

*The*  
LEADER'S  
GUIDE *to*  
STORYTELLING

•  
MASTERING THE ART *and*  
DISCIPLINE *of*  
BUSINESS  
NARRATIVE



STEPHEN DENNING  
AUTHOR OF *Squirrel Inc.*

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STEPHEN DENNING

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## [ INTRODUCTION ]

This book is an account of a simple but powerful idea: the best way to communicate with people you are trying to lead is very often through a story. The impulse here is practical and pedagogical. The book shows how to use storytelling to deal with the most difficult challenges faced by leadership today.

### **The Different Worlds of Leadership and Storytelling**

Storytelling and leadership are both performance arts, and like all performance arts, they involve at least as much doing as thinking. In such matters, performers will always know more than they can tell. I have tried to convey here as much as I can of what works—and what doesn't—at the intersection of the two different worlds of leadership and storytelling.

For the first several decades of my working life, I remained firmly in the world of leadership and management. Specifically, I was a manager in a large international organization. The organization happened to be the World Bank, but had it been any other large modern organization, the discourse would have been essentially the same—rates of return, cost-benefit analyses, risk assessments, performance targets, budgets, work programs, the bottom line, you name it.

The organization happened to be located in the United States of America, but the discourse would not have been much different if it had been situated in any other country.

The forces of globalization have rendered the discourse of management and organizations thoroughly international. It's a world almost totally focused on analysis and abstractions. The virtues of sharpness, rigor, clarity, explicitness, and crispness are everywhere celebrated. It's a world that is heavy with practical import: the fate of nations and indeed the economic welfare of the entire human race are said to rest on the effectiveness of the discourse.

It was the force of circumstance, rather than temperament, that led me away from the world of the boardroom, the negotiation table, and the computerized spreadsheet to a radically different world—the ancient performance art of storytelling. At the time, I was facing a leadership challenge that made the traditional tools of management seem impotent. In trying to communicate a new idea to a skeptical audience, I found that the virtues of sharpness, rigor, and explicitness weren't working. Having spent my life believing in the dream of reason, I was startled when I stumbled on the discovery that an appropriately told story had the power to do what rigorous analysis couldn't—to communicate a strange new idea easily and naturally and quickly get people into enthusiastic action.

Initially, the idea that storytelling might be a powerful tool for management and leadership was so counterintuitive and contrary to my entire education and work-life experience that I had difficulty in believing the evidence of my own eyes. In fact, it took me several years to admit to myself that I was being successful through telling stories.

“Soft.” “Fuzzy.” “Squishy.” “Emotional.” “Fluffy.” “Anecdotal.” “Irrational.” “Fantasy.” “Fairy stories.” “Primitive.” “Childish.” These were just some of the terms that the advocates of conventional management hurled at storytelling, which they saw as contaminating the world of pure reason with the poison of emotions and feeling,

thereby dragging society back into the Dark Ages. It took a certain amount of intellectual courage to brave this disdain and suggest that the world of rational management might have much to learn from the ancient tradition of narrative.<sup>1</sup>

To build up intellectual stamina to face these challenges, I spent time in the radically different world of storytelling. Not that I was made to feel particularly welcome there. On the contrary, I was initially greeted as an interloper—someone who risked sullyng the noble tales of glorious heroes and beautiful heroines, the figures who made the imagination soar and the heart leap, with the shallow, mean, and dirty world of business, commerce, and making money. To some, I was borrowing the magic language of narrative to accomplish something for which a tersely worded “fit-in-or-you’re fired” memo might be more suitable. The possibility that I might be trying to subvert the “fit-in-or-you’re-fired” approach to solving human problems wasn’t always plausible.

What made my reception worse was that I didn’t enter the world of storytelling on bended knee in a mood of respectful submission to drink from the ancient fonts of wisdom and accept without question what had been known for millennia about the elements of a well-told story. Instead I arrived with an iconoclastic attitude, suggesting that perhaps it was time to reexamine the eternal verities of storytelling that had been passed on ever since the time of Aristotle. I implied that it might be healthy to throw back the curtains and open the windows and get some fresh air and light on some of these dusty old traditions. To the world of storytelling, this was heresy of the gravest kind. The suggestion that the ancient world of storytelling might actually have something to learn from organizations was as absurd as it was horrifying.

