

How to make your strategy stick with a strategic story

by Shawn Callahan

“A company without a story is usually a company without a strategy.”

—Ben Horowitz, entrepreneur and investor¹

Steve Jobs bounces onto the stage and grabs the slide changer from his colleague with a friendly “Thanks Scott”. He’s looking thin and grey, illness having taken its toll, but his energy remains boundless. It’s the 2011 Apple Worldwide Developers Conference and Steve is about to announce a change in strategy for his company. The 1000-plus crowd cheers as he steps into the spotlight and then falls silent, hanging on his next utterance.

“About 10 years ago we had one of our most important insights, and that was the PC was gonna become the digital hub for your digital life.” With these words, Steve begins his strategic story.

A recent global study of 450 enterprises found that 80% of those companies felt their people did not understand their strategies very well². It’s the dirty little secret shared by so many companies: ask any employee about your strategy, including the executive team, and they’ll lunge for a document that tells them. It’s rarely embedded in their minds and, as a result, the espoused strategy does not influence day-to-day decision-making. Given the effort applied to strategy development, there is a massive disconnect here. The opportunity to reconnect a firm with its strategy lies in how this strategy is communicated and understood.

There are a number of ways of conveying your organisation’s strategy. A popular approach is to craft a beautiful-looking PowerPoint presentation and email it to all your team leaders, with instructions to present it to their teams. The head of strategy for one of Australia’s iconic brands once told me he happened to sit in on one of these talks and witnessed a team leader presenting a slide pack. It went something like this:

“OK, HQ has asked me to tell you about (clicks to the first slide)... ah yes, our strategy. (clicks to the next slide and reads out the contents, then clicks again, pauses, and says:) Not sure what this means...” (clicks to the next slide). The audience slid into boredom. The talk failed to engage the team and left them none the wiser about the strategy and why the company was taking that approach. In fact, they were probably more cynical about and disengaged from the company than they had been before they’d sat down.

So sure, emailing a slide pack is easy, but in most cases it’s next to useless. It often achieves the opposite of what you want.

Another popular method is the CEO roadshow. The CEO visits each company site and presents the slide pack herself. This act is symbolic. It shows that the CEO really cares about the strategy and wants everyone to know about it, so it must be important. The audience watches intently to see how she presents the strategy, to see if she really believes it, if she really cares about it. Of course, the CEO is also there to

answer questions, but no-one dares ask one in such an open forum.

Sadly, the result is often similar to what was observed by the head of strategy mentioned earlier. In kicking off a strategy session, a department head at a well-known bank asked a roomful of people, *"So, who can tell me about our strategy?"* Nothing. *"OK, just one of the 12 items then."* Still nothing. *"So, no-one can remember any of the 12 things I have just travelled around all our sites talking about?"* Silence.

Slide pack-driven presentations typically contain lots of bullet points and graphs and facts, but because these are not presented within an overarching narrative, it's hard for the audience to join the dots. The audience forgets the information almost as soon as it files out of the auditorium because the presentation lacks a memorable story.

A key question people often ask when they hear about a new strategy is **'Why?'** *"Why are we focusing on acquisition?" "Why are we outsourcing?" "Why are we demoting the Mac to the level of an iPhone or iPad?"* A story best answers these 'Why?' questions because it tells us what caused the change and what's going to happen next – the strategy. A story provides the context for a strategy, making it meaningful and allowing it to connect with other company stories employees may have in their minds.

Here's an example of a strategic story that was told to me at an executive story training session for a telecommunications company in Malaysia. The organisation's leader was listening to my explanation of a strategic story when he suddenly jumped up and said: *"I get it. Here's our story. Over the last 10 years we've been focused on building mobile coverage. Our revenues have steadily increased but our infrastructure costs are rising faster. In two years time our infrastructure costs will exceed revenue. That's why we're now moving to collaborate and share infrastructure with our competitors and putting our efforts into competing on what runs on our mobile network."*

Why was this company collaborating with their competitors on infrastructure? Because its infrastructure costs were going through the roof. A simple yet effective story helped us understand why.

Strategic stories are powerful because people can picture them, remember them and retell them. Well-developed stories not only answer the 'Why?' questions but also convey emotion in a way that inspires people to take action in accordance with the new strategy.

Developing an effective strategic story requires some work, primarily by the members of the executive team, who will often have a variety of views about what the company strategy actually is. It's crucial that the responsibility for the story is not outsourced to the strategy department or, even worse, given to a creative agency. The leaders of the company must firstly clarify their own understandings of the strategy. They must then own both the strategy and the story that communicates it. Finally, they must not merely be comfortable telling that story – they must relish doing so.

One of the challenges faced by executives is to overcome the desire to get the words of the story absolutely perfect, as if the next Pulitzer Prize winner is being written. The story should instead be written to suit oral retellings, where the spine of the story will remain unchanged but the exact wording will be chosen by the speaker. These choices will be guided by the context and purpose of the story telling. Sometimes the telling will be long, sometimes it will be short, or it will focus on one part of the business, or on an internal story, or an external one... stories have a tremendous capacity for adaptation.

