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The second mouse gets the cheese: why CEOs tell stories to spark change

Hype or help?

A great deal of insight, and hype, has been produced about storytelling as a useful leadership tool. 'Stories' sound nice, but how does a good narrative, or story, help a CEO with a tough job of leading significant and difficult change?

We looked at some of the published material to identify common insights, from sources including Harvard, Booz and McKinsey. By far the most compelling piece (perhaps inevitably) was: *Storytelling that moves people: A conversation with screenwriting coach Robert McKee*.

Stories work

Research suggests that having and telling a clear, compelling story is one of the components of successful major change initiatives. A survey by McKinsey into major change initiatives across many sectors and types of companies found that:

- 58% failed to meet their targets (including 20% which captured only a third or less of the value expected)
- There were huge differences between the winners and losers. The successful 42% of these companies not only gained the expected returns, but exceeded them by as much as 300%.
- There were a small number of common success factors among the successful ones. One of these was the ability to tell a simple, clear and compelling story.

Stories work, where conventional corporate communication does not, because they trigger the receiver into active thinking and emotional involvement.

One study compared four different methods to persuade a group of MBA students that a company practiced a policy of no layoffs. In one method, there was just a story. In the second, they provided statistical data. In the third, they used statistical data and a story. In the fourth, they offered the policy statement made by a senior company executive. The most effective method of all turned out to be the first alternative, presenting the story alone.

Stories are remembered better than a logical argument

Research also shows that listeners remember much more from a story with a clear narrative, than from a logically structured argument. The challenge with the traditional logical argument,

backed by facts and figures, is that the people you are talking to will always have their own set of facts and perceptions - in their head they will be comparing your facts with theirs (and today people have access to a much wider array of information than in the past). Even if you do convince them, it is only on a shallow rational basis, not engaging them fully.

At its simplest, a story can be a straightforward analogy to capture the nature of a major shift of direction or context. When one technology company CEO wanted to fundamentally change strategy he started by saying "Most of us remember that the early bird gets the worm. They forget that the second mouse gets the cheese". (The first mouse goes after the cheese in the mouse trap and is squashed. The trap is now safe for the second. Let's be the second mouse: the technology 'follower' that makes all the money.)

The three parts to a story

Robert McKee - award-winning Hollywood screenwriter, script doctor, former lecturer at the University of Southern California's School of Cinema & Television and best-selling writer on storytelling - says that stories persuade people by uniting an idea with an emotion. He believes all stories are about how and why life changes, and they follow a sequence to engage you in that change.

1. *Set the scene*

Most stories start with the current situation, where life seems relatively in balance. These are all the things that employees (or other stakeholders) are familiar with and understand. They are usually good (and well-intentioned).

2. *Introduce the dramatic conflict*

The key to a story is what writers call the "inciting incident", the circumstances that threaten to throw the current situation out of balance. This conflict between the old reality and the new challenge is what engages the emotions.

3. *Lay out the journey*

Finally, what needs to be done to win this conflict? What is the tough decision, the difficult journey required to win out in the end? The storyteller (or leader) will base the story on an understanding of the past and a compelling future.

Robert McKee gives some good examples but in the interview he acknowledges that some CEOs are suspicious of stories. They can imply spin, manipulation and are not as credible as facts and logic. However, as McKee puts it, in a world that has seen Enron and Lehman Brothers, facts are viewed as just "BS in a ball gown". But a good story will harness the naturally sceptical human mind and focus on the underlying truth.

Indeed, for those familiar with the writing on change management by one of the founding fathers of Organisation Development and change management Dick Bekhard, the three

stages of a powerful story are very close to the three cornerstones of a change plan: a clear compelling vision of the desired end state, a current state which is not viable and the practical pathway from one to the other.

The role of the CEO: be authentic and meaningful

The CEO is the one person from whom all others in the business take their cue. Their words and actions are amplified under that scrutiny. So the CEO has the most important role to play in making a major change meaningful: to be the storyteller, and to help others do the same.

Stories only work if they are authentic, which means:

- **Truth to the teller:** leaders must believe in what they are saying and back up words with actions (including their budgets and spending decisions). They must share their emotion - including both their vulnerability and excitement.
- **Truth to the audience:** a story connects to the genuine needs of the receiver. This means being sensitive to how they feel at the moment. Even in a tough, cynical, self-centred world people want something to believe in.
- **Truth to the moment:** a story must be right for the moment in history, and the context. So every time the story is told it will be slightly different. When you are telling it to the sales force for instance you have to play it slightly different from when you are telling the finance team.
- **Truth to the mission:** a story must bring to life, and trigger support for, the mission. It sounds obvious but it is not the telling of a story that matters, it is the telling of the right story.

And finally, for the CEO, there is the need for constant reinforcement. As past P&G CEO Lafley said "Excruciating repetition and clarity are vital".

(For more on why being meaningful matters see our *Brief on Why won't they just get it? How to use emotion and meaning to unlock the brain and engage people*).

What makes an idea sticky?

Research by cognitive psychologists shows why lists (or bullet points) are not as likely to be correctly remembered as the concepts and facts embedded in a story. These include the 'recency' and 'primacy' effects where the first and last items are most likely to be remembered, but not the rest. People also tend to focus on the part that they are most interested in or prefer.

Brief

Stories resonate and stay for longer in the brain. There is also good recent research by psychologists and neuroscientists about the common traits that make some ideas and narratives stick.

Stickiness is driven by:

- **Simplicity** - short, deep and bold messages are best
- **Unexpectedness** - if there is something counter-intuitive, surprising or different in a narrative it will be remembered far longer
- **Concreteness** - abstract concepts do not have the impact of concrete ones. 'Put a man on the moon' is so powerful because everyone knows exactly what it means
- **Credibility** - this is created by a range of possible factors, including whether the speaker matches words and deeds, whether it is fundamentally truthful, and also by what history and past experience has taught the listener
- **Emotion** - as Robert McKee makes clear, it is the emotional hook that is the most important element. It can involve elements of fear, empathy, hope, pride and whatever is best to deliver the strongest narrative.

All of this means more preparation by the leader. But once an effective story has been developed it will be used for months and probably years - an excellent investment.

Sources

Sources used for this article include: Aiken, Keller: *The CEO's role in leading transformation* (McKinsey); Beslin: *Story building: A new tool for engaging employees in setting direction*; Birchard: *Once upon a time* (Booz); Day, Jung: *Corporate transformation without a crisis* (McKinsey); Denning: *Telling tales* (Harvard Business Review); Forman: *When stories create an organisation* (Booz); Fryer: *Storytelling that moves people: A conversation with screenwriting coach Robert McKee* (Harvard Business Review); Guber: *Four truths of the storyteller* (Harvard Business Review); Mendonca, Miller: *Crafting a message that sticks* (McKinsey); Shaw, Brown, Bromily: *Strategic stories: How 3M is rewriting business planning* (Harvard Business Review); Beckhard, Harris: *Organizational transitions: Managing complex change*.