## **The Intersection of Leadership and Storytelling**

The result was that for some years I found myself uneasily inhabiting these two different worlds—each profoundly suspicious of the other, each using discourse that supported the validity of its own assumptions and conduct, each seemingly unable or unwilling to grapple with what it might learn from the other. Storytellers could talk to storytellers and managers could talk to managers, but managers and storytellers couldn't make much sense of one another. And what little they did understand of the other side's discourse, they didn't much like. As I gradually learned to converse, more or less successfully, in both worlds, I found myself in the role of go-between—someone who reported back from the other world, much as in the thirteenth century Marco Polo reported on his trip to China, telling astonished Venetians that there were strange and wonderful things in that distant world if you took the trouble to go there and check it out. Just as Marco Polo discovered, the very strangeness of my tale rendered my credibility questionable.

Occasionally when I would make a report to managers of what was going on in the world of storytelling, or to storytellers what was happening in the land of management, one of them would say, "How interesting!" And that is one of the points of this book: to point out matters of profound interest to both the world of storytelling and the world of leadership. So when in this book I take potshots of various kinds at both the world of management and the world of storytelling, please see that they are fragments of a lover's quarrel. If I didn't care deeply about both these worlds, it wouldn't be worth the hassle to undertake the role of dual ambassador.<sup>2</sup>

One of the factors driving me was the awareness that the average manager was not having such extravagant success in meeting leadership challenges that there was no need to learn. Let me cite just a few statistics of the kind that managers love to hang their hats on:

- Study after study concludes that only 10 percent of all publicly traded companies have proved themselves able to sustain for more than a few years a growth trajectory that creates above-average shareholder returns.[3](#)
- Repeated studies indicate that somewhat less than 10 percent of major innovations in large corporations—the ones on which the future is said to depend—are successful.[4](#)
- The multibillion-dollar activity of mergers and acquisitions enjoys a success rate, in terms of adding value to the acquiring company, of around 15 percent.[5](#)

To grasp the significance of these figures, you need only ask yourself, If your airline's flights only arrived 10-15 percent of the time, would you be getting on that plane? If your surgical operation was only successful 10-15 percent of the time, would you be undergoing that operation? And it's not as though these rather staggeringly low rates of success have always been accomplished in an admirable manner, with names such as Enron, Arthur Andersen, and WorldCom filling the news. Managers thus have little reason to be complacent about their current mode of getting results.[6](#)

Nor was it obvious that the storytellers I met had any reason to be happier with their overall situation. Many of them were entangled in one way or another with the world of organizations. Often storytelling was for them a part-time avocation, as it didn't generate sufficient revenue to make

ends meet: they had day jobs to fill the gap. And those few who were involved full time in storytelling found themselves willy-nilly in the world of organizations and commerce. But storytellers tended to keep the two worlds separate. They were just as unhappy as anyone else with the command-and-control management practices widespread in organizations, but the storytellers had no idea how to change them. They tended to live bifurcated lives. Left-brained workers by day. Right-brained storytellers by night. It wasn't just that they couldn't see a way to bring their right-brained storytelling capacity into the workplace. It wasn't clear that they even wanted to. Just as the left-brained managers were reluctant to contaminate the rationalism of management with impassioned narratives, so storytellers were reluctant to risk dirtying the world of storytelling by introducing it into the world of commerce. Better to keep storytelling pure and noble than risk such a fate.

As I moved uneasily between these two different worlds, it was apparent to me that each of them had something to offer to the other. When I saw how storytellers could hold an audience totally engrossed in what was being said, I could see that this capacity is what analytic managers often lack when they present brilliant plans that leave audiences confused and dazed. I also saw how slighted storytellers felt when the world of organizations didn't take them seriously. By clarifying the theory and practice of storytelling, I felt that I could show that storytelling had much to offer to organizations. By taking a clear-sighted view of what storytelling could and couldn't do, I believed I could help it assume its rightful place as an equal partner with abstractions and analysis as a key leadership discipline. Storytellers would get back the respect they want and deserve. Leaders would be able to connect with their audiences as human beings.

