Viewpoint

Creating Change Through Strategic Storytelling

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„By July, we were well and truly stuck.

„We had came off a great year – earning big enough bonuses to pay the kids' college fees – when the industry did its usual nosedive. There we were, staring at each other, going through the motions of re-forecasting, but in our hearts we were all thinking, ''What the heck – until prices come up, there's nothing much we can do to turn this thing around. 'Joe had hired a team of consultants, mainly to get the Board off his back, and after a few months of frenzied activity they came hack to us with some targets and a whole list of issues. But we weren 't really engaged. Little did the consultants know, the truth of the matter was that none of us wanted to face what lay below those issues. We just weren't going to change.

„Then, m a hot Friday in July, something happened: they asked us to write our own individual stories about how we were going to succeed and to tell it from the heart. They gave us the weekend to do it. (Those consultants were always pushing us!) Who knows what each of us was thinking as we left the room.

„Monday came, and Joe, the CEO, went first. I won't bore you with all the details of the stories, but he opened up in a way that astonished everyone. He admitted that his official 'vision,' which he had been so proud of and worked so hard to communicate, wasn't worth the paper it was written on. He said he didn't know why we even bothered to have a values statement when we ignored it every day. Mike s story was similar. He said that while we talked a good game about pricing discipline, account selection, and moving away from a volume mentality to a value-adding profit mentality, the bottom line was that he'd take any piece of business that the big national account customers flung at him – and be proud to have it. Did anyone else know a better way to make money, with all those hungry plants to feed?

„Let's just say that the dam broke and all of us got our own stories out in our own way. We really said what was on our minds – the things that we bad always thought were 'unmentionable'.

„Though things got ugly at times after that – and I was a 'worried man, wondering what I would be left with after all the decisions had been made – it didn 't take long to start making the right choices. We broke the old command-and-control corporate model, brought decision-making closer to the operations and the market, and gave managers the freedom to succeed or fail – because being empowered was more important than the outcome. And most succeeded. We actually did the unimaginable: we walked away from large (but unprofitable) accounts, rationalized our production capacity, and stopped depending on others in the industry to make decisions for us. We embraced some scary and seemingly unobtainable objectives.

„Hard to believe that it was just three years ago. Today those objectives seem like such a good fit. And do you know something? It's been the most fun three years of my career."

In edited form, with names changed, this is a true story of a real client. We can't know, of course, whether the story will end with everyone at the company living happily ever after. The use of strategic storytelling as an agent for change in business organizations is quite new – both in this example and in the greater world of management consulting. But its impact is increasingly clear. We can report that conversations in client companies that use storytelling have become far more open, inclusive, constructive, and useful, and that clients are actively moving forward toward a shared vision of a much more exciting and successful future. Through our ongoing work with clients, we know that storytelling – particularly when used in industries heavily entrenched in rigid mental models – can succeed in removing obstacles to strategy development and process improvement when other methods fail.

Storytelling's success in helping effect change comes from its ability to open lines of communication and enhance understanding of systemic integration, while actively involving the personal dimension, which is a crucial element in motivating people. Storytelling can be a powerful clarifier: of individual motivations, of the essence of a strategy, and of key barriers to change. Importantly, it also encourages people to sign on to the values and vision of the company in a highly personal way. It may prove to be the single most powerful technique in business organizations where personal choice must be the centerpiece in making change happen.

What Is Strategic Storytelling?

Ask a roomful of managers to spend half an hour putting together their thoughts on where their company should be in two years, and they'll each have a story. The first step – e.g., the beginning of the story – is a brutally honest appraisal of current reality. As one of our participants wrote, „We left no stone unturned – overcapacity and overcapitalization, our not-so-terrific sales and marketing effort, and out-of-control spending at headquarters... a multitude of sins!" Once the current situation is articulated, participants are encouraged to envision where the

company should – and could – be in the future. The logical sequence of events that connects current reality to the desired future is the story. That story can take a number of forms.

