

MASTERING BUSINESS STORYTELLING

PUTTING  
**STORIES**  
TO  
WORK



**SHAWN CALLAHAN**

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*Putting Stories  
to Work*

Mastering Business Storytelling

SHAWN CALLAHAN



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## *Introduction*

I recently turned 50 and as a birthday present my younger brother Scott organised a road trip for the two of us along the coast of California. We spent the first week visiting many wineries between Napa and Santa Barbara, and sharing many stories. We then drove through LA and were just pulling into San Diego when we got onto the topic of goal setting, an activity to which Scott is dedicated. That's when I dropped *Dilbert* cartoonist Scott Adams' business-success bombshell, bluntly offering, 'Of course, you realise goals are for losers'. My brother nearly fell out of the car. He couldn't believe what I'd said. I had to explain that, despite Adams' alarming phrasing, he was not just trying to be controversial. Rather, he was making the good point that unless you have a *process* for change, setting a goal is a waste of time.

After calming my brother down, I got to thinking about all the books I've read on business storytelling. They all explain why storytelling is important. Many describe the types of stories you might tell. Some explain the characteristics of good stories and suggest ways to find them. A few even offer you stories to learn and share. Yet none really give you a process with which to build your business storytelling skills. That's my aim in this book.

There are many good business storytellers out there, such as Howard Schultz (Chairman and CEO of Starbucks), Indra Nooyi (Chairperson and CEO of PepsiCo) and Richard Branson (founder of Virgin Group), just to name a few. But outstanding business storytelling mostly takes place during unrecorded company off-sites, team meetings and informal catch-ups. I've always wondered how these leaders learned their storytelling skills. Was it because of their family culture, where they were

immersed in storytelling from a young age, or did they pick it up from other leaders they've admired? Perhaps it was just the self-realisation that when they shared an experience, people tended to remember the point they were making. Steve Denning was spot-on when he called his seminal business storytelling book *The Secret Language of Leadership* because the leaders who inspire and engage using stories rarely share their secret. They see it as a differentiator.

The vast majority of business leaders are not business storytellers. Sure, they share stories when they get together with family and friends. We all do. Storytelling is a very human condition. But when communicating in business, most leaders rely solely on reasoning, argument and logic to get their message across and to try and inspire action. If they have given storytelling any thought at all, they are usually of the misguided view that sharing a real-life experience is a waste of time—it's not business-like. (We will show in Chapter 1 why that's untrue.) The majority of business leaders, however, haven't even considered the power of storytelling. They haven't realised why some of their peers are engaging communicators and others are not.

The leaders who do tell stories have developed a process for improving their storytelling and finding good stories to tell—whether they know it or not. It's a process that will have evolved naturally over time. Yet leaders today who must engage and inspire their people don't have the time to take such an ad-hoc approach, hoping to stumble across an effective way of learning business storytelling skills. They need an explicit, streamlined approach to business storytelling. In my work with Anecdote, I have helped develop such a process.

\* \* \*

I wandered into business storytelling in the late 1990s. At the time I was working in IBM's Canberra office, helping clients manage their knowledge, especially the things people knew but couldn't set down in words; for example, knowing when to move from the design phase to the build phase, or knowing how to close a large and complex sale,

or knowing where to find the next productive oil well. To prepare for this job, when I arrived at Big Blue, one of the first things I did was map out who were the experts in the field of knowledge management inside the company—no small task, as at that point IBM had over 300,000 employees, spread across just about every country on the planet. During my search I heard about Dave Snowden, who was based in the United Kingdom. He was involved in IBM's recently founded Institute for Knowledge Management and I was told he was an entertaining speaker. So I sent him an email asking whether he had any videos of himself talking about knowledge management that I could share with my customers. He said he could do better than that and explained that he would soon be coming to Australia: 'Why don't you set up a seminar and I'll come and present our latest thinking'. I thought that sounded great, so I invited 100 or so customers to a function room in Old Parliament House to hear the talk.

Dave flew into Canberra just in time for the seminar; I picked him up from the airport and drove him straight to the venue. He was still wearing his tracky daks, but he told me he had a special travelling suit in his case that never needed ironing and he slipped into this at the back of the room. When I asked Dave whether he'd like me to set up his computer, he looked at me as if I was mad and just asked for a whiteboard. I thought to myself: This is a day-long presentation. How is he going to keep people engaged?

When all of my guests had settled in and Dave started speaking, his method quickly became clear to me. He would tell a story, usually about something that had happened to him, and then he would use that story to make a point related to the field of knowledge management.

I remember one of Dave's stories that day was about a near mishap he'd had while walking to an opera in his tux in New York. He got a map at his hotel, found the opera house on it, worked out that he could easily walk there, and then set off on foot. As it turned out, his route wasn't that safe for a lone walker, especially one in a tux. Some police officers pulled up beside him in their car to ask him what on Earth he was doing and they ended up giving him a lift to the opera.

Having finished this story, Dave then pointed out that the map is not the territory, that not all of the important knowledge will always be written down for a novice to follow. Dave wrapped up this idea with an aphorism: 'You know more than you can say, and you will say more than you can write down'.

From where I was sitting at the back of the room, I noticed how everyone in the audience was hanging off each word Dave was saying. They loved his stories and they loved his insights. The seminar flew by. It was a tremendous success.

The impact of Dave's performance on his audience got me thinking: I wanted to do that. So that night I wrote a story about a project I was working on and sent it to Dave for his opinion. When we next caught up, he told me: 'You sure got that story written quickly. But you know what? You totally missed the point. I'm more interested in the oral stories told in organisations than in writing stories down'. To him, it was the oral stories that were truly important.

Soon afterwards, Dave started a new IBM research endeavour called the Cynefin Centre for Organisational Complexity, and I joined it to look after Australian and New Zealand projects. Our work involved a sort of corporate anthropology: we would collect stories across an organisation and then help it develop culture-change initiatives.

In 2004 I jumped out of IBM and started Anecdote. At first we continued the corporate anthropology projects, but soon our client organisations began asking us to help their leaders to become better storytellers. They would say: 'You guys really understand stories. Can you help our leaders use stories to get their messages to stick?' Initially we said no because we were worried that the powerful technique of storytelling might be used by some to manipulate employees rather than engage and inspire them. But under unrelenting pressure, we eventually agreed that we would help our customers with storytelling as long as the stories were not fabricated and the emphasis was on helping leaders to find and share their own real-life anecdotes.

We quickly discovered that to be an effective storyteller, you need a robust process. First, you need to discover good stories to tell.

Then you need to organise these stories so you can remember them promptly—there is nothing better than being equipped with a relevant story to tell off the cuff. Then you need to share the story in a way that has impact. And finally, a good business storyteller knows when to refresh or retire their stories. It is through this process that *Anecdote* has helped thousands of leaders across the globe become better communicators using oral stories.

\* \* \*

At its heart, this book is a *process* for becoming a good business storyteller.

Part 1 explains the foundations of this skill. It will help you understand why you should care about business storytelling, before taking a look at the fascinating nature of oral stories and explaining how being a business storyteller is best thought of as a habit to be developed.

Part 2 takes you through the story mastery process of Discover, Remember, Share and Refresh.

Part 3 takes a company-wide view and shows you what it takes to embed business storytelling in an organisation in a systematic and purposeful way.

Throughout this book, I talk about business leaders. I use the term *leader* in its broadest sense. If just one person looks to you for leadership, then you're a leader. You can lead as a front-line employee, a CEO, or in any role in-between. Leadership can be performed by anyone, anywhere in an organisation, because it's not merely about a title—it's about an attitude and the actions you take.

I've tried to provide a clear rationale for any assertions as well as pointers to the relevant scientific research, favouring data from scientific experiments over expert opinions. But while research provides the foundation of the ideas in this book, the emphasis is on practice. It's vitally important to try things out in a business environment. There is no better way to build the skill of business storytelling than to tell stories at work and learn from the experience.

This book uses a ratio of about one part storytelling to three parts reason, argument and logic, which is roughly the amount of storytelling you should be aiming for when communicating with your people. Every time you find yourself giving an opinion, start looking for an example (a story) to back it up and bring it to life. You will notice that my stories range from personal anecdotes to stories about scientific experiments to lessons from business and everything in-between. Any story can be a business story as long as it has a business point. At the back of this book is a story index where I have listed all the stories told in this book. I'm sure you will find yourself retelling many to good effect.

This book is intended to be a practical guide to how to develop and maintain your business storytelling skills. I'm also hoping you'll be able to draw on the research provided to support the case for storytelling in your own organisation, satisfying those who are looking for evidence that storytelling works. Needless to say, it's much better to tell the story of this research than to merely list the facts.

Up until the 1990s, leaders could get a lot of work done by wielding the authority and power to command people to act. And they did. But the internet changed all that. It allowed us to connect with others in ways that bypassed the formal hierarchies, and work sped up. At the same time, gen Xers and millennials developed a more collaborative ethic: work got done because of who you could inspire and persuade to make a difference. In this new world, business storytelling has become the essential communication skill. Smart organisations are investing in helping their people to systematically and purposefully find and share effective stories. Let me show you how.

