

# Effective storytelling: strategic business narrative techniques

---

Stephen Denning

Stephen Denning advises organizations world-wide on knowledge management and organizational storytelling ([www.stevedenning.com](http://www.stevedenning.com)). Formerly the Program Director, Knowledge Management, at the World Bank, he is the author of *A Leader's Guide to Storytelling* (Jossey-Bass, 2005).

**A**s more and more firms grasp that narrative is central to addressing many of today's key leadership challenges – for example, articulating the risks and opportunities identified by strategic management tools like strategic plans, scenario analysis, and dilemma resolution – the question becomes: how is a CEO to make effective use of storytelling? While leading companies increasingly recognize the need to train leaders to use artful narrative to inspire and guide their organization to respond effectively to these strategic challenges, the reality is that most organizations need help to get the full benefits of using storytelling.

## The discipline of business narrative

What most firms don't know when they first embark on employing narrative in their organization is that there is no single right way to tell a story. Narrative – also known as storytelling – comprises an array of tools, each suitable to a different business purpose, as summarized in Exhibit 1. Understanding the differences between these patterns is key to the effective use of storytelling, and to avoiding the most frequent mistakes that organizations make. For instance, using a story with negative tonality will generally fail to spark action. A "Burning platform" story – for example, showing that the company is about to be overwhelmed by its competition if it doesn't innovate faster – won't by itself inspire innovation in the audience. However useful such a story might be to get people's attention or to share understanding of the perils of complacency, it is unlikely to inspire and move people to take independent constructive action.

By contrast, a springboard story – a story that communicates a complex idea and springs people into action – is positive in tone. Such stories are usually very brief and talk about a change that has already happened, as in the Zambia story discussed below.

Telling a personal narrative in the pattern of a traditional, "well-told" story (i.e. a story with a beginning, a middle and an end, a hero, a plot and a turning point, and a lot of context) is also unlikely to inspire listeners to redirect their actions in support of a revolutionary corporate goal.

**"As more and more firms grasp that narrative is central to addressing many of today's key leadership challenges – for example, articulating the risks and opportunities identified by strategic management tools like strategic plans, scenario analysis, and dilemma resolution – the question becomes: how is a CEO to make effective use of storytelling? "**

## Exhibit 1 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:
Sparking action (springboard stories)	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 . . .?"
Communicating who you are	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 that about him!" "Now I see what she's driving at!"
Transmitting values	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 all the time!"
Communicating who the firm is – branding	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!"
Fostering collaboration	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."
Taming the grapevine	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 that before!"
Sharing knowledge	Focuses on mistakes 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!"
Leading people into the future	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!"

A success story will typically be ineffective at communicating knowledge because it lacks the nitty-gritty details of how things actually get done in the world. Knowledge-sharing stories are typically about difficulties and tend to be negative in tone.

Future scenarios can be helpful in exploring alternative futures. But unless the scenarios are presented as narratives that persuade stakeholders why and how the company's operating environment would change drastically, and why these alternative futures are both possible and relevant to key management decisions, the scenarios are likely to be ignored.

Mastering the principles of effective business narrative is not particularly difficult, but it does require a shift in mind-set and some training by specialists. This is because most Public Relations/Corporate Communications executives and speechwriters have little background in narrative. And for their part, many executives are better at analytic business skills than they are at using narrative as a communication tool. Moreover, those companies that are fortunate to have a natural storyteller at the helm know that it's not enough to have one leader at the top: in any major change program, leadership is required of people at many different levels and functions and geographical regions across the whole organization. And even

**“Those executives who are naturally talented at narrative also need to learn to target their approach to the particular issue facing the company.”**

those executives who are naturally talented at narrative also need to learn to target their approach to the particular issue facing the company. To develop the full benefits of the business narrative, most firms will initially need help.

### Narratives that spark action

One of the most difficult challenges that leaders face is getting stakeholder buy-in to a fundamentally different way of doing things – a new business model, a change in culture, a critical strategic shift. While conventional command-and-control approaches to communicating new goals and new behaviors tend to be counter-productive, springboard stories are well adapted to the challenge. The example that I use most frequently is still the story I first told in 1996 to spark interest in knowledge management at the World Bank:

In June 1995, a health worker in a little village in Zambia went to the web site of the Center for Disease Control and got the answer to a question about the treatment of malaria. Remember that this is 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.