Personal Reflection. We often start by asking participants to close their eyes for a 30-minute reflection, during which they contemplate the various stages of their lives (from childhood to young adulthood to mid-life and beyond) and to envision their futures – what they would like to be and to have as part of their lives – with no constraints. Afterward, they are asked to share with the group whatever they wish to share about these personal reflections. With this approach established, the participants are then asked to employ the same technique in imagining the values they would like to see established within their company and to „envision" what the company could achieve or be, in terms of industry position, financial performance, and so on. The results can be startling. Typically, values, visions, and goals emerge that would have been perceived as totally unrealistic – due to imposed limitations and constraints – without the liberating effect of the exercise. In our work, we've had board members surprised, even astonished, at the ambition and commitment of the management plans for which their approval is eventually requested.

Written Narrative. This exercise is based on the same premise as the personal reflection, but uses a format that some participants find more conducive to letting go of a number of powerful (though often unspoken) inhibitions. For example, there is often embarrassment about the „old" set of values, skepticism as to whether any new „vision" will prove sufficiently relevant, and fear that the process of developing a „real" set of values and vision might reveal major differences among the individuals of the senior management team. For many people, admitting these feelings first on paper is easier – even though many of these compositions are later shared with the group – than jumping right into an unscripted discussion. As one recent participant, whose company was on the brink of a massive corporate reorganization, admitted in his story, „The fear of what is unknown was new to me. For 20 years I knew what to expect, what the 'rules' were. Now everything I had known and experienced was at risk and realistically would never be the same again. Was this a bad thing – all this probable change? I didn't know."

Plays. This technique has been used to great effect in overcoming barriers to change. In one of our client companies, a business improvement team wrote descriptions of the current logistics functions in its department, then converted these into 10- to 15-minute plays, which team members performed in front of their peers and bosses. What emerged in these skits was the employees' belief that one manager was actually encouraging a sense of mistrust among departments – something that would likely not have surfaced in a traditional numbers-based analysis. The actors in the plays, as well as the audience members, were able to see from the skits how their own actions created the culture that they were complaining about. Moreover, the gentle humor and self-mockery in the plays conveyed the current reality without assigning blame.

Headline Stories. We often ask members of the senior leadership teams of our client organizations to convert their aspirational vision statements into headlines that might appear in future editions of the *Wall Street Journal* or another widely read paper. We ask team members to consider as guidelines things that they would be proud of accomplishing and that would be interesting to an audience of their peers. This exercise converts the vision into statements of time-bound observable goals, which can be particularly effective when the CEO and other team members are concerned with their legacies. Then we ask them to consider the stories that would accompany these headlines. How would every twist and turn in the actions taken by the company be brought to life for the reader?

The advantage to working backward from a concrete statement of the future – the headline – to the events that created it is that the author is compelled to identify exactly what had to happen in each preceding stage to make the next step plausible. This describes the strategic pathway to the vision. Our clients often find, after using this technique, that there are immediate steps they can take to get on the pathway toward their vision. The steps along the journey become milestones to measure the implementation of the strategy.