# PART I

## Foundations



## ONE

# Why Leaders Need Good Storytelling Skills

Over the last couple of years, I've had the pleasure of coaching one of the national managers of a global manufacturer, who I'll call Peter. I was about to start a story workshop for Peter and his people when he turned to me and said, 'Shawn, I would just like to put this session into context for everyone'. Peter then described how, each year, he pitches a budget to the company's board for approval. His group's plans all hinge on getting the right level of resources, so it's a big deal. The pitch is usually a gruelling affair, but the last time Peter did it, things were different. He decided to make his proposal to the board using a story structure we'd worked on together. The board members listened attentively as Peter told a story about what he wanted to accomplish—it took him 15 minutes, with no PowerPoint deck in sight. When Peter had finished, the board asked him a couple of straightforward questions, then there were nods around the table, and just like that his request was granted. Before Peter could catch his breath, the board chair asked him how much more money he'd need to achieve his goals even more quickly. He went with his gut: 'Five million will do it'. That was also approved. As Peter was leaving, he heard the chair ask another country manager to make their proposal as clear as Peter's. He just smiled.

Now you might be thinking: Didn't Peter need to share a whole lot of data to make his case? When did that happen? Surely he didn't just tell a story? The answer is that this data was an essential element of the story Peter told. He handed out projections and historical information and then pointed to it as his story unfolded. But the most important thing here is that Peter wanted to engage the board emotionally and make them understand what great opportunities were at hand, and how well placed he and his team were to take them. His story forged this emotional engagement while also presenting the hard numbers of his case.

Of course, a leader has many other responsibilities in addition to obtaining the resources to get their job done. A leader needs to work with their people to craft and communicate strategy, so that everyone in the group has that strategy in their heads while making day-to-day decisions. A leader needs to engage their people so they all know they are doing work that is making a difference, and their individual skills can shine. There will be many times, especially when things get tough, when a leader needs to inspire action. This action will have to be supported by the many decisions people make in the organisation, which requires the leader to influence those decisions that may directly impact their group. Also, every day the leader's people will face new challenges, and as no-one wants to reinvent the wheel or repeat past mistakes, sharing lessons becomes vital. And sometimes a leader needs to set the record straight: they need to counter half-truths and lies.

The list of potential responsibilities is obviously far longer than this, but the ones described above are fundamental for all leaders. And in each case, business storytelling can play a major role.

## COMMUNICATING STRATEGY

Steve Jobs bounces onto the stage and grabs the slide changer from a colleague with a friendly 'Thanks Scott'. He's looking thin and pale, 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 going to become the digital hub for your digital life.’ With these words, Steve Jobs begins his strategy story.

\* \* \*

A global study conducted in 2012 involving 300,000 employees found that just over half did not really understand the basics of their organisations’ strategies.<sup>1</sup> It’s the dirty little secret of so many businesses: ask any employee, including the executive team, about the company strategy and they’ll lunge for a document that reminds them what it is. It’s rarely embedded in their minds and, as a result, the espoused strategy has a harder time influencing 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 the strategy is communicated and understood.

There are a number of ways of conveying your organisation’s strategy. One popular approach is to craft a beautiful-looking PowerPoint presentation and email it to all of your team leaders, with the instruction to present it to their teams.

The head of strategy for one of Australia’s most iconic brands told me he happened to sit in on a strategy talk when a team leader presented a PowerPoint deck. 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 and pauses] 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. In fact, the employees were probably more cynical about and disengaged from the company than they had been before they sat down for the presentation.

So sure, emailing a PowerPoint deck 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. This is where the CEO visits each company site and presents the PowerPoint deck themselves. This act is symbolic. It's intended to show that the CEO really cares about the strategy, and they want everyone to know about it because it's so important. The audience usually watches intently, but mainly to gauge whether the CEO really does believe in what they're spouting. 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 above.

In kicking off a division meeting following one CEO roadshow, a department head at a well-known bank asked the roomful of people: 'So, who can tell me about our strategy?' No response. 'OK, just one of the 12 items then.' Still nothing. 'So, no-one can remember any of the 12 things we've just been talking about at all of our sites?' Silence.

Presentations driven by PowerPoint decks typically contain lots of facts in the form of bullet points and graphs, but because these are not supplied within an overarching narrative, it's hard for the audience to join the dots. People forget the information almost as soon as they file 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?' they ask. 'Why are we outsourcing?' 'Why are we demoting the Mac to the level of an iPhone or iPad?' They want a plausible explanation.<sup>2</sup> And in the absence of one, they'll make one up, especially when they are stressed.<sup>3</sup>

A story effectively answers the 'Why?' questions because it sets out what has prompted the new strategy and what's going to happen next. 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.

I was explaining the concept of a strategy story during a training session for a Malaysian telecommunications company when the organisation's leader 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 have risen 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 energy into competing using what runs on our mobile network'.

Why was the company collaborating with its competitors on infrastructure? Because its infrastructure costs were going through the roof. A simple yet effective story made this clear.

Strategy stories are powerful because people can picture the events, remember them and retell them. A well-developed strategy story not only answers the 'Why?' questions but also conveys emotion in a way that inspires people to take action in accordance with the new strategy.

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

The strategy story is a type of clarity story. I take you through the process of creating clarity stories in Chapter 6.

\* \* \*

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 the future has already come to pass. Eventually he brings up his last slide, takes a deep breath, and finishes his story: 'So that is iCloud'.

## ENGAGING PEOPLE

The best business leaders care about employee engagement. That's because apart from helping to make an organisation an enjoyable place to work, it's been shown to have a big impact on the bottom line.<sup>4</sup>

UK retail giant Marks and Spencer and the University of Bath, for example, have documented how engagement is raising performance and productivity across the UK.<sup>5</sup> It turns out that when employees are highly engaged, they trust their leaders and their company, and they care about their work. They'll go above and beyond their duties, and that positive effort and attitude translates into business results.

So how do you increase employee engagement and motivation with storytelling? You use stories to emphasise and boost purpose, progress and trust.

#### PURPOSE

Back in 2007, Adam Grant, a professor at the Wharton School of the University of Pennsylvania, conducted a fascinating experiment that highlighted how important it is to be reminded of your purpose at work. The study focused on a call centre that raised funds for a university. Grant divided the call centre workers into two groups and used different approaches to motivate them. The people in Group 1 were reminded about the money they would earn and how it would improve their lives, while those in Group 2 were told stories that reminded them about how their work benefited the lives of others. Assessing the participants a month later, Grant found there was little improvement in the average number of donations (nine) or amount of money (\$1290) attributed to the people in Group 1. The people in Group 2, however, had generated more than double the average number of donations (23) and donation size (\$3130).<sup>6</sup>

The regular sharing of stories that illustrate how someone's work helps those they aim to serve can have a massive impact on output. A reminder of our true purpose, above simply creating shareholder value or maximising profit, rouses the human heart and inspires greater productivity.

Stories about purpose are a type of success story, which we explore in Chapter 6.

## PROGRESS

It's hard to get a clear insight into what a large group of employees is thinking and feeling, especially over time. But that's what Harvard professors Teresa Amabile and Steven Kramer were able to do when they conducted a lengthy investigation into the inner work life—the thoughts and feelings we have about our work and colleagues that set our mood and level of engagement—of 238 people in 26 project teams across seven companies.<sup>7</sup> Each day the researchers emailed a short survey to the employees that asked them to rate their mood and feelings. The employees were also asked to 'briefly describe one event from today that stands out in your mind', which they were encouraged to do by sharing a short anecdote. Over a couple of months, the researchers collected nearly 12,000 anecdotes, and in them they discovered what they called 'the progress principle'.

We all know from our own experiences that each day we're boosted by a complex set of small wins, recognition, respect, connection with our group, and improvement in our skills. We also have setbacks, and these negative events often overwhelm the positive ones. Yet of all the influences on our daily outlook and inner work life, Amabile and Kramer found that the most significant was making progress in meaningful work. When managers are asked what things they might do to engage and motivate their employees, highlighting the progress being made rarely gets a mention. But this can make a significant difference to a team's productivity.

One of your jobs as a leader should be to find and share these stories of progress, to make apparent what largely remains invisible to most of your people. Just talking to employees about this will give them the strong sense that you care about what they do. It will also help you keep a finger on the pulse of what's happening in your area.

To get these progress stories, you can give each individual in your team the daily task of briefly describing one event that helped them to make progress that day. These stories can then be shared in team meetings. This will give you a far greater insight into the health of your team and your project than the standard around-the-table project update.

Stories that concern progress are modelled on success stories, which I detail in Chapter 6.

## TRUST

An engaged workforce trusts its leaders and the company. This trust takes time to earn, yet it can be destroyed in an instant. Our opinion of a leader's trustworthiness is most influenced by what we see them do, but when we can't see a leader in action, the next-best way to gauge their character is to hear a story about something they did.

I once heard a story about the CEO of a pharmaceutical company that gave me a strong impression of the man's character. The company was just starting a trial for a new cancer therapy and a politician approached the CEO to try and get his wife onto the clinical test. The politician tacitly conveyed that the therapy might jump through fewer government hoops to be approved if his wife took part in the trial. The CEO calmly explained that this would be impossible because the trial was strictly controlled. I heard this from an employee who was clearly proud of his CEO and thought him a man of integrity.

One person who taught me a lot about trust was David Maister, the distinguished consultant to professional service firms. At the time of starting *Anecdote*, I was already an admirer of David's work. I'd read *Managing the Professional Service Firm* and I loved reading his blog. I also made comments and posed questions on his website that he would respond to and periodically incorporate into one of his podcasts. One day I decided to ask David if he would be willing to spend an hour or two on the phone with me, to give me some advice on my new business, so I emailed him. No sooner had I hit 'Send' than my phone rang. It was David, calling me from Boston to follow up my request. I made it clear that I would be happy to pay him for a couple of hours of his time. He replied: 'Shawn, my service fee is really designed for large corporations. I charge \$20,000 a day, with a minimum of one day'. Gulp. There was no way my little start-up could afford that. I was just about to say so when David continued: 'But we are friends now. This is on me. How can I help?' Engaging in an online conversation with

David had created a relationship between us, even though we had never met. So when I reached out for help, he was open to giving me a hand. As Adam Grant showed in his wonderful book *Give and Take*, the most successful people are givers—though not to the extent of being a doormat whom others walk all over. David is definitely a giver.

