



# HARVARD MANAGEMENT COMMUNICATION LETTER

A NEWSLETTER FROM HARVARD BUSINESS SCHOOL PUBLISHING

TOOLS, TECHNIQUES, AND IDEAS FOR THE ARTICULATE EXECUTIVE

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## What's Your Story?

by Elizabeth Barnes



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# What's Your Story?

*Don't underestimate the power of a compelling corporate narrative to inspire customers and employees alike.*

**B**RING UP THE WORD *story* in a typical business meeting, and many around the table will become suspicious. “It’s something made up,” they’ll think to themselves, or “Here comes another whopper.”

Which is too bad, because, in fact, every business ought to tell a story. The narrative of how and why your enterprise was formed, the challenges it has overcome, its prospects for growth, and the integrity it promises—all these stories are key to your relationship to customers, employees, shareholders, and partners.

If yours is like most organizations, you probably have many stories. Properly told, they are invaluable to getting the right message out. But these messages have to be consistent. They will be most effective if woven together into one strong corporate story that, in its various forms, can speak to everyone you want to reach.

Enunciating a strong corporate story doesn’t happen by accident. Good leaders understand it takes time, discipline, and practice to weave story lines together to create a tapestry of group identity and ideas, says leadership expert Noel Tichy, a professor at the University of Michigan Business School and author of *The Cycle of Leadership: How Great Leaders Teach Their Companies to Win* (HarperBusiness, 2002).

“Great leaders at every level lead through their stories—and a boring PowerPoint [presentation] does not do it,” says Tichy, who takes executives at companies like Best Buy (Eden Prairie, Minn.) and Intel through a

half-day exercise of writing an imaginary magazine cover story about themselves and their companies. “You want a story, a powerful story you tell over and over—a story that works inside and outside the company,” he says.

There are four essential features to a good corporate story: A strong central plot line, clear values, lots of emotion, and compelling characters. Following is a quick primer so that you can shape your corporate story successfully to give your stakeholders something they can hold onto with enthusiasm.

## Start with a strong plot line

There are a few basic narratives that Western culture has treasured over the ages, and you would do well to tap into one of them. As Howard Gardner, the noted Harvard psychologist, writes in his book *Leading Minds* (Basic Books, 1996), humans understand the world through dramatic stories. Children learn from fables and fairy tales because these stories feature characters children can identify with, engaged in universal struggles. Adults, he says, “never lose their sensitivity to these basic narratives.” Gardner identifies three universal story lines:

- ❶ **Who am I?** These stories delineate how life experiences shaped an individual identity and character.
- ❷ **Who are we?** Such stories demonstrate the experience, attitudes, and beliefs of the group.
- ❸ **Where are we going?** These narratives explain the necessity for change and express excitement about the future direction of the group.

Because they tap into all three of these fundamental narratives, founder stories can be particularly powerful in shaping the culture of a company. The stories of Sam Walton quietly walking the aisles of his stores to understand what the “average” shopper needed, and then returning to preside, in his overalls, over a no-frills corporate headquarters, have shaped every aspect of Wal-Mart’s culture and its understanding of itself.

Wal-Mart’s current corporate leaders have built their own stories on top of that theme. Thomas M. Coughlin, the company’s executive vice president and vice chairman, tells audiences tales about riding with Wal-Mart’s long-distance truck drivers to make deliveries across the country. The stories are sometimes funny—dressed in

**Emotional content gives power and authenticity to a story, and builds trust.**

a striped shirt, Coughlin has been mistaken for a trucker himself and thus told things he otherwise wouldn’t have been—but they all feature some basic themes: Wal-Mart is made up of hard-working, plainspoken people who don’t put on airs (read: are trustworthy) and who will go to great lengths to understand the best way to improve the distribution system—and run the company.

Likewise at Intel, Andy Grove has several important central stories. First there is the tale of how he escaped Hungary during the Russian occupation and determinedly created a life in America, and then a powerhouse company. But there’s a second story told over and over at Intel: How Grove and Intel cofounder Gordon Moore decided to abandon Intel’s biggest business—memory chips—in order to design and build microprocessors. It was a hard and expensive decision at

the time but one that ultimately saved the company. And that story underscores the company's ongoing determination to make bold decisions and stay at the cutting edge of technology.

The internal story role of hero doesn't have to belong exclusively to the company's founder. For example, Joe Sullivan has been catapulted into many an ailing company in his 20 years as a chartered financial analyst, venture capitalist, and business consultant. One of these was Ace Electric Supply in Jacksonville, Fla.

Sullivan needed to turn around a dismal financial performance. As a first step, the temporary CEO needed to boost the morale of the employees. With the company just weeks away from hitting the wall, Sullivan set up what he called "Ace Success Meetings." He wanted to find out who was succeeding in the company and in what way.

"There were a couple of 'super managers' whose branches were always well run," says Sullivan. "My job was not just to reinforce their success but to pick a broad number of people who were also making good things happen. I didn't want to hold up just one or two folks as exemplars. I wanted to show that there was a broad base of heroes throughout the company."