What Storytelling Can Accomplish

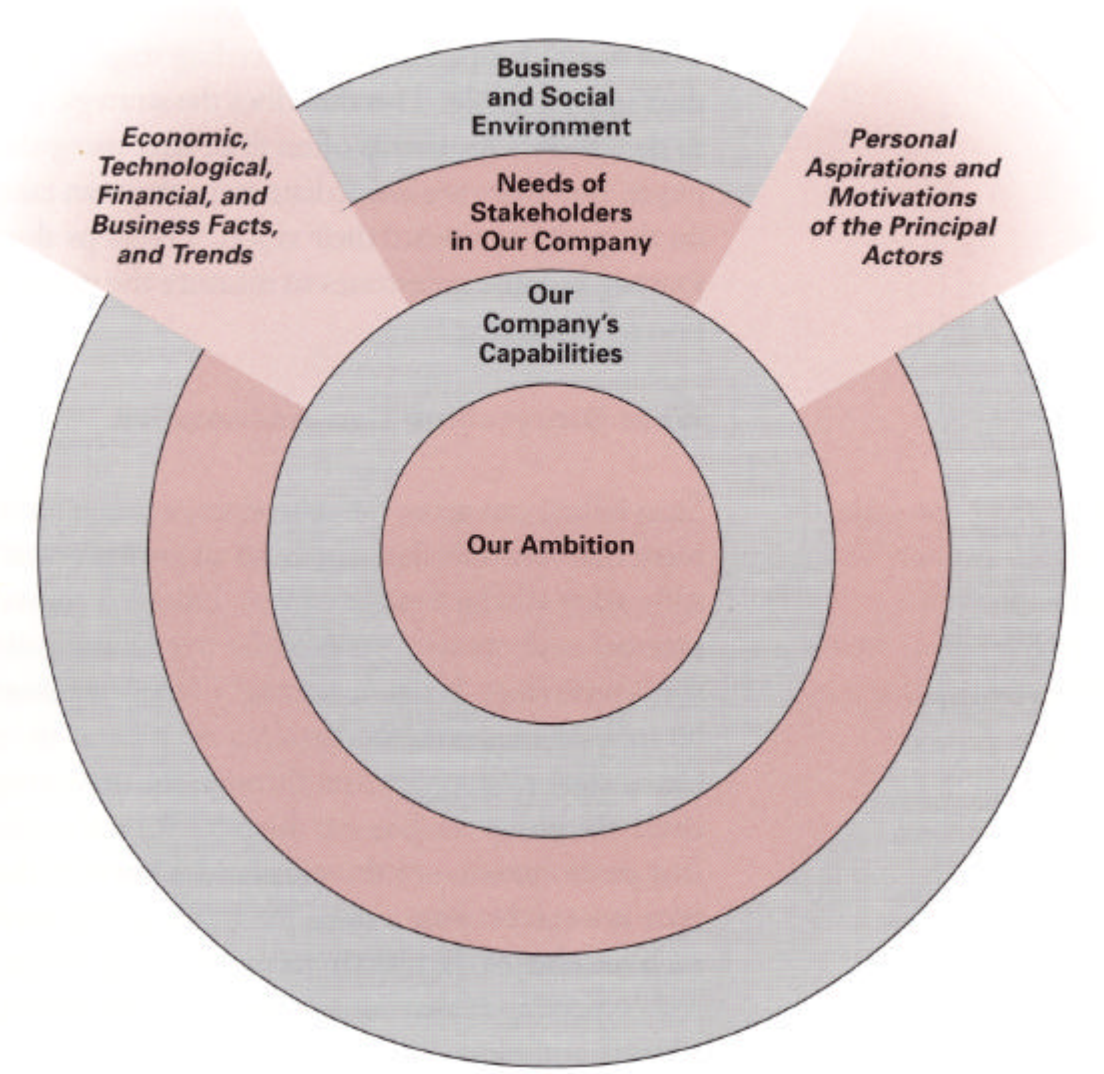
Storytelling can make the difference between an environment that is simply described and an environment that is truly acknowledged and accepted. Exhibit 1 shows the external environment, stakeholder needs, and ambition as concentric rings. If the „evidence" of the constraints the business faces is presented as a *fait accompli*, as the strategy formation group progresses through the outer rings of the circle, the group can become disabled. If, on the other hand, that environment – or the stakeholder interests that influence it – can become a story, internalized and narrated by each member of the team in turn, then the team can achieve real ownership of that current reality and its connection to a future ambition.

We have seen a host of benefits to using storytelling in this context:

Enhanced Understanding. Formulating an honest assessment or clarification of the current business situation can produce unexpected and illuminating results. At one of our recent plant workshops we found the prevailing attitude among employees was one of „It doesn't affect me, so why should I care about it?" *Yet* after sharing stories, the team members were able to see how every aspect of the operation affects every single position in the company – a discovery that could transform the attitude into „I *should* care about it."

Exhibit 1

Weaving the Strands of a Strategic Story



Storytelling also enhances understanding by identifying the root causes of particular problems during the discussion of current reality. In one recent case, we found that repeated production problems were the result of a chronically malfunctioning machine and not the fault of the crew assigned to work that machine, as had previously been assumed. Participants said the exercise helped them develop a greater awareness of the daily obstacles and pressures under which their colleagues labor, making them more inclined to work together as a team. hi this instance, enhancing understanding helped reduce blame and foster accountability.

Storytelling allows team members to understand what's important to their co-workers. One plant manager was struck by the fact that happiness on the job – not customer satisfaction or profitability or ROI – ranked consistently near the top of the list when team members shared their visions with the group. He said that since job satisfaction didn't lend itself to quantitative measures, it had not been a priority before, but that he was now determined to try to change the business culture to more accurately reflect employee needs.