David Maister sums up the dimensions of building and maintaining trust in a simple formula.<sup>8</sup> Yes, I know, how can you boil something as complex as trust down into a simple formula? Well, the statistician George Box once said: ‘All models are wrong, but some are useful.’<sup>9</sup> And I find Maister’s trust formula useful. Here it is:

$$\text{Trust} = (\text{credibility} + \text{reliability} + \text{intimacy}) / \text{self-interest}$$

Credibility is about trusting what a person says because they have a track record of telling the truth, and the expertise and professionalism to know what they are talking about. Reliability is about trusting a person to do what they say they will do, and that they will do it well. Intimacy is about trusting someone to care about your emotions and desires, and to treat your secrets—what you really think of colleagues, what’s happening at work—with confidence. Self-interest, however, erodes trust. A self-interested person only seeks to make themselves look good. They see the people they work with merely as a way of getting ahead.

So if you want to build trust as a leader, you have to act in a way that triggers stories of credibility, reliability and intimacy, but not self-interest. (This is called story-triggering, which we revisit later in this chapter and in Chapter 4.) And because engagement is also about trusting the company, you have to take every opportunity to tell stories about the great things other leaders in the firm are doing.

Unfortunately, it’s a fact that bad stories are stronger than good ones.<sup>10</sup> Just ask yourself what goes around an organisation faster: stories of success or stories of failure? Relationship researcher John Gottman’s rule of thumb for a healthy marriage is to make sure the good events outnumber the bad ones by a ratio of at least five to one—anything

less and the relationship is likely to fail.<sup>11</sup> The same could be said for organisations. For every negative story floating around, you need at least five positives ones to counteract its effects. Just one story of self-interest can erode trust fast.

## INSPIRING ACTION

As a teenager I loved basketball. I was in a team coached by my best friend's dad, Walt. One season we found ourselves in the grand final. At our last practice session in a gymnasium before the big game, Walt gathered the team in the middle of the court, pointed to a line on the floor and said, 'Do you all think you can walk along this line?' We all nodded and proceeded to walk the line. Then Walt pointed to a balance beam and said, 'Can you walk along the balance beam?' We all said, 'Sure thing coach', and we walked along the beam. Then Walt said, 'Imagine this beam crosses a deep, treacherous canyon with a fierce wind blowing across it'. After painting this scary picture, he asked us to walk across the beam again. We all made it without falling. 'Lads,' he said, 'our game this weekend is like the ordinary balance beam crossing a windswept canyon. It's just another game, yes, but there will be a lot more pressure this time. Are you ready for this game?'

We were duly inspired by Walt's words, and we won the grand final. Walt generated a strong desire to win in the players by using the analogy of challenging ourselves to cross a dangerous canyon. The analogy story is a powerful one to have in your back pocket as a leader, and we will discuss it further in Chapter 6. Of course, what Walt did with us is only one type of inspiration. There are many others.

We often inspire ourselves. The celebrated documentary-maker Ken Burns felt inspired the day he worked out the secret to engaging with historical photographs. He told *The New York Times*: 'I remember realising early in the process [of filming] that I had to listen to the photos, not just see them. Are the waves of the East River lapping? Are the workers hammering? I can remember not wanting to break the spell,

not wanting to move my eye from the eyepiece, but to live in that world. It gave me a kind of key to unlock what has been, for the past 35 years, the way I've tried to wake the dead'.<sup>12</sup> Good documentary-makers, like any good artist, reflect on their practice. They notice when something happens and tell themselves a story to make meaning of it. As leaders, we need to do the same. This act of noticing is the first step towards good storytelling.

We are also inspired by the actions of others, especially if they reflect how we would like to see ourselves act under difficult circumstances. These moments reveal character. We often don't get to see remarkable actions firsthand, but this is when stories can play a role in inspiration.

I recently coached the general manager of a well-known home maintenance brand. To kick off the new financial year, she got up in front of all her employees and told the story of how one factory worker—let's call him Gary—became concerned about one of the machines in his factory. He thought it was dangerous to use. So in his own time, under his own steam, he set about improving the factory's safety processes to address this threat. When the GM told Gary's story, everyone pictured what he'd done and they felt proud. Gary himself went up to the GM at the end of the session and excitedly told her about another safety issue he was working on. Such stories of remarkable efforts are great fuel for inspiration.

You can share inspiring stories systematically. Apple is one company that regularly shares stories to inspire great customer service in its retail stores. Its process is simple but it has an amazing impact. Each day the company undertakes a net promoter score<sup>13</sup> survey of randomly selected customers. If a customer gets great service from an Apple employee and gives them a perfect 10, then at the next morning's staff meeting, the store manager will say something like, 'Yesterday Mary got a 10'. Everyone claps. Then the manager says, 'Mary, remember that customer who came in to get their iPhone screen fixed? Can you tell everyone what happened?' Mary then tells the story of the iPhone screen, giving everyone else the chance to hear what it takes to get a 10 from a customer and high praise from their manager. Again, this

creates a feeling that fuels a desire to take action. It breathes life into the employees, and it is done every day.

To inspire at work, leaders must share stories of events big and small. Stories are concrete and specific, so the resulting desire to take action is coupled with a clear example of what to do. It is the antithesis of merely spouting abstractions like ‘Let’s innovate’.

## INFLUENCING DECISIONS

Leaders are decision-makers. They have to be. As soon as they walk into the office in the morning, they are bombarded with decisions that have to be made: ‘Can our business partner sell our product in that new market?’; ‘Do you want to talk to the journalist from *The Times*?’; ‘When should we share the new strategy with staff?’; ‘Should we defy the auditor’s recommendation for the good of our customers?’; ‘Should we do business with them?’; ‘Do we fight this, or do we just let it slide?’

Most of the decisions experienced leaders make, day in and day out, are intuitive. When presented with a situation where a time-critical decision is needed, a leader matches it with something they’ve done in the past and then mentally tests that course of action to see if it works. If the mental simulation works out, they go with that decision.<sup>14</sup> This match-and-test approach happens in a flash, so quickly that it’s hard for a decision-maker to recall how they made such a decision. But there is nothing magical about this. These judgements are based on the experience of continually making lots of decisions and seeing the results. As Nobel laureate and the granddaddy of psychology Herbert Simon puts it: ‘Intuition is nothing more and nothing less than recognition’.<sup>15</sup>

Another Nobel laureate, Daniel Kahneman, has also acknowledged this. Kahneman’s book *Thinking, Fast and Slow*, which points out the many biases we have as humans that can lead us astray, is often cited as the reason for a growing feeling in business that we shouldn’t trust our intuition as much as we do. But Kahneman says he ‘never believed that

intuition is always misguided'.<sup>16</sup> In fact, in 2009, Kahneman and his research frienemy Gary Klein, who champions intuition, put their heads together to figure out when this kind of decision-making works best. They concluded that it is when the decision-maker can see the results of their decision-making, giving them the opportunity to practise the skill and learn from this.<sup>17</sup> This is exactly the environment that the modern-day leader inhabits.

The key word here is 'experience'. Experiences continually wash over us every day, but only the ones that evoke an emotion get noticed. And of the experiences that get noticed, only a few are thought about and translated into a story that explains what happened. Over time, these accumulate into a repertoire of experience-based stories. It is this catalogue of significant, emotionally evocative experiences, framed by stories, that guides and reinforces our decision-making practices.

So to influence a decision-maker, you need to change the stories their intuition relies upon. As a leader, you can do this either by creating a new experience for a decision-maker (triggering a story) or by telling them about a new experience.

### TRIGGERING STORIES

Nothing beats first-hand experience. So if you want to influence a decision-maker, help create situations where they experience something new and remarkable, which will prompt them to tell themselves a story about what happened. I call this story-triggering. Here's one example.

A US manufacturer was being squeezed by imports, particularly from Japan. When management investigated, they discovered that a typical Japanese factory could turn out about 40 per cent more products per employee than their own firm. Management made several attempts to persuade their factory workers that the firm needed to lift its game or it would keep losing business to its Japanese competitors. But the workers didn't believe them. They thought that the managers were not really interested in the company's viability, only in creating bigger bonuses for themselves. Besides, they felt they were already working as hard as was humanly possible.

To break the impasse, management selected 10 influential workers and flew them to Japan so they could visit a typical factory there and see the difference in productivity for themselves. Touring the factory one afternoon, the US employees saw that their Japanese counterparts were indeed working faster and more efficiently, but they dismissed this as a stunt—just the Japanese workers putting on an act for the visitors. The American workers were finally convinced when, late one night, they made an unannounced visit to the factory. To their surprise, the night shift appeared to be working even harder than the day shift had.<sup>18</sup>

A new story had just been triggered for these workers—a story they would carry back to the United States and share with their colleagues, and which would influence future decision-making.

We'll revisit story-triggering in Chapter 4.

