difficulty, however. In a corporate setting, stories about problems don't flow easily, not only because people fear the consequences of admitting mistakes, but also because, in the flush of success, people tend to forget what they learned along the way. As a result, the knowledge-sharing story cannot be compelled; it has to be teased out. That is, a discussion of successes may be needed to get people to talk about what has gone wrong and how it can be fixed.

Leading people into the future

An important part of a leader's job is preparing others for what lies ahead, whether in the concrete terms of an actual scenario or the more conceptual terms of a vision. A story can help take listeners from where they are now to where they need to be, by getting them familiar and comfortable with the future in their minds. The problem, of course, lies in crafting a credible narrative about the future when the future is unknowable.

Thus, if such stories are to serve their purpose, they should whet listeners' imaginative appetite about the future without providing detail that will likely turn out to be inaccurate. Listeners should be able to remold the story in their minds as the future unfolds with all its unexpected twists and turns. And clearly, they should portray that state in a positive way: People are more likely to overcome uncertainty about change if they are shown what to aim for rather than what to avoid.

Note that telling an evocative future narrative requires a high degree of verbal skill, something not every leader possesses. But the springboard story, described above,

provides an alternative. Hearing about a change that has already happened can help listeners to imagine how it might play out in the future.

End of sidebar

C. Using the storytelling catalog

The catalog of narratives in the sidebar constitutes a handy menu of options that can be consulted by executives weaving together a set of stories for a full-scale presentation. The point is that there is no single right way to tell a story. Instead one recognizes that narrative comprises an array of tools, each suitable to a different purpose. Different combinations of story can be woven together as an integrated narrative tapestry.

- A presentation to introduce a new idea might involve, first, a story to get the audience's attention by talking about a problem of concern to the audience, followed by a springboard story to communicate a new idea and spark action related to it, and then, if the response is positive, concluding with knowledge-sharing stories showing how to deal with the issues of implementation.
- A presentation about the strategic direction of an organization might begin with a personal identity story ("who I am") followed by the company identity story ("who we are") eventually leading on to a future story ("who we are going to be").

With the catalog in hand, we can also avoid some of the most frequent mistakes in organizational storytelling:

- Using a story with negative tonality will generally fail to spark action. However useful such a story might be to share understanding, it is unlikely to inspire and move people.
- Telling a personal story in a traditional fashion is also unlikely to spark action. Such a story might entertain the audience, and communicate who the speaker is, but it is unlikely to galvanize people to action.
- Using success stories will typically fail to communicate knowledge because it risks missing the nitty-gritty of how one actually gets things done in the world.
- Denying untrue rumors often just accelerates them, although a satire can ridicule an untrue rumor out of existence.
- Using detailed scenarios to instill belief in a different future is generally ineffective. Even if believable when disseminated, such scenarios quickly become discredited as the future unfolds in unexpected ways.

D. The ROI of storytelling

“What’s the ROI of storytelling?” is often the first question on business people’s lips when storytelling is mentioned. In dealing with such a question, the first thing to consider is whether the question is genuine. Often the request to quantify benefits is merely a pretext for taking no action, or a polite way of making a negative statement. When the response to a request for measurable benefits is followed by a request for additional measurements and studies, then beware. Measurement has value when it is provoked by a genuine attempt to understand the consequences of action, and when we are willing to act on the basis of what we find. [5: 2]

Talk is work

Storytelling is about making managers and leaders more effective in what they do. So what do managers do? The first point to realize that for managers – and indeed most people in the knowledge economy – talk is work. If we can learn how to talk more effectively, we can become much more productive.

The contrary view is of course still prevalent. And still emerges today even in leading business publications. [6] But it flies in the face of serious research, such as Henry Mintzberg's classic, *The Nature of Managerial Work*, that showed that talking comprises 78 percent of managers actually do with their time. [7]

Where storytelling gets the message across more effectively, the incremental cost of is zero, or close to zero, and so the ROI is massive.^d Moreover communicating through stories usually means talking more succinctly, so that the cost in terms of executive and staff time is actually lower than ineffective talk.

Impact of storytelling on implementing change

Studies assessing the effect of storytelling on performance are now emerging. A recent study explored the experience of some forty companies involved in major change: [8]. It included banks, hospitals, manufacturers, and utilities. Each of these projects was initiated by senior management, and involved changes such as implementing a Six Sigma program, optimizing business processes, adopting a new sales strategy: the programs could potentially have had a large economic impact on the organization, and required major company-wide changes in behavior, tasks, and processes.