Apparently bland and deceptively simple in form, this story, among others, helped World Bank staff and managers envision a different kind of future for the organization, and in due course become an acknowledged world leader in knowledge management[1].

The most common request organizations make is how to master the underlying narrative pattern of a springboard story, so that they can spark transformational change in their own corporate settings. The principal trick to successfully using this narrative pattern lies in telling the story in a minimalist fashion, i.e. with none of the sights and sounds and smells that an entertainment storyteller would typically dwell on. The reason for this is that the story that is told is much less important than the new story that listeners imagine for themselves. As listeners envision new narratives set in their own contexts, they unwittingly craft action plans for implementation of the change program. And because the stories are the listeners' own, they tend to find them both believable and compelling. In effect, they are already co-creating the strategic shift.

### Stories that communicate who you are

Companies are also discovering that leaders can use their own stories to communicate important messages to others. For example, Eli Lilly's Lilly Research Laboratories (LRL) has a program entitled Inspirational Leadership for director-level high-potential leaders: one of its key components is focused on Leadership Storytelling. Several LRL senior executives, along with Kim Barnes, CEO of Barnes & Conti Associates, teach the program[2].

Making effective use of this narrative form may however entail executives doing something that many will initially find both uncomfortable and counter-intuitive: talking about their failures. As Jack Harris, VP of Global medical operations at Eli Lilly, and Barnes, explain: “Self-disclosure through storytelling is a powerful method of engaging and inspiring others. As a respected and admired leader, a story disclosing a failure can have the paradoxical effect of building trust and encouraging openness . . . Such a disclosure, told with humor and confidence, can stimulate a dialogue about what you could have done differently and opens the way for others to share their stories[3].”

## Using narrative to enhance the brand

Narrative is increasingly recognized as central in branding. Douglas Holt, the L'Oréal Chair of Marketing at Oxford University, says:

Customers buy the product to experience (the) stories. The product is simply a conduit through which customers can experience the stories that the brand tells. When consumers sip a Coke, Corona or Snapple, they are drinking more than a beverage. Rather, they are imbibing identity myths anchored in these drinks. An effective cultural strategy creates a storied product, that is, a product that has distinctive branded features (mark, design, etc.) through which customers experience identity myths[4].

Mark Morris, founder of The Brand Consultancy says:

If you're a company that understands the role of brand narrative and a company that has adopted that paradigm, and are thinking that way, then what you've really become is a storytelling organization. The stories reside in your employees, in your customers, in your vendors – they all have different stories because they have different experiences relative to the organization. But, it's the stories they tell that will in the end drive the value for the company. It's the stories that determine the outcome: are they willing to endorse you, your product, and your services? This in turn determines whether people will buy your products and services and how much they'll pay for them[5].

The recognition of the centrality of narrative to branding however generally implies a significant shift in the function of brand management. In the past, the job of the brand manager has usually been seen as one of "adjective selection", in order to occupy the largest possible "mind share" of the consumer. Often this activity has amounted to little more than the manipulation of meaningless abstractions[6]. With the discovery of the central importance of narrative, the role of the brand manager becomes one of creating, extending and continually reinventing the brand narrative, while making sure that the narrative actually reflects what the company is delivering. Unless brand managers become directly involved in the composition of the brand narrative, they delegate to outsiders the strategic direction of the brand[6]. Firms like the Brand Consultancy can help executives understand and handle the challenge.



## Sharing knowledge through compelling stories

Whereas stories to spark action need to be positive in tone and told in a minimalist fashion with little context, stories to share knowledge should be crafted differently. Because their objective is to generate understanding and not action, they tend to highlight the pitfalls of ignorance. But in fact, they have little to hold the interest of anyone except those close to the often-esoteric subject matter. Why are they compelling to this limited audience? It's because the stories are driven forward by a detailed explanation of the cause-and-effect relationship between an action and its consequence. Take this example from Julian Orr's book on what really happens when photocopying machines are repaired:

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[7].