## TELLING STORIES

If the decision-maker can't have the experience themselves, then the next-best thing is for them to hear the story of what happened. Don't underestimate the value of this. Research performed at Princeton University showed the profound impact that telling a story can have.<sup>19</sup>

In 2010, neuroscientists Greg Stephens, Lauren Silbert and Uri Hasson conducted a series of experiments which revealed that when someone *hears* a story, their brain lights up in the same way as the speaker's brain when they are *telling* the story. In the researchers' words: 'Speaker and listener brain activity exhibit widespread coupling during communication.'<sup>20</sup>

The experiments began with a young woman telling an unrehearsed story about her high school prom while hooked up to a functional magnetic resonance imaging machine that recorded her brain activity; the woman's story was also recorded. The researchers then asked 12 test subjects to listen to the recorded story while their own brain activity was monitored. The first thing the researchers noticed was that the brain activity of the storyteller matched the brain activity of the listeners. As you would expect, there was generally a small time lag in brainwave synchronisation as the listener took in the storyteller's

words and comprehended the story. But remarkably, the researchers found that the brain activity of the listener often anticipated that of the storyteller at a particular point in the story. The listener was predicting what was coming next. And here's the kicker: the subjects who did more predicting did better at the comprehension test they took after hearing the story. Really engaging stories, ones where the listener is trying to predict what happens next, have the greatest impact. Or to put it another way, they are the most meaningful.

Now it's rare that by telling just one story you will influence someone's mind. This is partly because we are hardwired to be cautious of new things, in case they pose a threat to us. It's an instinct that has served our species well. As we evolved, we learned that if a new person, animal or plant turned up, there was a chance it could kill us. So we approached the newcomer with caution—it was an effective survival strategy.<sup>21</sup> In business, new things can include ideas, approaches, techniques, products and services. When we first come across these, our gut still tells us, 'Watch out'. Fortunately, it turns out that the more we hear about something, the more we accept it, or even like it. The renowned psychologist Robert Zajonc called this the mere exposure effect.<sup>22</sup> This is why it can be a good strategy to tell a series of stories that illustrate why a new thing is valuable.

My business partner Mark Schenk did this when he was the knowledge manager of an Australian defence-related engineering firm. He wanted to get support from the CEO to expand a new initiative called 'communities of practice', which involved bringing together like-minded people in the firm on a regular basis to learn from each other. Mark's strategy was simple: each time he bumped into the CEO, he told the man a new story about how one of the firm's communities of practice was making a difference. The first time Mark tried this, the CEO listened to the story but gave no indication that he was supportive of the idea. The second story Mark told elicited a similar reaction. In their third encounter, Mark told the CEO a story about how the Department of Defence had asked their firm if it had an estimate of how many Defence personnel were using a particular engineering software application. As it happened,

the firm had established a community of practice around this topic and it was able to give the department a pretty accurate answer—within a couple of days. The CEO was amazed: ‘You mean we can answer a question about the Defence Department faster than they can? Tell me more about these communities of practice Mark’.

## SHARING LESSONS

Work can move at such a hectic pace that we often don’t get the time to reflect on important projects that we’ve completed. But valuable lessons can be learned through reflection, and telling stories about what happened can help us to do this.

A team I worked with had toiled on a particular project for two years, and when it was finished they decided to devote half a day to finding out what lessons they’d learned from it. A senior manager in the team came up to me before the session and boldly told me that there weren’t any lessons to be learned from the experience—he would soon think differently. As the project team wandered into the meeting room, they saw a 1-metre-tall scroll of paper covering one wall, with a timeline on it. I asked the team members to think of significant moments in the life of the project, write them on post-it notes and place the notes on the timeline. About 30 significant moments were posted, such as ‘New CIO’, ‘New Version of Software Released’ and ‘Office Move’.

I pointed to the first one, ‘Got Project Funding’, and asked the team, ‘So tell me about how you got your funding. What happened there?’ One of the old hands kicked things off by describing how, before the project had been officially green-lighted, they’d had to get money from multiple buckets. As a result, in the early days of the project, they didn’t have a project sponsor. In a tone of exasperation, the senior manager who’d felt there was nothing to learn then spoke up: ‘It was such a pain. Never let me start a project like that ever again.’ Flip-chart marker in hand, I asked whether that was a lesson. Multiple people called out to me: ‘Yes it is.’ ‘Get that one down Shawn.’

We experience a lot in the workplace, but these experiences are mostly forgotten—except for the ones that we turn into stories. Stories give experiences a fighting chance of survival, translating them into narratives which contain the relevant lessons. But here's the thing: it's only at the very moment the story is told that the lesson is learned—without the story to give it a context, at best it remains a vague feeling. The leader's role is vital here. They can help create the conditions for such lessons to emerge, and once they have, they can become stories that can be retold.

Conveying a lesson as a story is particularly effective when the behaviour or attitude you are hoping to impart is complex and can't be illustrated by something as simple as a flowchart. A good example is company values. A bank we worked with had included 'integrity' in its set of corporate values, but what does 'integrity' really mean? To explain this, you can't just list a set of behaviours to follow. (In fact, the bank had tried that and it hadn't worked.) Instead, you need to provide examples. So our goal was to help the bank find stories that illustrated its values.

I remember one of the stories about integrity came from a young lawyer who'd recently joined the bank. He'd just finished an internal project advising another part of the bank when he realised he'd made a small but significant error. He didn't think anyone would notice and for a moment he considered just letting it slide. But then he thought, 'I don't want to be that type of sloppy lawyer'. So he went and explained what had happened to his boss, who then informed the internal customer. The error was fixed and the lawyer was praised for his honesty and diligence. That's integrity.

Some of the best lesson stories concern blunders you made that caused you pain. When you tell such a story, your audience makes a mental note to not repeat your error. Here is an example I sometimes share, usually when I see a customer going down the same fateful path.

Anecdote often works with an executive team to help it create the story of the company strategy. A while back we were set to help a large logistics company with its strategy story. As I was about to get started,

I was told that the company's executive, including the CEO, was too busy to come together and create their story. The client asked whether I could instead interview the executives individually and then craft a story for them to review. I said that wasn't our process, but the company insisted. (Yes, I know, I should have bailed out then and there.) So I interviewed the executives and crafted a story. It seemed to go well—the people I worked with were enthusiastic and supportive. Then we gathered the executives in a boardroom and I started to tell them the story I'd prepared. All the people I'd interviewed smiled and leaned forward to hear the story. But after I'd spoken just a few sentences, the CEO interrupted me: 'Excuse me Shawn, but quite frankly I think all stories are lies'. The smiles around the table quickly turned into frowns and the meeting was cut short. The next day I got a call to say that we'd been fired.

When a client asks me to short-cut our strategy story process, saying that their executives are too busy to work out the story themselves, I tell this lesson story. They rarely need any more convincing to involve every single executive in the story-creation process. No-one wants to feel the embarrassment many people felt that day.

As a leader, you should be looking for ways to help lesson stories emerge while at the same time mining your own experiences for those painful moments you don't want others to struggle through. This will require strength of character and humility, but you will be rewarded by strong new connections.

## COUNTERING HALF-TRUTHS AND LIES

Imagine that you're responsible for communicating your company's new strategy, and just as you're about to do so, you hear something worrying on the corporate grapevine. A lot of employees appear to believe the strategy was created by the new CEO going home one night, digging up an old strategy from his previous company, then making copies of it and plastering them across the executive suites of your company's headquarters.

Now, you know this is not how it happened. The executive team actually went through a well-thought-out process to develop the strategy. So your instinct is to refute these claims. You want to set people straight with the facts. This thinking, however, is just leading you into a trap.

To simply deny an untrue story often merely serves to reinforce the misinformation. A much more effective way of countering a misleading story is to tell another story—a better one. I explain how to do this when I discuss how to tackle anti-stories in Chapter 6. For now, though, let's look at how researchers discovered this enduring feature of stories.

In 1994, Holly Johnson and Colleen Seifert conducted one of the first experiments to show how stories can have a big impact on correcting misinformation.<sup>23</sup> Their experiment involved a report into a suspicious fire. Two groups were sent a series of messages simulating how a warehouse fire might be reported in real time. The first group learned that the firefighters had traced the fire to a short circuit next to a closet containing volatile materials such as oil-based paints and pressurised gas bottles. In a follow-up message, the group was told there had been a mistake: there had not been any volatile materials in the closet and they should just ignore that misinformation. The second group was also told about the short circuit and the closetful of volatile material, and then received a message saying this information was incorrect and should be ignored. But they were also given an alternative explanation for what might have happened. They were told that, in fact, rather than paints and gas bottles, the closet had actually held petrol-soaked rags and empty fuel drums, suggesting that arson might have taken place. This group now had a new story to explain the fire.

Both groups were subsequently questioned about their understanding of what had happened. When the first group was asked 'Why did the fire spread so quickly?', their response was that 'the paints and gas bottles must have exploded and accelerated the fire'. Evidently, despite being told to do so, they hadn't struck that misinformation from their minds. The second group, however, responded to the question by suggesting arson, having discarded the misinformation and instead embraced the new story about the fuel-soaked rags.

Clearly, the second group, which had heard the plausible story that implied arson, was much less influenced by the original misinformation than the first group, which had simply been told that a mistake had been made. This study demonstrated that it is very difficult, if not impossible, to beat a story with just facts. What you need is a better story.

It's understandable that stories are so robust and resistant to change. When we hear a story, we take in a complete and internally coherent bundle of information. But if you cut out even one small bit, it's no longer complete and coherent. Without a replacement story at hand, we revert to the original version—even when, as rational decision-makers, we know that part of the story we are relying on to make decisions is untrue.<sup>24</sup>

I've felt the effects of clinging onto a story despite knowing an important part of it was false. It happened on my first visit to Washington, DC. I was staying at the Willard Hotel, a grand and historic place at the top of Pennsylvania Avenue. My friend and fellow story practitioner Paul Costello swung by to guide me around the monuments of the National Mall, but we started our tour in the lobby of the Willard. 'Back in the 1870s,' Paul began, 'the White House wasn't the most comfortable place for President Ulysses S. Grant to relax, so he would often unwind with a whiskey and a cigar in the lobby of the Willard Hotel. Word soon got around that the President could often be found in the hotel's lobby, and people began to come here to get Grant's ear or seek favours. After a time, these people became known as lobbyists.'