Two things are striking about the study’s findings. First, it’s remarkable how little success the companies had with their change programs. The team gauged the difference between the expected value of a project (essentially calculated in the business case for it) and the value the company claimed to have achieved when it was completed. In all, **58 percent of the companies failed to meet their targets**; 20 percent captured only a third or less of the value expected. And there were huge overall differences between the winners

and losers. The successful 42 percent of these companies not only gained the expected returns. In some instances they exceeded them by as much as 200 to 300 percent.

Second, *one of the key success factors was storytelling*. The study rated each company's strength in twelve widely recognized factors for managing change effectively, including *the ability to tell a simple, clear and compelling story – no mixed messages*. They found that there was a high correlation between the success factors, including storytelling, and the outcome of the change program. Storytelling wasn't the only success factor of course: other elements included the company's project-management skills, training, and incentives for promoting change. But without a storytelling capacity, the chances of success were significantly lower.

Narrative is the foundation of an organization's brand

Another area where considerable progress has been made in quantifying the impact of narrative has been in the area of brands. A strong brand is a promise between the company and its stakeholders: it's promise that the company has to keep if it wants to prosper. A strong brand generates benefits in terms of raising capital, launching new products, acquiring new assets or attracting new partners. As we shall see in chapter 4, while strong brands reflect the immense value that can be generated by narrative – the top ten global brands are together worth some US\$380 billion [9] – the phenomenon of advertising illustrates how extraordinary quantities of money can be wasted in the ineffective use of narrative. And in chapter 6, we shall see that what narrative creates, narrative can also take away: the narrative-generated value of brands is vulnerable to attack by narrative. When companies don't live up to their brand values, the consequences can be devastating.

The emerging micro studies on the impact of storytelling

Research in speech communications have begun to clarify why stories are effective in stimulating responses from listeners. Stories excite the imagination of the listener and create consecutive states of tension (puzzlement-recoil) and tension release (insight and resolution). Thus the listener is not a passive receiver of information but is triggered into a state of active thinking. [10] The listener must consider the meaning of the story and try to make sense of it. By this process, the listener is engaged; attention and interest are fostered. [11: 198]

Studies in social psychology show that information is more quickly and accurately remembered when it is first presented in the form of an example or story, particularly one that is intrinsically appealing. [12, 13] [14] [15]

One study compared the persuasiveness of four different methods to persuade a group of M.B.A. students of an unlikely hypothesis, namely, that a company really practiced a policy of avoiding layoffs. In one method, there was just a story. In the second, they

provided statistical data. In the third, they used statistical data and a story. In the fourth, they offered the policy statement made by a senior company executive. The most effective method of all turned out to be the first alternative, presenting the story alone.

[16]

Storytelling is an amplifier

How consistently does storytelling work? Is it effective 100 percent of the time? Or 50 percent? Or 10 percent of the time? At the time of writing, we don't yet have a large body longitudinal studies that would enable us to answer this question.

We can however infer what we will eventually find by comparison with an area on which a great deal of research work has been done: teams. Here we find that there is a sharp contrast between amazing reports from the field about the benefits of specific teams and a gloomy picture that emerges from scholarly research on the overall impact of teamwork on performance across many organizations: overall, no improvement in performance can be detected. How can the two be reconciled? Richard Hackman makes several helpful points in his book, *Leading Teams*. [17: 236-237]

First, in organizations, there is no simple cause-and-effect relationship between introducing a management technique and getting an improved business result. This contrasts with other spheres of human activity where simple cause-effect relationships do seem to operate. Hit the nail with the hammer and it goes into the wood. Show a dog food and it salivates. This kind of simple cause-and-effect logic can be misleading if applied to the complex world of organizations, where it is difficult to trace single effects to single causes. There are always exogenous factors that can sink a wonderfully designed team (a hurricane just swept the entire inventory out to sea) or rescue one whose design was so bad that failure seemed assured (the firm that was competing for the contract just went belly-up). In organizations, multiple causes are operating at the same time, and interacting with each over an extended period of time.