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. But if you want to make the story interesting to a wider audience, it needs to be transformed into a traditional "well-told" story, with a human hero, plot and a turning point.

Generating such narratives however takes time and effort. "In my company," says Gary Klein, Chief Scientist at Klein Associates Inc.[8], "we train people for months. We start with workshops and exercises, then usually a project to code interviews someone else

conducted. Next the trainee assists in interviews by taking notes. Finally the trainee leads an interview, with an experienced interviewer watching. Conducting a useful interview takes more than merely following procedures. Interviewers have to be able to recognize where in an incident expertise comes into play, so they can spend most of the time probing the right areas[9].”

### Transmitting values through narrative

Transmitting values is a challenge for conventional management approaches, since values communicated as abstractions are typically “dead on arrival.” Nor are narratives illustrating each corporate value individually much more successful.

The key to the effective use of narrative in communicating values lies in narratives that reveal how the conflicts of values get resolved. Models for these stories can be found in the parables of the Bible. But the same narrative pattern can also be used in a corporate context. Thus Jim Sinegal, CEO of Costco, shows how, with a tale like the following, which explains how Costco resolves the tension between two competing values: serving the customer and making a profit. As told to Evelyn Clark in *Around the Corporate Campfire*, it goes as follows:

We were selling Calvin Klein jeans for \$29.99, and we were selling every pair we could get our hands on. One competitor matched our price, but they had only four or five pairs in each store, and we had 500 or 600 pairs on the shelf. We all of a sudden got our hands on several million pairs of Calvin Klein jeans and we bought them at a very good price. It meant that, within the constraints of our markup, which is limited to 14 percent on any item, we had to sell them for \$22.99. That was \$7 lower than we had been selling every single pair for.

Of course, we concluded that we could have sold all of them (about four million pairs) for that higher price almost as quickly as we sold them at \$22.99, but there was no question that we would mark them at \$22.99 because that's our philosophy.

I use that as an example because it would be so tempting for a buyer to go with the higher price for a very quick \$28 million in additional profits, but ours didn't. That's an example of how we keep faith with the customer[10].

### Taming the grapevine

Another little-understood use of narrative is to tame the grapevine, i.e. to satirize untrue rumors or bad news, that can undermine a firm's or a person's reputation. Bill Clinton became a master of the genre, but his mastery didn't occur at birth. Although he possessed a prodigious natural talent for telling stories, he also learned valuable lessons in using humor from his consultant, Mark Katz.

Thus Clinton learned from Katz to combine his natural inclination to stick it to his political opponents with a subtler, self-deprecating humor. By laughing at himself, he showed that he had mastered the issue – it hadn't mastered him. Better yet, by deprecating himself, he acquired the right to deprecate others.

For example, Clinton spent much of his presidency under investigation for a real estate matter in Arkansas known as Whitewater. Eventually, after years of investigation and many millions of dollars spent, no wrongdoing by Clinton was ever discovered. However during his presidency, the Washington journalists had made “Whitewater” a household word. During the ordeal, Clinton used self-deprecating humor to ridicule the criticism:

I am delighted to be here tonight. And if you believe that, I have some land in northwest Arkansas I'd like to sell you.

**“The key to the effective use of narrative in communicating values lies in narratives that reveal how the conflicts of values get resolved.”**

But having taken his self-administered medicine, Clinton then clearly savored the opportunity to deliver a broadside at those who had spent the last few months poring over his financial records: “I don’t want to alarm any of you, but it’s three days before April 15, and most of you have spent more time with my taxes than your own.” And then in gently taunting, singsong voice, he said, “Many happy returns![11]”

### Future stories and scenarios

An important part of a leader’s job is preparing others for what lies ahead. A story can in principle 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 pitfall that executives encounter here is how difficult it is to craft a credible narrative about the future when the future is unknowable.

Scenarios, for instance, spell out the long-term implications either of the activities of the organization or the expected context within which the organization will be operating. Multiple scenarios are usually needed to reflect the uncertainty of the future. Thus using the scenario techniques pioneered at Royal Dutch/Shell, Global Business Network (GBN) works with firms to evoke the different futures that might unfold as a result of the interplay of these dynamic tensions in the rapidly evolving global economy. But GBN also places great importance on the stories that come out of their scenario exercises, which often have more value for corporate executives than the scenarios *per se*[12,13].

