Introduction

A few decades ago, “corporate culture” might have referred to a company’s dress code or its working hours. Today, however, most business leaders recognize that organizational culture is both more sophisticated and more powerful than anything contained in an employee manual. One of the key elements in developing and defining corporate culture is the narrative: a story told by a leader which becomes not only part of a company’s folklore but eventually the unconscious fabric of employees’ behavior patterns.

While nearly all leaders attempt to align the goals of their employees with organizational goals and communicate a sense of vision and purpose, it is clear that some individuals and companies are distinctly more effective than others. What made Ronald Reagan “The Great Communicator”? Why does Southwest Airlines have a more clearly defined corporate culture than most of its competitors? How was MCI able to take on AT&T and succeed when few people outside of the company believed it would be possible?

In a series of interviews with leaders in organizations noted for effective corporate storytelling, four distinct characteristics emerged: Purpose, Allusion, People, and Appeal. Narratives told with a particular purpose in mind, which allude to a company’s history and role in the market, told by the right person to the proper audience, and that contain an inspiring emotional appeal are far more likely to impact corporate culture and employee behavior than those which fall short on any one of these categories (see Figure 1).

Purpose

The first basic principle of an effective corporate narrative is achieving a particular purpose: to applaud and foster a certain type of behavior or ingrain a tenet of corporate culture. Like other forms of management communication, it “must be a planned process – there must be a strategy” (Smith, 1991). Effective stories, even those told in a folksy, informal style, are related for a specific reason. Phil Condit, former President and CEO of Boeing, describes the importance of storytelling and specifically mentions Herb Kelleher, his counterpart at Southwest Airlines.

If you go back to tribal behavior . . . one of the most critical people in any tribe was the shaman, the fundamental storyteller. Keep in mind, [his] job was not one of historical accuracy. Instead, [it] was to tell stories that influenced and guided behavior. Stories were modified in order to achieve the appropriate kind of culture. I’ve watched Herb tell stories: he watches the reaction of people and his story then takes on new and different nuances depending upon his audience and the reaction he is hoping for . . . Stories are powerful because we remember them. I think Herb is Southwest’s shaman; he is the storyteller, and those stories get repeated and retold and they form the fabric of the Southwest culture (Freiberg and Freiberg, 1996).
Many of Kelleher’s stories are designed to illustrate Southwest’s dedication to customer service, including a nearly legendary tale of a gate agent who took the extraordinary step of accompanying an elderly passenger on a flight to ensure he reached his destination without incident. Frank Wright, a retired Southwest Airlines pilot, confirmed the impact of Kelleher’s stories on the culture of the organization and that Kelleher’s purpose was understood. “It’s the good to great theory: while a good employee would have a cordial, procedurally correct customer encounter, a great employee would [act like the agent in the story].” (F. Wright, pers. comm., 17 April 2009). Ideally, the story not only reaches its immediate audience, but spreads through word of mouth and managers at all levels until it becomes part of corporate heritage and culture.

In the interview, Wright also noted several important caveats for storytellers in organizations. “Does the story have to be true? Absolutely! Will it be embellished? Probably. Will it morph? Without a doubt. [Should] it have a humorous slant? Yes, because that laughter will enable listeners to remember the story and will encourage others to re-tell the incident.” Like epic poems passed down and adapted by each generation, corporate narratives become part of a culture over which the original storyteller has little control. Consequently, an effective story must have a purpose that is unambiguous and which will survive any subsequent edits.

Allusion

Jim Parker, who served as Southwest Airlines’ General Counsel for fifteen years before succeeding Herb Kelleher as CEO, emphasizes the importance of a cultural and historical context for a narrative.

People remember stories a lot better than they remember lectures, so I try to make my point through stories. It’s important to give people a connection to the past so they feel like they have more than just a job, and instead feel like they are part of a mission (J. Parker, pers. comm., 4 May 2009).

This observation echoes a research study which found that “leaders [can] inspire extraordinary commitment and devotion by including many references to a collective’s history and tradition... [and] shared values.” (Shamir et al., 1994) A successful narrative
should, therefore, be told in the proper context; it must allude to a common history and culture.

Another company noted for its use of corporate narrative was MCI, which began as an upstart challenger in the telecommunications industry and eventually shattered the monopoly of AT&T (Bell Telephone). Larry Bouman, who left AT&T and was hired as a manager by MCI in 1975, explained that certain stories were essential to the culture, including:

[...] the ‘David versus Goliath’ story that evolved from the very first press reporting about MCI and the eventual FCC decision [...] authorized MCI to construct its first interstate microwave radio network. How a small company from Joliet, Illinois [...] led to the eventual breakup of the Bell System became the story of success for generations of MCI employees. The story provided continued motivation and a constant reminder that anything [...] could be accomplished (L. Bouman, pers. comm., 23 April 2009).