Second, the apparent paradox of zero improvement in performance from teams in organizations overall along with extraordinary gains reportedly made in specific instances reflects the fact that teams are found at both ends of the effectiveness spectrum. While there are some extraordinary teams that outperform any traditional units, there are also very poorly performing teams that are easily outperformed by traditional units. So while there may be no overall benefit from the impact of all teams, this doesn't mean that teams are irrelevant to performance. Teams are akin to audio amplifiers: whatever passes through the device – whether it is signal or noise – comes out louder.

It won't be surprising if we find a similar result with storytelling. Thus we may continue to see case studies indicating improved performance in some instances [8, 18]. There will also be instances where storytelling didn't work at all: compare for example chapters five

and six of *The Springboard*, which describe how a story, which was highly effective in one context, got derailed in different context, as a result of exogenous factors.

It remains to be seen whether overall assessments across many organizations will detect a major correlation between the use of storytelling and organizational performance – or not, as in the case of teams. In any organizational change, many factors play a role in achieving organizational performance: a good story may be undermined by other factors (e.g. counter-productive managerial behavior in other areas,) while a story that appeared to fail with most of the audience may be rescued by external events that make the change inevitable (e.g. the firm is taken over by a company that is already implementing the new approach).

As we shall see in chapters 11 and 12, the effectiveness of storytelling is related to the nature and consistency of the leadership involved. We don't yet know whether we will see any correlation between storytelling and performance. Nevertheless, we can expect that, as in the case of work teams, storytelling will operate like an audio amplifier: whatever passes through the device – whether it is signal or noise – comes out louder. If care is taken to ensure the quality of the signal, the effect can be extraordinary.

Table of eight different narrative patterns

| If your objective is: | You will need a story that: | In telling it, you will need to: | Your story will inspire such phrases as: |
|--|--|--|--|
| <i>Sparking action</i> | Describes how a successful change was implemented in the past, but allows listeners to imagine how it might work in their situation. | Avoid excessive detail that will take the audience's mind off its own challenge. | "Just imagine..." "What if..." |
| <i>Communicating who you are</i> | Provides audience-engaging drama and reveals some strength or vulnerability from your past. | Provide meaningful details but also make sure the audience has the time and inclination to hear your story. | "I didn't know <i>that</i> about him!" "Now I see what she's driving at!" |
| <i>Transmitting values</i> | Feels familiar to the audience and will prompt discussion about the issues raised by the value being promoted. | Use believable (though perhaps hypothetical) characters and situations, and never forget that the story must be consistent with your own actions. | "That's so right!" "Why don't we do that <i>all</i> the time!" |
| <i>Communicating who the firm is - branding</i> | Is usually told by the product or service itself, or by customer word-of-mouth or by a credible third party. | Be sure that the firm is actually delivering on the brand promise. | "Wow!" "I'm going to tell my friends about this!" |
| <i>Fostering collaboration</i> | Movingly recounts a situation that listeners have also experienced and that prompts them to share their own stories about the topic. | Ensure that a set agenda doesn't squelch this swapping of stories—and that you have an action plan ready to tap the energy unleashed by this narrative chain reaction. | "That reminds me of the time that I..." "Hey, I've got a story like that." |
| <i>Taming the grapevine</i> | Highlights, often through the use of gentle humor, some aspect of a rumor that reveals it to be untrue or unreasonable. | Avoid the temptation to be mean-spirited—and be sure that the rumor is indeed false! | "No kidding!" "I'd never thought about it like <i>that</i> before!" |
| <i>Sharing knowledge</i> | Focuses on mis takes made and shows, in some detail, how they were corrected, with an explanation of why the solution worked. | Solicit alternative—and possibly better—solutions. | "There but for the grace of God..." "Gosh! We'd better watch out for that in future!" |
| <i>Leading people into the future</i> | Evokes the future you want to create without providing excessive detail that will only turn out to be wrong. | Be sure of your storytelling skills. (Otherwise, use a story in which the past can serve as a springboard to the future.) | "When do we start?" "Let's do it!" |

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^a Composing A Life, Penguin Books, 1990 p34 cited in Neuhauser p.224

^b As we shall see in chapters 10 and 12, however, the objectivity of analysis is always conditioned by the underlying assumptions on which the analysis is proceeding. If the underlying assumptions are flawed, the analysis will also be flawed.

^c I am indebted to Tony Quinlan, tony@narrate.co.uk, for supplying me with the example.

^d The only incremental cost is the cost of learning to talk more effectively. Since all human beings spontaneously learn how to tell stories from a young age, the process of upgrading adults' storytelling capacity happens very rapidly.