And of course, what both worlds of storytelling and organization have been overlooking is that storytelling *already* plays a huge role in the world of organizations and business and politics today. One has only to glance at the business section of the newspaper to see that organizations are chockablock with stories that have massive financial impact.<sup>7</sup> Stories are the only way to make sense of a rapidly morphing global economy with multiple wrenching transitions under way simultaneously.

The choice for leaders in business and organizations is not whether to be involved in storytelling—they can hardly do otherwise—but rather whether to use storytelling unwittingly and clumsily—or intelligently and skillfully. Management fads may come and go, but storytelling is a phenomenon that is fundamental to all nations, societies, and cultures, and has been so since time immemorial.

And it's not just leaders in business and politics who can benefit from a greater capability to use story—anyone who has a new idea and wants to change the world will do better by telling stories than by any amount of logical exhortation. It is equally applicable to those outside organizations, such as schoolteachers, health workers, therapists, family members, professional colleagues—in short, anyone who wants to change the minds of those around them.

## **The Role of Storytelling**

How large an idea is storytelling? In one sense, telling a story is simply giving an example. It is “glaringly obvious, and is something we all know instinctively. A good example may make something easier to understand, and easier to remember.”<sup>8</sup>

So what? We can, the thinking goes, recognize the power of giving an example and go on managing the way we've always been managing without significant change. No big deal.

And yet it turns out to be a very big deal indeed, with storytelling being such a sizable part of the modern economy. Deidre McCloskey has calculated that persuasion constitutes more than a quarter of the U.S. GNP.<sup>9</sup> If storytelling is—conservatively—at least half of persuasion, then storytelling amounts to 14 percent of GNP, or more than a trillion dollars. But it's not just the size of the phenomenon. There's something different going on here.

## **What's New in Storytelling**

To clear away some of the underbrush, let me start with some basics. In my experience, the following propositions do not seem particularly controversial to most people:

- Storytelling is an ancient art that hasn't changed much in several thousand years.
- The effective use of storytelling in organizations involves crafting and performing a well-made story with a hero or heroine, a plot, a turning point, and a resolution.
- A storyteller catches and holds the attention of an audience by evoking the sights and sounds and smells of the context in which the story took place.
- A compellingly told well-made story is effective regardless of the purpose for which the story is being told.
- Storytelling is a rare skill in which relatively few human beings excel.

While all these propositions are widely regarded as noncontroversial, they are all wrong. They constitute some of the popular misconceptions about storytelling. One of the purposes of this book is to explode these myths and expose what's really involved in using story for leadership in organizations.[10](#)

For one thing, it turns out that different narrative patterns are useful for the different purposes of leadership. Knowing which pattern is suitable for which task is a key to the effective use of storytelling. Ignorance of the different narrative patterns makes it likely that aspiring leaders will stumble onto an inappropriate narrative pattern for the task at hand and so fail to attain their chosen goal.

It also transpires that some of the most valuable stories in organizations don't fit the pattern of a well-made story. For instance, a springboard story that communicates a complex idea and sparks action generally lacks a plot and a turning point. A story that shares knowledge is about problems, solutions, and explanations, and often lacks a hero or heroine. The stories that are most effective in a modern organization do not necessarily follow the rules laid down in Aristotle's *Poetics*. They often reflect an ancient but different tradition of storytelling in a minimalist fashion, which is reflected in the parables of the Bible and the European folk tales.[11](#)

Just as the human race began to make rapid progress in the physical sciences when people stopped believing what Aristotle had written and started observing with their own eyes whether two stones of different weights fall at the same or different speeds, so in the field of organizational storytelling, we begin to make progress when we stop looking at the world through the lens of traditional storytelling and start using the evidence of our own eyes

and ears to examine what stories are actually told in organizations and what effect they have.