'Wow', I said. 'What a great way for that word to come about.'

Then Paul said, 'It's just a myth. The term originated from the gatherings of members and peers in the lobbies of the British Houses of Parliament.'

It's such a good story, though. I can picture President Grant with his hand wrapped around a cut-glass tumbler, smoke billowing from his cigar as he sits in a corner of the Willard's lobby surrounded by a gaggle of people. I have to fight hard to include in its retelling that this story is a myth.

Leaders will always be confronted with misinformation, half-truths, even barefaced lies. Sometimes we just need to ignore them. But when we do need to counter misinformation, stories are our most powerful ally.

\* \* \*

We have just seen six applications of storytelling in a business setting. Quite frankly, that's just the tip of the iceberg. I'm constantly amazed at how leaders use stories to achieve business outcomes. In Part 2 of this book, you will learn how a hotel chain helped its salesforce illustrate its brand with stories, how big data is looking to stories to convey insight, how a retail store prepared its workers with stories before its grand opening, and most importantly, the many and varied ways in which leaders can find and tell stories to engage and inspire the people they work with. But before we jump into that detail, let's get a good understanding of the nature of stories and how our storytelling ability evolved.

## TWO

## The Nature of Oral Stories

Books on storytelling often begin by telling us that we all love storytelling because of how our parents read stories to us as kids. For me, this couldn't be further from the truth. My parents weren't book readers. My father did read his newspaper every evening, and he had a weekly subscription to *Newsweek*. But while our family home had a small bookcase at one end of the hallway with a set of *World Book Encyclopaedia*, those books were rarely opened. And I can't remember ever being read a story.

That's not to say stories weren't told in my house. My father is a great oral storyteller. The stories that captivated me and my siblings the most were those about his exploits as a US Marine in the 1960s. While he never told us stories about his combat experiences, he did tell us about many remarkable things that happened to him in military service.

Before I share one of my favourite stories told by my father, let me highlight the main difficulty in writing about oral storytelling. You might have spotted the conundrum in that last sentence: it's hard to *write* an *oral* story. Of course, there are established methods for tackling this apparent contradiction. Playwrights and screenwriters, for example, write dialogue for their works. Here's a snippet from the modern master of snappy dialogue, *West Wing* writer Aaron Sorkin:

JOSH: You want to stand them in a tripod right?

SAM: Yeah, standing three sticks on an end and slanting them to a common centre.

JOSH: Isn't that a tripod?

SAM: Yeah, but ...

JOSH: You just thought you'd say more words.

SAM: Yeah.<sup>1</sup>

But while a script can have carefully crafted dialogue, that's not really how we speak. Just take a look at the transcript of a recorded interview and it's obvious that we speak differently to how we write. When we talk, we repeat ourselves, we finish sentences part way through, we pause in unexpected places, we change tack mid-sentence, we um and ah, we repeat ourselves. And for the most part, those listening to us think nothing of it. But if we, um, wrote ... this way, you know what I mean, we'd get slammed for it.

To experience the oral nature of stories as you read this book, just imagine someone talking you through it in the form of a story, as if they just remembered it and are telling it off the top of their head without notes. Imagine what the story *sounds* like. Better still, tell the story to someone else, which will give you a stronger impression of its oral nature.

Let's further explore the differences between written and oral stories using a story Dad told me when I was a kid about re-enacting the killing of John F. Kennedy.

Dad grew up shooting rifles. In fact, he was one of the best shots in his home state of New Jersey. So when he joined the Marines in 1960, they trained him as a sharpshooter. When President Kennedy was shot dead in Dallas, Texas in November 1963, the Warren Commission set about working out what had happened. To help their investigation, it asked the Marines to re-enact the assassination at their base in Quantico, Virginia. A scaffold was erected at the height of the sixth-floor window

of the book depository where Lee Harvey Oswald was said to have taken the shots. A moving target was created to represent Kennedy, and three Marine sharpshooters, including my dad and an Olympics-level marksman, took aim at it from the scaffolding using the same type of Italian bolt-action rifle that Oswald was said to have used. In not one of their attempts were the Marines able to get their shots off as quickly as Oswald was said to have done. You can imagine Dad's surprise when the Warren Commission eventually ruled that Oswald had acted alone.

Now of course, my dad would never have told that story like I just wrote it. Oral stories, including those you tell at work, assume a certain amount of knowledge on behalf of the listener and tend to jump into the action faster. The novelist Philip Pullman said of the events in fairytales: 'You can only go fast ... if you're travelling light'.<sup>2</sup> Oral stories travel light.

Dad's story would've gone something like this: 'You know we tested if Oswald could have made the shots to kill Kennedy. We were sent up to Quantico and they'd built a tower the size of the book depository and three of us had to climb up there and re-enact the shooting, to see if we could get the shots off in the same time as they said Oswald did. We even had an Olympic shot with us. We took the shots with the same bolt-action rifle Oswald was supposed to use and we didn't even come close. We sent our report off and we knew something was fishy when they said Oswald was the lone gunman. There's no way he could have taken those shots'.

Dad didn't have to tell me he was a US Marine. I already knew that. I also knew he grew up shooting rifles and was the one of the best shots in New Jersey. He probably didn't mention the Warren Commission because that wouldn't have meant much to me as a kid. And I knew he was talking about a US president: it's a famous incident. All of that information would've been unnecessary in Dad's oral telling. If I had wanted to know more, I would have asked him.

Did you notice the types of words used in the oral story? Mark Twain once said, 'Don't use a five-dollar word when a 50-cent word will do'. In oral storytelling, we tend to gravitate towards the cheaper words; the

language is simpler than that of written stories. It's also more concrete because oral stories tend to be about people doing things, like climbing towers and shooting rifles. They generally don't contain abstract ideas like collaboration or experimentation or hypothesis testing.

Oral stories also rely on cliches and stereotypes. These are regarded as poor form in literature, but before the invention of writing, when we told stories to remember important things and pass on knowledge from one generation to the next, we learned that cliches and stereotypes were more memorable than unique and creative phrasing.<sup>3</sup> Oral storytelling hasn't changed much since then. In the workplace we hear stories about good and bad bosses, the incomprehensible IT guy and the ineffectual HR woman—all stereotypes. And the cliches roll effortlessly off our tongues when we talk about doing more with less, grabbing the low-hanging fruit, biting the bullet and thinking outside the box.

Another big difference between oral and written stories is that when we tell an oral story, the audience is right in front of us, where we can see their reaction to both the story and to us, the storyteller. We experience their laughter, or their surprise, or their dismay, and in turn we respond to them. There is an immediate and dynamic interplay between the teller, the story and the audience.

The instant feedback we get when we tell a story plays an important role in how we naturally improve our stories. For example, let's say something remarkable happens and we immediately tell someone a story about it. The first version of our story will tend to be raw and rambling. The second (and subsequent versions), however, will be adapted based on how the audience has reacted and what we like about the story. In other words, the best way to improve an oral story is to tell it.

I discuss how to improve your business stories, and your storytelling, in Chapter 6. But for now, let's explore how humans developed this skill, for this type of storytelling is natural to everyone. We will then look at what types of stories we're interested in for business, and the marvellous characteristics of stories which make them such a powerful communication technique.

## THE EVOLUTION OF STORIES

The beautiful campus of the Australian National University is nestled in the heart of the country's bush capital, Canberra. I attended the ANU in the 1980s, majoring in geography and prehistory. In my first prehistory tutorial, I recall asking my tutor whether we had to remember dates to pass the course. I'm not sure who laughed louder, the tutor or my classmates. But jokes aside, I could tell I was being taught by world leaders in their field; people would tell me how lucky I was to be studying there. Professor John Mulvaney was the big-name head of the department, the person who really started the discipline of prehistory in Australia. I remember him striding into the lecture theatre with a Kodak Carousel brimming with slides of spectacular archaeological digs, ready to shape our understanding of who we were as human beings. Another name that has stuck in my mind is Colin Groves, who at the time was already well known as the taxonomist who, with Vratislav Mazák, identified the type specimen for *Homo ergaster*.<sup>4</sup> Groves' lab was stuffed full of the skeletons of all sorts of primates, including hominid skulls which were lined up on a bench, with humans at one end. A visit gave you the feeling of someone working at the frontier of their discipline yet with a 19th-century aesthetic.

Ever since that ANU experience, I've been fascinated by human evolution. So when I started in business storytelling, I found myself wondering how it was that every culture seemed to share stories. I also wondered why stories were so deeply embedded in our collective psyche. After all, we don't dream in facts or arguments or opinions. We dream in stories.

Needless to say, a full explanation of this is not my aim here. That would easily consume this whole book. Plus this area is far from cut and dry. For example, researchers are still debating the evidence around the discovery of a new hominid species in South Africa: *Homo naledi*. The skeletons look like they were buried, suggesting some sort of ritual, but this can't be said for sure, and so far it has been impossible to date these finds.<sup>5</sup> Instead, I would like to give an account, supported by research,

that explores my wonderings, and in the process describes why stories are so central to who we are as human beings. Let's start with a quick primer on evolution by natural selection.

In 1859 Charles Darwin published *On the Origin of Species*, showing how the process of natural selection explains how species have adapted and evolved over geological time. Darwin's idea is simple yet explains so much. Take our own evolution. Because the copying process during reproduction is imperfect, every child is born with slight variations in their DNA—on average roughly 150 mutations.<sup>6</sup> Most of these variations have no effect whatsoever and are rarely noticed, while some create problems such as heart defects that drastically shorten a person's life. Others create new characteristics, such as greater height, a new eye colour, or an immunity to a virus. If any of these new characteristics helps a person to survive and reproduce more effectively, they may also be passed on to that person's offspring. And as long as the variation continues to offer an advantage over the rest of the population, the people who have it grow in number, and ever so slowly our species adapts and changes.