Another challenge faced by executives is the desire to only talk about what's working well. The problem with that, however, is that a pollyanna story – where everything is good and nothing ever goes wrong – is never believed for long, if at all. Eventually, everyone will see it as merely corporate spin. Steve Jobs does not make this mistake at the developers conference. Part-way through his telling of the strategic story

that introduces iCloud, he admits the failings of the now superseded software MobileMe, saying, *"It wasn't our finest hour."*³ The crowd roars with laughter. There is a sense of relief that he hasn't tried to sweep the failure under the carpet. His strategic story gains credibility.

One of the simplest ways of working out what failings to include in your strategic story is to explore the possible anti-tales that might be told to discredit your story. A key lesson in story work is that you can't beat a good story with fact; you can only beat a good story with a better story. A strong example of this was provided by a large government department that my company helped to develop a strategic story. This department had just merged with another department and their strategic story highlighted the advantages of the integration. When we asked the executives to tell us some anti-stories, they described how the department had attempted another merger a decade ago but it had only lasted a couple of years. They called it the big divorce, and there were still fears that it might happen again. It was clear we needed to face up to that fact in the department's strategic story.

Once an executive team can tell their strategic story, replete with personal anecdotes that really bring the story to life, they then need to get the rest of their organisation involved in telling it. It's important to achieve this through both bottom-up and top-down approaches, and to allow for variations of the story to emerge that suit different parts of the business while maintaining the story's core.

Large company gatherings are a perfect time to introduce a strategic story. Immersing many people in a story at the same time results in an aspect of group psychology called 'social proof' – the social pressure that tells us that if other people are doing something, it is safe for us to do the same thing. A large event provides the perfect forum for executives to present their story and for the participants to share their own anecdotes, which can reinforce and illustrate the

strategy. This also allows concerns and anecdotes which contradict or undermine the strategic story to surface and be dealt with.

Companies can develop and embed strategic stories at any level of the organisation. There can be a company-wide strategic story or one for a particular business division. CIOs are beginning to invest in developing strategic stories to bring their IT strategies to life so it makes sense for CEOs, other executives and board members.

An organisation's culture is defined by the stories employees, customers, partners and all the many stakeholders tell. So if you want to change your company's culture, you must therefore change the stories people tell. Your strategic story will become entwined in your culture, providing an overarching narrative that triggers new stories while also being modified by what happens in the organisation. The strategic story is alive because it is not merely the words that the executive team assemble and speak. Rather, the strategic story is fed by the multitudinous actions people take in the organisation.

Edgar Schein noted nearly a decade ago that there are relatively few things leaders do that inordinately affect organisational culture:⁴

- what leaders pay attention to, measure and control on a regular basis
- how leaders react to critical incidents and organisational crises
- how leaders allocate resources
- deliberate role modelling, teaching and coaching
- how leaders allocate rewards and status
- how leaders recruit, select, promote and excommunicate.

Each of these actions will trigger stories. Leaders must be mindful that their actions are more important in sustaining a strategic story than anything they say, because when people have a choice between believing a stated strategic story or the actions of their leaders, they will always take more notice of what the leaders do.

The message for leaders, then, is that they should align their decisions and behaviours with their company strategy and the strategic story that describes it, or they will see their strategic efforts fail. Strategy implementation is change management.

It's clear that creating an effective strategic story, one with real impact, involves much more than simply crafting and then telling a compelling story. It involves an executive team developing the strategic story themselves so that they can own it. It involves that team being comfortable with telling the story and weaving their own experiences through it. And most importantly, it involves everyone in the organisation learning and telling their own versions of the strategic story so that they all own it and act to support and build on it.

Steve Jobs paces back and forth across the stage, painting word pictures of where Apple has come from, why a change in strategy is needed, and where the company will now be heading. He talks as if it has already come to pass. Eventually he brings up his last slide, takes a deep breath, and finishes his story: "So that is iCloud."

¹Horowitz, B. 2010, *How Andreessen Horowitz Evaluates CEOs*, <http://www.businessinsider.com/how-andreessen-horowitz-evaluates-ceos-2010-5-2>.

²Vanson Bourne (2011). *The link between strategic alignment and staff productivity: A survey of decision-makers in enterprise organisations*. <http://www.successfactors.co.uk/resources/resource-item/the-link-between-strategic-alignment-and-staff-productivity/>

³Apple WWDC 2011 Keynote Address. <http://itunes.apple.com/au/podcast/apple-wwdc-2011-keynote-address/id275834665?i=94705755>

⁴Schein, E.H. (2004). *Organizational Culture and Leadership*, 3rd edn, Jossey-Bass Publishers, San Francisco.



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