Systemic Integration. Like any novel or film script, strategic stories must make sense to their audience. They must have a plausible sequence of events, with each occurrence logically leading to the next. Systemic thinking suggests that there are forces at work in an organization that aren't detectable mechanically, but that still influence outcome. These more abstract, fuzzy, and qualitative concepts must be articulated. Stories follow these twists and turns when linear explanations fall short.

Enhanced Communication. Sharing of stories and providing a way to articulate the more qualitative features of an organization can open vital channels of communication. Senior managers who have been through a strategy-development process in which Storytelling has been employed are invariably much more effective communicators within their organizations, able to describe new strategies succinctly and with conviction. And storytelling encourages communication at *all* levels. An office worker on one of our plant teams said that after the storytelling workshop she was motivated to follow up on a question raised by one of the floor workers – something she might not have done before. She said the follow-up was not just a way of communicating information, but also a way to let this worker know that his concerns were taken seriously.

Individual Empowerment. Asking people to put themselves in the story so that their actions influence the direction of the narrative sends the message that their views are important. One manager told us that he had asked an initially reluctant machine operator to join the plant team and participate in the storytelling workshop, only to see the operator's early reticence give way to a growing desire to take an active role in the reshaping of the company. This same operator later said that sharing visions had helped chip away the „us versus them" barrier he normally felt between the floor level and everyone else. Other team participants have said that the simple act of writing down their dream visions – e.g., „our products will become household brands, we'll be the top cyclical producer" – helped move them beyond the image left by years of negative feedback.

A Memorable Vision. Anyone who's ever read a textbook or sat through a bulleted slide presentation can attest that these learning aids have modest staying power at best. Studies show that when history textbooks are rewritten in the same style as a weekly newsmagazine, students can recall up to three times more information. That's because the elements of a story – the relationships, the cause and effect, the logical sequence of events – tend to be remembered as a complex whole, while lists, bullets, and academic texts encourage only piecemeal recollections.

Storytelling is applicable to virtually all industries. We've found it particularly powerful in heavy, capital-intensive, cyclical commodity sectors, where managers tend to be furthest from the notion that they can make a change. After all, these are industries captive to structural forces – the environment, the business cycle, their own depreciation cycles, their competitors' behavior – over which they appear to have no control. Is it any wonder that the notion of „empowerment" is so often given lip service in these kinds of firms?

Veterans of these industries reason that there is no point to having a „vision" as long as they are being held captive to structural forces. For example, a natural response to having just made a huge capital investment and then fallen victim to an economic downturn is to frantically seek out efficiencies in operations – effectively pulling the reins even tighter. A manager in this situation isn't likely to realize mat he or she can improve the firm's position by improving its array of choices – or story lines.

Storytelling can also be especially effective in industries gearing up for dramatic change. One tool in particular, Future Technology Visioning, asks participants to work together on formulating a series of viable future scenarios that might occur as a result of external forces and internal corporate action. With these multiple future scenarios, the strategy – or story – that managers create must not only ensure that the company achieves its desired outcome, but must be flexible enough to function in a dynamic environment.

In this exercise, participants are asked to spin their narrative backward from multiple endpoints to the current reality, as they did with the headline story. This sequence helps executives determine the essential – as opposed to the merely desirable – actions required to reach their goal, and it encourages new thinking patterns. In typical forward-moving Storytelling we tend to think of what we usually do in a certain situation, and therefore become trapped by our current logic. [The use of this visioning technique as a tool for evaluating emerging technologies was explored in an earlier issue of *Prism.* See „Emerging Technologies: A Novel Approach to Envisioning Their Development," Fourth Quarter 1994.]

As our work on storytelling as a powerful change management tool evolves in the coming months and years, we expect to see heightened demand and increased applications for this product among a growing range of industries. Indeed, our own vision for the future might be this: „Now that our first storytelling client has reached its growth targets for the year 2000 and seems solidly entrenched as the new darling of Wall Street, we're ready to honor our engagements to conduct storytelling workshops at a long list of Fortune 500 companies."

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