Sullivan had these managers tell stories of the difficulties they faced, the way they solved problems, and customers' reactions. He didn't stop there: He made sure that these local heroes' stories were widely shared throughout the company. His job, he says, was to be "a sort of 'reinforcer' who would go around from branch to branch meeting folks and reminding them of the stories they'd told me, as well as spreading ones I'd heard elsewhere. I considered it my role to help disseminate these nuggets of gold—and then get out of people's way." The stories drove home this point: A prob-

lem in a store is everyone's problem—and everyone has the power to find a solution.

### Reinforce clear values

Next, the story you craft should reflect clear, strong values that the company holds as important. Do you champion innovative solutions to your customers' problems? Then your story should reveal remarkable inventiveness as a primary value. Or do you want your customers and your employees to remember that your corporate culture has a "whatever it takes" attitude toward customer satisfaction? Then tell the story.

For instance, at The Home Depot (Atlanta), where excellent frontline customer service is critical to building business, employees are told the key to retaining customers is not just making a sale, but cultivating the customer. So the company likes to tell the story about the sales associate who told a customer that he didn't need a new \$200 faucet because he could fix his old one for \$1.50—and showed him how to do it.

"That reflects one of our values: caring for the customer. Care for them today, and they'll be back tomorrow," write Arthur Blank and Bernie Marcus, cofounders of The Home Depot, in their book, *Built from Scratch* (Random House, 1999).

The values emphasized in the stories should be consistent with your company's products and services. If your company makes toys, for example, inventiveness and fun are closer matches than, say, penny-pinching or efficiency. Likewise, technology companies need stories that emphasize innovation and an open culture.

For example, at Hewlett-Packard the story is told of former CEO Bill Hewlett using a bolt-cutter to remove a lock on the door to the supply room—with instructions that it should never

be locked again. The story resonates at HP because it is believable—employees can imagine Hewlett carrying out the action. "This story communicates the importance of trust at HP," says Pace University professor of management Robert F. Dennehy. "It also shows that even a simple anecdote, through repetition, can help deliver a fundamental message throughout an organization."

And the values need to be consistent across all your constituencies. Don't try to preach efficiency to your employees while trying to persuade your customers that you're all about creativity. That mismatch will show up in the bottom line, as your employees sense hypocrisy and instinctively fight against it.

### Put in lots of emotion

Third, to attract customers and keep employees motivated, your story should have emotional content. This gives power and authenticity to a story, but it also helps to build bonds of trust for listeners. For instance, John Chambers, the CEO of Cisco Systems, talks about having a learning disability when he was growing up and the difficulties he faced as a result, including being mocked by other children and even teachers. That experience, he says, formed the values he brings to the corporate world.

"First, once you overcome a challenge like a learning disability, you can face anything in life. Business challenges are not anywhere as hard," he says. Second, he says, "You learn to treat others as you want to be treated."

The story is an emotional, personal one that exemplifies the kind of culture that Chambers and his company value, one that has a focus on diversity and an appreciation for using everyone's talents. When Chambers tells the story, says the University of Michigan's Tichy, "people know where he is coming from and that he really means it."

## Create compelling characters

Finally, your corporate story needs to have memorable characters. Jack Welch, for instance, was a strong character in the General Electric story. As his autobiography, *Jack: Straight from the Gut* (Warner Books, 2001), demonstrates, he was a master at telling the story of his own rise—overcoming stuttering, working determinedly through the ranks, competing

**You don't have to be CEO of a Fortune 500 company to tell a compelling story.**

intensely for new business—to describe the kind of determination and focus the company needed to succeed.

Wendy's Old Fashioned Hamburgers restaurant chain used the personality of its founder, Dave Thomas, to convey the company's values through a series of commercials that ran for 13 years. The homey, straightforward Thomas was the antithesis of flashy, but his persona was arresting nonetheless. It was an ideal vehicle for communicating Wendy's no-nonsense commitment to fresh, made-to-order food.

Some corporations have two stories, one for the public and one for employ-

ees. The danger here is that the company can appear hypocritical if the internal one leaks out and it emphasizes themes markedly different from those in the public-facing story. But the potential advantage of having two stories is that it allows an organization to champion values internally that won't necessarily appeal to customers. Just ensure that the stories aren't completely inconsistent with each other.

For example, there is a story that McDonald's employees hear about how company founder Ray Kroc stopped by one of his Chicago restaurants and noticed trash littering the parking lot. After calling for the person in charge, Kroc, his driver, and that manager then picked up all the garbage together.

"You can bet that attention to such details became a major part of the culture at McDonald's, thanks in no small part to that story," says Pace University's Dennehy. The point is that Kroc's action became an internal story for McDonald's employees, one that promoted the value of attention to detail. It was a message that McDonald's didn't feel would resonate with customers but that is at the heart of running a successful franchise where the product has to be consistent across many outlets.

Dennehy, Tichy, and other experts emphasize that you don't have to be CEO of a Fortune 500 company to tell a compelling and useful story. A unit leader, for instance, can use stories of how her employees spotted a problem with a product and scrambled to overcome opposition from the top to find a solution. Likewise, a small entrepreneur can tell about taking on a giant competitor and using his small team to land a project.

But the stories can't be fiction—they must ring true with customers and employees.

"People have an innate B.S. detector and when they hear a story, they know when it doesn't quite hold together," says Margaret Duffy, who teaches public relations and advertising at the University of Missouri's School of Journalism (Columbia, Mo.). "It can be grand theater, but it also needs to be believable theater." □

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