Moreover the idea that storytelling is a kind of rare skill, possessed by relatively few human beings, is utter nonsense. Human beings master the basics of storytelling as young children and retain this capability throughout their lives. One has only to watch what goes in an informal social setting—a restaurant, a coffee break, a party—to see that all human beings know how to tell stories. Storytelling is an activity that is practiced incessantly by everyone. It is so pervasive that it has almost become invisible. We are like fish swimming in a sea of narratives. It is usually only when we are asked to stand up before an audience and talk in a formal setting that the indoctrination of our schooling takes over and a tangle of abstractions tumbles from our mouths. Learning to tell stories is not so much a task of learning something as it is reminding ourselves of something we already know how to do. It's a matter of transposing the skills we apply effortlessly in a social situation to formal settings.

That's what this book is about—providing leaders at whatever level in the organization with usable tools for communication—narratives that help tackle the most difficult challenges of leadership. The book has a strong focus on what works. But it also conveys enough theoretical background to give you an understanding of why some stories work for some purposes but not for others.

## **The Emerging Leadership Discipline of Narrative**

Five years ago, when I published *The Springboard*, I was thinking of springboard stories as a tool, a remarkably useful tool but no more than a single tool.

By 2003, when I was finishing *Squirrel Inc.*, I could see that story-telling was more than one tool: it was at least a whole array of tools—tools that could help achieve multiple purposes such as sparking people into action, communicating who you are or who your company is, transmitting values, sharing knowledge, taming the grapevine, and leading into the future.

Now in 2005, writing *The Leader's Guide to Storytelling*, I sense that narrative is even more than that. But what? A clue came recently when I was rereading Peter Senge's *Fifth Discipline*. [12](#) At the end, Senge hints at the possibility of a sixth discipline—"perhaps one or two developments emerging in seemingly unlikely places, will lead to a wholly new discipline that we cannot even grasp today." The sixth discipline would be something invisible to conventional management thinking, because it would be at odds with its fundamental assumptions.

Thus it would be not a single gadget or technique or tool but rather a discipline, that is, "a body of theory and technique that must be studied and mastered to be put into practice. A discipline is a developmental path for acquiring certain skills or competencies. As with any discipline, from playing the piano to electrical engineering, some people have an innate 'gift' but anyone can develop proficiency through practice." [13](#)

Given the limited progress being made on innovation even using the five disciplines Senge talked about, this passage got me wondering whether storytelling might not be the missing sixth discipline. Certainly it has the characteristics that Senge envisaged for a discipline: that is, something "where new and expansive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn together." And it has to do with "how we think, what we truly want, and

how we interact and learn with one another.”<sup>14</sup> So could narrative be the missing sixth discipline?

Five years ago, I simply didn’t know enough to call organizational story-telling a discipline: an emerging practice maybe, but not a discipline. Now I can draw upon the work of practitioners like Madelyn Blair, Evelyn Clark, Seth Kahan, Gary Klein, Doug Lipman, Carol Pearson, Annette Simmons, Dave Snowden, and Victoria Ward, among many others. I can also see the wonderful work emerging from academia.<sup>15</sup> As I become more and more aware that I’m just scratching the surface of a subject that is broad and deep, I’m inclined to think that narrative really is an emerging discipline.

## **The Nature of Leadership**

The emerging discipline of narrative deals with leadership more than management. Management concerns means rather than ends. Managers usually take an agreed-upon set of assumptions and goals and implement more efficient and effective ways of achieving those goals. They direct, control, and decide what to do, on the basis of agreed-upon hypotheses, generally proceeding deductively.

Leadership on the other hand deals with ends more than means. It concerns issues where there is no agreement on underlying assumptions and goals—or where there is a broad agreement, but the assumptions and goals are heading for failure. In fact, the principal task of leadership is to create a new consensus about the goals to be pursued and how to achieve them. Once there is such a consensus, then managers can get on with the job of implementing those goals.

Leadership is essentially a task of persuasion—of winning people’s minds and hearts. Typically it proceeds inductively by argument from one or more examples toward a more general conclusion about the goals and assumptions we should adopt toward the matter in question. Story-telling is thus inherently suited to the task of leadership.