We have also learned to do things that affect our long-term biological make-up. For example, about 10,000 years ago most humans could not have tolerated drinking cow's milk. But after cattle were domesticated, there was an oversupply of milk. It turned out that some people could drink it as adults because there was a variation in their DNA that tolerated lactose, so those people prospered and more lactose-tolerant offspring were born.<sup>7</sup> This change happened over a relatively short time in evolutionary terms. Darwin knew he would be challenged over the speed of such adaptation, so he began *On the Origin of Species* with examples from pigeon breeders who told him they could 'produce any feather in three years, but it would take him six years to obtain head and beak'.<sup>8</sup> Modern humans spread across the globe from possibly 250,000 years ago,<sup>9</sup> though, so there has been plenty of time for natural selection to work its magic.

But what was the prerequisite for storytelling in the evolution of our species? What needed to be in place for storytelling to become an advantage?

Humans have had to become expert mind-readers because even the simplest physical movement can have many meanings depending on the objective of the mover. Say someone moves an object across a flat surface: Are they selling it, showing it, returning it, loaning it, trading it, giving it or perhaps just disposing of it? The observer can only understand what's happening if they know the intention of the mover. But at some point in our evolution we developed shared intention, where two or more people join together to get things done.

This seems to be a uniquely human trait.<sup>10</sup> Let's think for a moment about our closest cousin on the tree of life, the chimpanzee. If a chimp sees a luscious piece of fruit hanging at the end of a branch overhead but they cannot reach it, you will not see another chimp climb onto that branch and push it down so their buddy can grab the fruit. But early in human evolution, we developed the ability to notice the intentions of our fellow clansmen and then work with them to achieve a goal.

The director of the Leipzig-based Max Planck Institute for Evolutionary Anthropology, Michael Tomasello, argues that shared intention emerged when our ancestors began facing pivotal dilemmas. Imagine, for instance, that you're out hunting hares when you come across a stag in the forest. Immediately you can see the advantage in capturing the stag: more meat for roughly the same effort. The problem is, you can't do it alone. If you could convince a couple of members of your clan to help out, however, there would be good food for everyone. According to Tomasello, such scenarios prompted a big change in human thinking. Whoever embraced shared intentionality increased their ability to hunt, gather, raise children and raid their enemies. They survived, and they multiplied.<sup>11</sup>

The level of collaboration required to 'capture the stag' required a new way to communicate. Questions needed answering, as everyone needed to be on the same page before the hunt: 'What did we do before?' and 'How well did that work?' and 'What are we going to do this time?'. All these questions were answered by sharing stories. At this stage, though, there was no spoken language. As Tomasello points out, 'the first uniquely human forms of communication were pointing

and pantomime'.<sup>12</sup> Storytelling came before the spoken word, which makes it a truly ancient form of communication.

The timing of this monumental change has been estimated by a number of researchers. Some say it coincided with the emergence of *Homo heidelbergensis* around 800,000 years ago.<sup>13</sup> Others believe the best indicator is when we start to see large prey being brought back to the home base in the archaeological record, around 400,000 to 200,000 years ago.<sup>14</sup> Interestingly, *Homo sapiens* emerged on Earth around 50,000 years ago.<sup>15</sup> It looks like renowned Harvard linguist and psychologist Steven Pinker was on the money when he said: 'The spoken word is older than our species'.<sup>16</sup> We can now add that storytelling is older than the spoken word.

I'm sure you have had the experience of not sharing the language of the people around you but still needing to communicate with them. So what do you do? You mime—you use gestures.<sup>17</sup> When my wife Sheenagh and I were travelling across France in our 20s, we wanted to do some wine tasting but we didn't really know which signs were advertising the activity. So as we drove down the Loire Valley, we just headed into the first vineyard that looked inviting. As we went up the gravel driveway, Sheen scrambled for our phrasebook. But when the vineyard's owner approached our car, I just jumped out and mimed what we wanted. We were then given a terrific tour of the winery and tasted some of the Chinon region's finest output. We achieved a lot that day through miming. Perhaps it wasn't quite the life-or-death miming our ancestors engaged in, but it worked.

Miming eventually led to spoken language, which probably coincided with the spread of humans from what is now the African continent across the rest of the world. Our ability to speak gave us the group-mindedness that helped us build larger communities and institutions. As we started to domesticate plants and animals around 10,000 years ago, our population surged, enabling people to specialise because there was plenty of food to go around.<sup>18</sup> And this ability to specialise gave us time to invent one of the great tools of human civilisation: writing.

It has only been in the last 6000 years or so that we have translated the sounds we make into a complete writing system.<sup>19</sup> Writing now

dominates corporate life. Yet at our core, our innate communication skills are miming and oral storytelling.

Interestingly, few of us seem to realise this. When I teach storytelling, I like to ask people, 'Who here is a storyteller?' But only a small number raise their hands, and then only hesitantly. There seems to be a perception that being a storyteller is reserved for those entertaining raconteurs and life-of-the-party types. While we often think 'She's a storyteller', we rarely consider ourselves to be one.

The evolutionary biologist Robin Dunbar demonstrated the falsity of this thinking in a simple experiment. He organised for his PhD students to go to places where people speak informally—on the street, in cafes and bars, around the proverbial water cooler—listen to what was said, and record the topics of conversation. Dunbar found that when we speak informally with friends and colleagues, about 65 per cent of the time we talk about who did what with whom.<sup>20</sup> This is commonly known as gossip. Most of us, especially in business, regard gossip as bad, but Dunbar defines it less pejoratively as speaking about someone who is not taking part in the conversation.<sup>21</sup> According to this definition, gossip can be positive as well as negative. Take this hypothetical example: 'Did you see what Sarah did yesterday during the sales call? No-one else was going to say it, though it was the elephant in the room. But she just threw it down on the table and it opened up the discussion. We couldn't have got to where we did without her gutsy effort'. This gossip is building Sarah's reputation, not tearing it down.

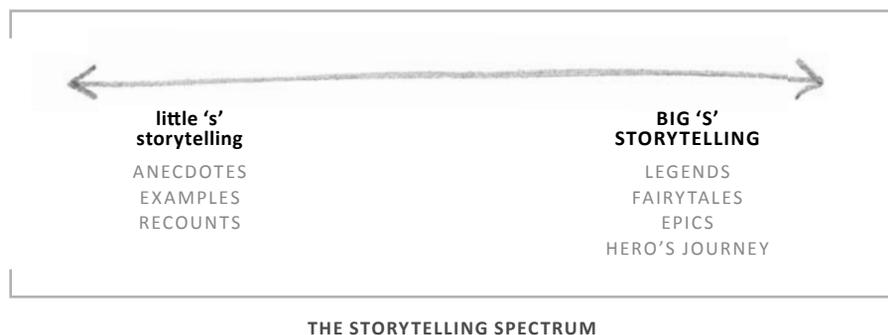
The more important point here, though, is how we go about gossiping. We do it through stories. About 65 per cent of the time we're talking informally, we're telling stories. It's hardwired into how we communicate.

## SMALL STORIES

As natural as it is for us to tell stories, as soon as we enter a meeting, begin a presentation or start a formal conversation with a colleague, all our stories disappear. We bring forth our most authoritative voice and opine away, saying things like: 'There are three key points here ...' and

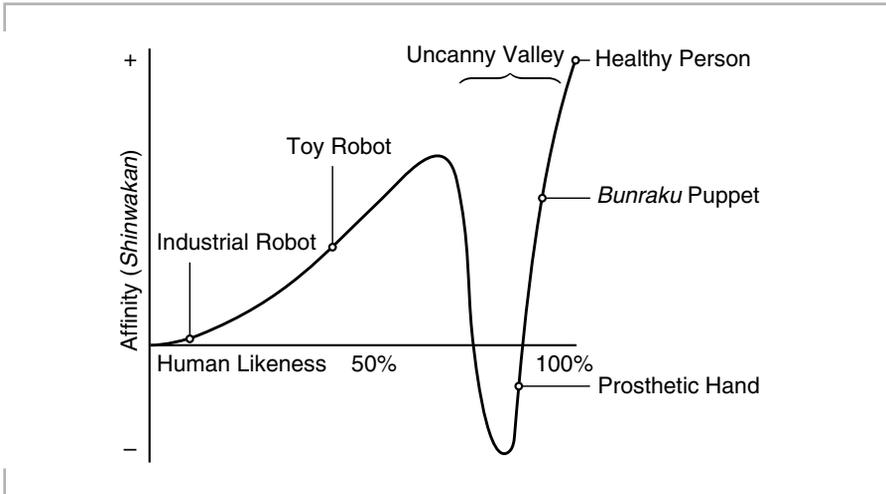
‘I think that ...’ and ‘It’s my view that ...’. But as we’ve seen, the problem with this approach is that it’s mostly forgettable. You need to inject some storytelling into business proceedings to get the right balance of argument and narrative. And to do this effectively as a leader, you need to concentrate on what I call small stories.

The storytelling spectrum is a simple but useful idea I learned from my friend and fellow storytelling expert Mary Alice Arthur. At one end of the spectrum is big ‘S’ storytelling, which includes those elaborately crafted stories we see in movies, novels, plays, even some of the advertisements we see on TV. Big ‘S’ storytellers apply plot structure, character development, beats, scene design and a myriad other storytelling principles and practices—they’ve probably read Robert McKee’s fabulous book *Story: Substance, Structure, Style, and the Principles of Screenwriting*. At the other end of the spectrum is little ‘s’ storytelling, where we find the stories we tell on a daily basis in conversations: anecdotes concerning real-life experiences.