Thus telling a compelling future story is inherently difficult. To be successful, a future story needs to logically explain a possible alternative future – one that is distinctly different from business as usual – and convince each member of an audience to imagine how he or she would operate given the “new rules” that would govern such a business environment.

### Learning to perform the story

Crafting the right story is however only half the battle. The most perfectly crafted story will be totally ineffective if it isn’t performed convincingly. The non-verbal aspects of performance are critical – the tone of voice, the facial expression and the accompanying gestures. The way a story is performed can radically change its emotional tone in the mind of the listener.

The art of performing a story to achieve a business result is however quite different from telling a story for the purposes of entertainment. Fortunately the skill can be enhanced with guided practice. Says Seth Kahan, a consultant who helps executives and organizations improve performance:

In my work at NASA, I coached leaders on how to tell stories that accelerate positive change. The first thing these leaders needed to realize is that their primary goal is to make change happen, not to be seen as a good storyteller. It’s immaterial whether or not listeners are aware that a story is being told, much less that they admire the story. However, the listeners’ reactions in response to the story are critical. We are looking for changes in behavior that align with the leaders’ objectives. When that happens you have a powerful change agent equipped with a powerful tool.

### Conclusion

In incorporating storytelling into the world of business, it needs to be kept steadily in mind that storytelling is a tool to achieve business purposes, not an end in itself.

When introducing storytelling, therefore, a sharp focus needs to be kept on the business purpose being pursued with the tool, as well as on the different narrative patterns associated with different purposes, as shown in Exhibit 1. In order to harness the full power of storytelling by choosing the right narrative pattern for a particular purpose and performing it in the right way to achieve organizational effectiveness, many organizations will need help.

### Notes

1. Denning, S. (2000), *The Springboard: How Storytelling Ignites Action in Knowledge-Era Organizations*, Butterworth-Heinemann, Boston, MA.

2. Jack Harris, MD is VP of Global Medical Operations at Eli Lilly and Co, available at: Dr.Jack@lilly.com  
Kim Barnes is CEO of Barnes & Conti Associates, a leadership and OD firm, and author of *Exercising Influence*, available at: [www.barnesconti.com](http://www.barnesconti.com)
3. Harris, J. and Barnes, K. (2005), "Leadership storytelling: learn how to get people to connect with you," *Executive Excellence*, Vol. 22 No. 4, April.
4. Holt, D. (2004), *How Brands Become Icons: The Principles of Cultural Branding*, Harvard Business School Press, Boston, MA, p. 36.
5. [www.thebrandconsultancy.com/](http://www.thebrandconsultancy.com/)
6. Holt, D. (2004), *How Brands Become Icons: The Principles of Cultural Branding*, Harvard Business School Press, Boston, MA, p. 219.
7. Orr, J. (1990), *Talking about Machines*, Cornell University Press, Ithaca, NY
8. [www.decisionmaking.com](http://www.decisionmaking.com)
9. Klein, G. (1998), *Sources of Power: How People Make Decisions*, MIT Press, Cambridge, MA, p. 193.
10. Clark, E. (2004), *Around the Corporate Campfire: How Great Leaders Use Stories to Inspire Success*, Insight Publishing Company. Sevierville, TN, p. 63.
11. Katz, M. (2004), *Clinton and Me*.
12. Schwartz, P. (1996), *The Art of the Long View: Planning for the Future in an Uncertain World*, Currency, New York, NY.
13. Eamonn Kelly (2005), *Powerful Times: Rising to the Challenge of Our Uncertain World*, Wharton School Publishing, Upper Saddle River, NJ.

#### Corresponding author

Stephen Denning is the corresponding author and can be contacted at: [stevedenning.com](mailto:stevedenning.com)

---

To purchase reprints of this article please e-mail: [Reprints@emeraldinsight.com](mailto:Reprints@emeraldinsight.com)  
Or visit our web site for further details: [www.emeraldinsight.com/reprints](http://www.emeraldinsight.com/reprints)