## **The Marriage of Narrative and Analysis**

This is not to say that abstract reason and analysis aren’t also important. Storytelling doesn’t replace analytical thinking. It supplements it by enabling us to imagine new perspectives and is ideally suited to communicating change and stimulating innovation. Abstract analysis is easier to understand when seen through the lens of a well-chosen story and can of course be used to make explicit the implications of a story.

The physical sciences have had an aversion to anything to do with storytelling in part because it deals with such murky things as intentions, emotions, and matters of the heart. Yet in the last couple of decades, most of the human sciences have grasped the centrality of narrative to human affairs. Thus narrative has come to dominate vast regions of psychology, anthropology, philosophy, sociology, political theory, literary studies, religious studies, and psychotherapy.<sup>[16](#)</sup> It is even beginning to play a role in the supposedly hard science of medicine.<sup>[17](#)</sup> Management is among the last of the disciplines to recognize the central significance of narrative to the issues that it deals with.

## **The Performance of the Story**

Many of the insights in this book will sound simple and easy to learn. But watch out—this is harder than it looks. Storytelling is a performance art. It's one thing to realize that you need to link the story with the change idea—it's another thing to do it, time after time without fail, like the swing of a professional golfer who always performs flawlessly. You will not become a master storyteller simply by reading this book. You will have to put the ideas into practice so that you get into a groove.

Finally, keep in mind that the stories in this book are for the most part intended to be *performed*. Some of the stories included here, when read in the cold white light of the printed page, may seem so brief and bland that it isn't easy to imagine how they could have impact. Remember that everything is transformed in performance. Small things make a big difference. The look of the eye, the intonation of the voice, the way the body is held, the import of a subtle pause, and the teller's response to the audience's responses—all these aspects make a huge contribution to the meaning of a story for audiences. Chapter Two discusses how to perform a story for maximum effect.

## **A Different Kind of Leader**

Throughout the book, the case is made, step by step, that if you consistently use the narrative tools described here, you will acquire new capabilities. Because you communicate who you are and what you stand for, others come to know you and respect you for that. Because you are attentive to the world as it is, your ideas are sound. Because you speak the truth, you are believed. Because you make your values explicit and your actions are consistent with those values, your values become contagious and others start to share them. Because you listen to the world, the world listens to

you. Because you are open to innovation, happy accidents happen. Because you bring meaning into the world of work, you are able to get superior results. Chapter Twelve explores the implications of this kind of leadership for organizations.

## **Let's Go!**

The challenges of leadership are difficult, volatile, sometimes threatening. This book doesn't shy away from those difficulties. And yet it offers a note of hope. Leadership is not an innate set of skills that a few gifted individuals receive at birth. Narrative patterns can be learned by anyone who wants to lead from whatever position they are in—whether CEO, middle management, or on the front lines of an organization, or outside any organizations altogether—anyone who sees a better way to do things and wants the organization to change.

Organizations often seem immovable. They are not. With the right kind of story at the right time, they are stunningly vulnerable to a new idea. And this book provides you with a guide to finding and telling the right story at the right time.

## **Author's Note: Definition of *Story* and *Narrative***

In this book, *narrative* and *story* are used as synonyms, in a broad sense of an account of a set of events that are causally related. Such a simple, commonsense notion is, however, controversial. Here I have space only to allude to some of the issues.

### ***Narrower and Broader Definitions of Story and Narrative***

Some practitioners have suggested different definitions. Some suggest that *story* should be defined in the narrower sense of a *well-told* story, with a protagonist, a plot, and a turning point leading to a resolution, while *narrative* might be used in the broader sense I use. On this view, locutions that lack the traditional elements of a well-told story are not so much stories as ideas for possible stories yet to be told or fragments of stories.<sup>[18](#)</sup>

Others have suggested that *story* should be used in the broader sense I use, while *narrative* should be restricted to the narrower sense of “a story as told by a narrator.” On this view, “narrative = story + theme”: the theme is a layer added to the story to instruct, to provide an emotional connection, or to impart a deeper meaning.<sup>[19](#)</sup>

In practice, the actual usage of both *story* and *narrative* is very broad. Polkinghorne and others have suggested that we accept this broad meaning and treat the two terms as synonyms.<sup>[20](#)</sup> Within the broad field of story, it's possible to

distinguish classically structured stories, well-made stories, minimalist stories, anti-stories, fragmentary stories, stories with no ending, stories with multiple endings, stories with multiple beginnings, stories with endings that circle back to the beginning, comedies, tragedies, detective stories, romances, folk tales, novels, theater, movies, television mini-series, and so on, without the need to get into theological discussions as to what is truly a story.