Leaders need to focus on the little ‘s’ end of the spectrum. There’s a lot we can learn from big ‘S’ storytelling, but businesspeople don’t need to be screenwriters or novelists. In fact, applying too much craft in communicating with stories can lead you into a big trap, analogous to the one discovered 45 years ago in the field of robotics.

In 1970 a Japanese robotics researcher, Masahiro Mori, noticed that if robots were made to appear more humanlike, their attractiveness increased. But only up to a certain point, after which they became creepy.



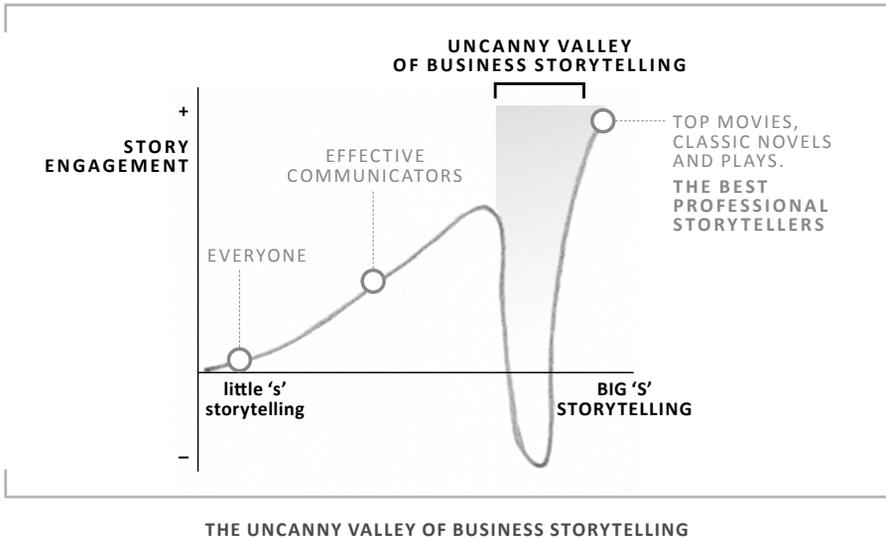
THE UNCANNY VALLEY. Source: Masahiro, MacDorman and Norri, p. 99.

Then, it was only when it became impossible to distinguish the robot from a human that they became attractive again. Masahiro called this dip in comfort levels (*shinwakan*) the Uncanny Valley (*Bukimi no Tani*).<sup>22</sup>

We witnessed the impact of the Uncanny Valley at the cinema in 2004. Pixar released *The Incredibles* at the same time that Warner Bros. released *The Polar Express*, both animated feature films. *The Polar Express* used live-action performance-capture techniques to create humanlike characters, with decidedly eerie and unpopular results. The film had fallen into the Uncanny Valley. The characters in *The Incredibles*, on the other hand, were clearly animations and the movie was a box office hit.

Business storytelling has its own Uncanny Valley. We can certainly improve our storytelling by applying some of the techniques used by the best screenwriters, playwrights and novelists. But beyond a certain point, your storytelling will drop into the Uncanny Valley, at the bottom of which your efforts will seem artificial, forced and unappealing. And that's fatal for business communications.

Frankly, I think we can love storytelling too much and try too hard. One consequence is The Storytelling Voice. You know the one. It sounds like someone has just launched into a children's story with 'Once upon a time ...'.



Another mistake I encounter way too often is when a leader recognises that storytelling could be useful, googles it, and discovers *The Hero's Journey*. This was introduced to the world in 1949 by the American mythologist Joseph Campbell in his book *The Hero with a Thousand Faces*. It's a plot structure that is so compelling that it has been adopted by Hollywood as the go-to story framework for most of what we watch on the silver screen. Here's my cut-down version of the plot structure based on George Lucas' *Star Wars*—the full version has 18 parts.

The story always starts with a protagonist who is a nobody, with a nothing life. And so *Star Wars* opens with Luke working on a remote farm on a desert planet with his aunt and uncle, fixing droids to keep himself amused. Then something significant happens: Luke discovers a message from Princess Leia in one of the droids. When the droid escapes, Luke is forced to go on a journey, which he initially resists. He eventually meets Obi-Wan Kenobi, who will become his mentor. (You should know that in *The Hero's Journey*, the mentor always dies or disappears. This is tough knowledge to have when you start reading your kids the Harry Potter series and you know that by the penultimate book, Dumbledore is out of there. But I digress ...) Luke then overcomes a series of challenges—learning to use a lightsaber,

rescuing Princess Leia from stormtroopers—becoming more hero-like each time. Then, just as we think he is finally going to succeed in his quest, namely to destroy the Death Star, there is a reversal of fortune and we worry he won't survive: the fighter he is flying is targeted by Darth Vader. But he goes on to achieve his goal: he fires the shot that blows up the Death Star. Luke gets accolades and the opportunity to become a Jedi Knight.

Now this is way too complicated for any story we would want to tell at work. Leaders ask me: 'Can you help me out here Shawn? Should we be the hero or should it be our customer?' I tell them to simply throw away *The Hero's Journey* and concentrate on the small stories. Told consistently over time, small stories will help employees understand the concrete actions needed to get a job done, how to bring a value to life, and how to implement a strategy.

It seems to be human nature for leaders to overemphasise the big stories in business. A national supermarket chain we worked with, for example, wanted to embed the principle 'Take me, show me' in its stores. So if a shopper asked an employee what aisle the tofu was in, rather than quoting an aisle number, the employee would take the shopper to where the tofu was located. The chain started collecting stories to reinforce this behaviour and was excited to find the following one.

An elderly gentleman, who visits the supermarket regularly and knows the staff, trips and hits his head, falling unconscious. After calling an ambulance, an employee locates the man's home address in his wallet, and as the gent is taken to the hospital the employee drives to the man's home to let his wife know what happened, and then takes her to the hospital. The employee stays at the hospital until they are certain everything is OK.

Great customer service, right? That means the story has high impact. But how often does this happen? I would say rarely. The story has low frequency. And does it help embed the 'Take me, show me' principle? Not really. A better strategy for the supermarket chain was for its leaders to find and tell the many smaller stories that were happening every day.

Let's say a store manager sees an employee being asked by a shopper where a product is. The employee is up on a ladder, busily packing shelves, but he steps down and, with a smile, escorts the customer to the product. The store manager then goes over to another employee and tells the story of what he just saw, and says how much he appreciates this behaviour. And of course, he also directly praises the first employee for his customer service, recounting the story of what he witnessed.

If the store manager tells many such small yet regularly occurring stories, each with a similar theme or message, a larger story will emerge in the workplace that is the sum total of these small stories. To employees, this is evidence of how things are supposed to work in the supermarket. We often take our cue about what to do in an unfamiliar situation from what others are doing. Professor Robert Cialdini, a psychologist who's an expert on influence, calls this concept social proof.<sup>23</sup> Sharing small stories about things that are happening provides social proof, which encourages people to adopt this behaviour.

In Part 2 of this book I will show you how to take real-life experiences from work and your personal life and apply them in a work setting for a business purpose. We can give them some structure using a few basic story patterns, but the vast majority of oral stories are simply the retelling of things that happened to illustrate a point. For now, though, let's look at three reasons why stories work so well in a business setting.

### THREE SUPERPOWERS OF STORIES

The claims for storytelling are sometimes overstated. If you do a Google search for '22 times more memorable', you will find a number of hits exclaiming that stories are 22 times more memorable than facts alone, a statistic often attributed to famed psychologist Jerome Bruner.<sup>24</sup> That's an amazing notion, but it seems to lack a foundation of solid research. In fact, when I started digging into it, I discovered that Bruner, while someone steeped in how the mind works, and with a keen appreciation for stories, was just giving an estimate. Well, we

can do better than estimations. It's been proven that the real efficacy of storytelling lies in three standout features of stories that can help us do our jobs as business leaders:

- *They're memorable*—There's no point in saying something if it's forgettable.
- *They convey emotion*—People are inspired to act when they feel emotion.
- *They're meaningful*—In the complex environment of work, people need to be able to make sense of what's going on and how they fit in.

#### STORIES ARE MEMORABLE

In 1969, two Stanford University professors, Gordon Bower and Michael Clark, set out to test the memorability of words embedded in stories against that of a random list of words. Participants in the experiment were asked to memorise and then recall 10 sets of unrelated words. One group remembered the words in any order they wanted, while another group used the words in each set to construct a separate story. When asked to recall the words, those who had constructed stories were able to remember 6-7 times as many words as those who had not used stories.<sup>25</sup> Memory champions use the approach of constructing stories from lists to great effect—the world record for remembering a pack of 52 playing cards using this technique is currently 20.44 seconds.<sup>26</sup>

Eleven years after Bower and Clark tested the memorability of stories versus lists, three researchers from the University of California compared the memorability of narrative texts (such as the story of Noah's ark) with that of expository texts (such as an encyclopaedia entry on armadillos). Twelve texts were rated by students for their narrativity, familiarity and interestingness. The narrative texts were read about twice as fast as the expository texts,<sup>27</sup> yet they were remembered twice as well.<sup>28</sup> Revealingly, there was a high correlation between narrativity and the amount of information recalled, while familiarity and interestingness had a very small effect.

This research correlates with my experience in training workshops. I often ask participants to take five minutes to read a one-page story before telling it to a colleague off the top of their head—no notes. At

first, many people baulk at the thought of remembering a page of text, but after learning and sharing the story, they inevitably report that the exercise was much easier than they'd expected.

It's clear that stories are memorable. Often, the stories are all that we remember after a business presentation. I talk more about the memorability of stories in Chapter 5, where we explore why stories stick in our minds.

### STORIES CONVEY EMOTION

One day in 1848, Phineas Gage, an American railway worker, was inserting explosives into a rock wall that had to make way for a new section of track. The job had to be done carefully, in a particular sequence of steps. First, a hole was drilled into the rock. Then the hole was half-filled with explosive powder and a fuse inserted. Finally, the whole lot was covered with sand and tamped down with a steel rod, before the fuse was lit. Gage had just inserted the fuse when someone called out his name. Distracted, forgetting that he had not yet covered the explosives with sand, he plunged his steel rod straight into the hole, creating a spark that ignited the powder. The explosion blasted the steel rod through Gage's cheek and out the top of his skull, so forcefully that the rod landed more than 30 metres away.

Miraculously, Gage survived. In fact, he didn't even lose consciousness, and when a doctor arrived Gage was able to talk with him. At first the doctor thought that Gage was basically OK—notwithstanding the holes in his head. The railway worker spoke normally and could do simple calculations. But eventually the doctor noticed that something had changed. Gage's emotional life appeared to have been compromised and it was affecting his ability to make rational decisions.

The part of Gage's prefrontal cortex that was damaged in the accident is where emotions are registered. Researchers were confronted with the tantalising notion that we can't make good decisions without fully functioning emotions. It was the antithesis of what people had previously thought good decision-making was all about: emotionless, fact-based analysis. The neuroscientist Antonio Damasio put it this way in his influential book *Descartes' Error*: 'When emotion is entirely

left out of the reasoning picture, as happens in certain neurological conditions, reason turns out to be even more flawed than when emotion plays bad tricks on our decisions'.<sup>29</sup>

Besides establishing that emotional engagement is necessary to make good decisions, researchers have also strongly made the case that emotion inspires action,<sup>30</sup> something we know intuitively. Just think about when you recently felt one of the six basic emotions—love, joy, surprise, anger, sadness or fear<sup>31</sup>—and how it affected your actions.

One of the reasons that good oral stories have such a strong effect on us is that we feel whatever the storyteller is feeling. We saw in Chapter 1 how the brains of listeners and storytellers are in sync, but it goes even deeper than that. Neuroscientist Mary Helen Immordino-Yang and her colleagues showed that when we hear an emotional story, say one that evokes our compassion or admiration, more blood flows to our brain stem—the part of the brain that controls our heart beats, blood pressure and breathing.<sup>32</sup> We *feel* other people's emotional states, and it affects us deeply.

Exactly how we feel other people's emotions might be explained by a discovery made by Italian scientists in 1988. Neuroscientists in Parma led by Giacomo Rizzolatti set up an experiment where they trained macaques to press a button on a box, opening a small door to reveal an object the monkeys could grasp. The scientists wired up the monkeys to measure the single-neuron electrical activity in the animals' brains when they took hold of the object. Between each experiment, with the monkeys watching on, a researcher would replace the object with another. To the amazement of the scientists, the same neurons were activated in the monkeys' brains when they watched the researcher grasp the object as when they clutched it themselves. It was as if the monkeys' brains were mirroring the brain of the researcher. Indeed, Rizzolatti named the specialised cells mirror neurons.

Over the years there has been great excitement about the mirror neuron theory. It has been touted as the explanation for autism, empathy, imitation learning, even the evolution of language. The renowned neuroscientist VS Ramachandran went so far as to say that 'mirror

neurons will do for psychology what DNA did for biology'.<sup>33</sup> The reality is that scientists haven't yet figured it all out—as University of California neuroscientist Gregory Hickok pointed out, unlike what we did with the macaques, we are ethically unable to wire up healthy human brains to measure single-neuron activity.<sup>34</sup> But what we can say is that humans are incredible imitators as well as keen observers of people: we watch, we copy, we learn. Overlay this with our memory and associative powers and you can begin to understand how we can judge what people are feeling and thinking by their actions, an ability called Theory of Mind.

So where do stories come into the picture? Hearing a good oral story is like seeing something actually happening. It's as if you are witnessing it firsthand. As a result, you feel the emotions of the characters, including their pain—the story generates empathy—and you predict their actions. So when a business leader tells a story that prompts their people to feel what's happening, those employees are more likely to engage with the idea being communicated and take action.

Now you might be thinking: 'I just want the facts. I don't have time for any namby-pamby emotions. And I don't need them to get the job done'. This is how many business leaders think, and it's a mistake. The psychologist Jonathan Haidt explains this flaw of rationality using the memorable image of an elephant and a mahout.<sup>35</sup> Picture an elephant which is being guided by a mahout riding on its back. Now communication is often about influencing behaviour, and this involves a struggle between rational, well-reasoned thinking and emotional urges. The mahout represents rational thinking: when she clearly understands where she needs to go, she directs her charge that way. The elephant represents emotional urges: while the elephant might be happy to go where the mahout directs it, if it decides to go in another direction, there is absolutely nothing the mahout can do about it.

So imagine you're a leader who is trying to persuade people to adopt a new approach. To engage the mahout, you need a clear rationale for why your solution is the best. You might point to the relevant research and case studies and explain why it is sensible to adopt your proposal. This, however, is the easy part of the job, despite it being

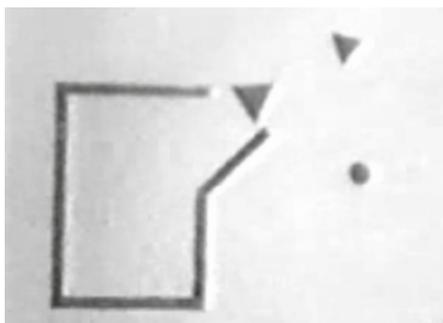
what leaders spend most of their time doing. The hard bit involves the elephant. Engaging the elephant—the emotions—involves both triggering and telling good stories.

You might start by telling some stories about people who confronted similar challenges to those facing your division, and how your approach helped them. You might show what happens when the wrong approach is taken. You might even share a mistake you've made and the lessons learned from this. With all of this, your aim is to point the elephant in the right direction.

#### STORIES ARE MEANINGFUL

Did you ever hear an explanation for something that just sounded like gobbledegook, and so you said, 'Can you give me an example?' This simple question is likely to result in a story. When we hear that story, we inevitably feel more relaxed and in the picture. That's because we are hardwired to seek stories that give the things around us practical, concrete meaning. This is why stories are so useful in making a point: the story is evidence of what you are proposing, and if it's your own story it also highlights your experience. In fact, in the absence of a story that explains what's happening, we often just make up one that does. This was beautifully illustrated by two American psychologists back in 1944.<sup>36</sup>

Fritz Heider and Marianne Simmel created a three-minute, silent animation in black and white, consisting of a large triangle, a small triangle and a small circle. The shapes move around the screen in a way that suggests the story of a heroic little circle that saves the small triangle from the big triangle bully. At least, that's one story people tell when they see this video. Sometimes people think it's about a big dog protecting its territory, or a father chasing away his daughter's suitor, or a workplace dispute. After nearly every viewing, the audience tells a story to explain what's happening onscreen. Only very rarely has anyone said: 'They're geometric shapes moving on a two-dimensional plane'. In a simple and clever way, Heider and Simmel showed that we just can't help but make meaning out of everything we see. We are averse to uncertainty and ambiguity. We do all we can to create mental closure so



A SILENT ANIMATION THAT SPARKS A STORY. Source: Heider and Simmel, p. 244

we can get on with things, particularly if we feel threatened.<sup>37</sup> And we bring this clarity to an experience by telling ourselves a story.

Of course, context plays a vital role in how we draw meaning from what is happening around us, and from our stories. Story consultants Richard Maxwell and Bob Dickman have said that stories are data, wrapped in context and delivered with meaning.<sup>38</sup> But I would say that context also delivers meaning. Have you ever bumped into a client in a shop and totally blanked on their name because you've never seen them in that context before? An experience like that can throw you off guard, even if the person in question is well known.

In 2007, *The Washington Post* sponsored a little experiment.<sup>39</sup> The Grammy Award-winning violinist Joshua Bell was asked to busk inside a Washington metro station to see what crowd he might draw and what money he might make. A few days before, Bell had played in front of a sellout crowd at Boston's Symphony Hall, with many people paying \$100 for their seats, so you would imagine that he'd do pretty well in the metro. Well, at around eight o'clock in the morning—peak commuting time—Bell opened up his violin case to catch coins and then played his heart out for 43 minutes. A total of 1097 people passed him by, and while a few tossed the odd quarter into his case, the rest didn't even acknowledge the virtuoso performance.

The Bell experiment showed that meaning is malleable and context plays a big role in what version of a story you might hear. Two people might tell entirely different Joshua Bell performance stories, one

involving a concert hall and the other a subway station. For this reason, it helps if you listen out for a number of stories around any issues you are trying to make sense of, so that you can triangulate meaning.

\* \* \*

Oral stories are central to how we communicate at work because they are everywhere and told by everyone—as we have seen, human beings were sharing stories even before language evolved. Yet organisations rarely take much notice of them, instead concentrating their communication efforts on written stories. This book is about shifting attention back onto these oral stories. We are particularly interested in the small stories—we’ll leave the beautifully crafted big stories to places like Hollywood. Don’t be fooled by the word ‘small’, though. Sharing real-life oral stories bestows on a leader the superpowers of memorability, meaningfulness and emotionality, all of which are essential in a business world where relationships, trust and the ability to adapt have become crucial capabilities. Let’s now talk about how to get this new skill to stick by making it a habit.

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