In common usage, *story* is a large tent, with many variations within it. Some variations are more useful for some purposes than others. There are probably many variations that haven't yet been identified. If we start out with predetermined ideas of what a "real story" is, you may end up missing useful forms of narrative.

### ***The Internal and External Aspects of a Story***

It is also important to keep in mind that story has an external and an internal aspect. Story in its external aspect is something to be observed, analyzed, and dissected into its component parts. Story in its internal aspect is something that is experienced, lived as a participant. This book explores both dimensions of story. The value of the external view of story is that it is stable and clear. Its drawback is that it stands outside the experience of the story itself. The value of the internal view of story is that it is fresh and immediate and participative. Its weakness is that it is elusive and kaleidoscopic and vulnerable to abuse. [21](#)

## ***The Position Adopted in This Book***

This book follows common usage and treats *story* and *narrative* as synonyms, to mean an account of events that are causally connected in some way.

This book sees story as independent of the media by which it is transmitted. A story can be transmitted by words, by pictures, by video, or by mime. While recognizing the suitability of language to communicate narrative, it is possible to study narrative in its nonverbal manifestations without requiring verbal narration.[22](#)

In examining the phenomenon of story and storytelling, both the external and internal aspects of story need to be taken into account .[23](#)

# **[PART 1]**

## **THE ROLE OF STORY IN ORGANIZATIONS**



# 1

## TELLING THE RIGHT STORY

### Choosing the Right Story for the Leadership Challenge at Hand

“Storytelling is fundamental to the human search for meaning.”

—*Mary Catherine Bateson*<sup>1</sup>

In 1998, I made a pilgrimage to the International Storytelling Center in Jonesborough, Tennessee, seeking enlightenment. As program director of knowledge management at the World Bank, I’d stumbled onto the power of storytelling. Despite a career of scoffing at such touchy-feely stuff—like most business executives, I knew that analytical was good, anecdotal was bad—my thinking had started to change. Over the past few years, I’d seen stories help galvanize an organization around a defined business goal.

In the mid-1990s, that goal was to get people at the World Bank to support efforts at knowledge management—a strange notion in the organization at the time. I offered people cogent arguments about the need to gather the knowledge scattered throughout the organization. They didn’t listen. I gave PowerPoint presentations that compellingly demonstrated the value of sharing and

leveraging our know-how. My audiences merely looked dazed. In desperation, I was ready to try almost anything.

Then in 1996 I began telling people a story:

*In June of last year, a health worker in a tiny town in Zambia went to the Web site of the Centers for Disease Control and got the answer to a question about the treatment of malaria. Remember that this was in Zambia, one of the poorest countries in the world, and it was in a tiny place six hundred kilometers from the capital city. But the most striking thing about this picture, at least for us, is that the World Bank isn't in it. Despite our know-how on all kinds of poverty-related issues, that knowledge isn't available to the millions of people who could use it. Imagine if it were. Think what an organization we could become.*

This simple story helped World Bank staff and managers envision a different kind of future for the organization. When knowledge management later became an official corporate priority, I used similar stories to maintain the momentum. So I began to wonder how the tool of narrative might be put to work even more effectively. As a rational manager, I decided to consult the experts.

At the International Storytelling Center, I told the Zambia story to a professional storyteller, J. G. "Paw-Paw" Pinkerton, and asked the master what he thought. Imagine my chagrin when he said he didn't hear a story at all. There was no real "telling." There was no plot. There was no building up of the characters. Who was this health worker in Zambia? And what was her world like? What did it *feel* like to be in the exotic environment of Zambia, facing the problems she faced? My anecdote, he said, was a pathetic thing, not a story at all. I needed to start from scratch if I hoped to turn it into a "real story."