Bouman further explained how his:

[...] co-workers [at AT&T] didn’t think anyone could [compete] with AT&T because [it] had a monopoly. [At MCI], there was energy, vision, and a can-do attitude. When I started meeting people, everyone was energized – they really wanted to [accomplish Founder and Chairman William McGowan’s goal], which by all accounts was impossible.

Jerry Adamic, who was hired by Bouman and joined MCI in 1984, explained that “the environment in which those things happened made it a passion; it wasn’t just a job, it was a holy war against [...] AT&T.” (J. Adamic, pers. comm., 24 April 2009). Even after the breakup of the Bell System, MCI drew energy from its cultural origins as an upstart and its narratives alluded to and celebrated a history of innovation and overcoming seemingly insurmountable challenges.

People

Narratives require two parties: the storyteller and the audience. For a story to have the maximum impact on corporate culture, both the leader and the audience must be committed to the medium of the story as a means of communicating a vision. Unsurprisingly, the better the story is, the greater the impact it is likely to have. This does not suggest, however, that only those with special talent should use narratives. According to Allan et al. (2002), “nearly everyone can be, and should be, a story-teller”. Nonetheless, certain leaders possess a special charisma and a knack for weaving image-laden stories that set them apart as visionaries and champions of corporate culture.

The more difficult part of the equation is typically the audience. Particularly for companies that lack a culture of strong visionary leadership, even powerful and compelling stories may fall on deaf ears. A Carnegie Mellon study suggests that this phenomenon is widespread: two thirds of the 400 managers and professionals surveyed responded that their company’s leaders did not engender “a clear understanding of a corporate vision, mission and goals” and an even smaller fraction believed their top managers could “motivate employees and implement a vision successfully” (Kelley, 1989). For leaders

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trying to change a cynical culture, therefore, the need for powerful and persuasive communication is even more acute.

One way a leader can improve the likelihood that his stories will become part of corporate culture is to select managers and hire employees who share a common set of goals and who will receive and repeat a story. Frank Wright of Southwest explains that:

[... ] hiring is the key to get employees to do legendary acts. Interview questions like ‘tell me a specific time you felt it was best to break the rules in your last job’ or ‘tell me about a time you went over and above the call of duty’ are very effective (F. Wright, pers. comm., 24 April 2009).

Jerry Adamic noted that at MCI, “storytelling was part of the culture because of the passion [for] the company; current employees wanted to tell the stories and new employees wanted to hear the stories” (J. Adamic, pers. comm., 24 April 2009). In these companies, both the hiring and enculturation processes select individuals who will embrace the leader’s vision and enhance the corporate culture.

MIT social psychologist Edgar Schein (1997) notes that “leaders create cultures, but cultures, in turn, create the next generation of leaders”. This transmission of culture is evident at Southwest Airlines where Herb Kelleher’s ideas are still embraced years after his retirement. “[Southwest] has developed a generation of future leaders who daily live the core values and business principles that have contributed to creating and preserving the Southwest culture.” With energetic employees determined to preserve both the stories and the values Kelleher promoted, Southwest has “created a tribe of shamans who have woven . . . a tight culture that would take years to unravel” (Freiberg and Freiberg, 1996).

**Appeal**

The defining element of an effective story is an appeal or call to action that expresses a leader’s vision for his company. A narrative is little more than an entertaining anecdote unless it conveys a particular appeal. Southwest’s Jim Parker explains that “storytelling is a better way to make people understand your point . . . it’s better than just saying ‘customer service is important’” (J. Parker, pers. comm., 4 May 2009). At MCI, the appeal was based on the mission of proving to AT&T that they could in fact compete; “a lot of it was built up as an ‘us versus them’ mentality” (J. Adamic, pers. comm., 24 April 2009).

A story becomes an appeal when it connects emotionally with the audience. According to Allan et al. (2002), “most Northern European and North American organizations have cultures that severely limit any reference to the emotions of the people involved . . . [yet] people do have feelings all the same”. The most effective storytellers consciously make emotional appeals to their audiences; “the more skilled the teller, the more likely the listener is to absorb the emotional content of a story in a constructive way”. Like a military commander rallying his troops before a battle or a coach firing up a sports team before a big game, a business leader can, in certain situations, use an emotional appeal to a common goal or shared values to inspire his employees.

A story which emphasizes an appeal to certain values, however, also implies responsibility. “[As a leader], it’s important to remember that everything you do touches people’s lives, and it’s going to become a part of the culture, so you don’t do things lightly.” (Allan et al., 2002). Appropriately, Parker illustrated this with a story:

After 9/11, Southwest was the only airline that didn’t furlough; we didn’t ask people to take job cuts or pay cuts ... I still run into people ... who thank me for not cutting jobs or pay after 9/11, and they’ll tell a story about how they were about to buy a house or get married or send a child off to college and how important it was for them to have the job and money. I feel they’ll be telling that story for years to come. Things like that get passed down from one generation to the next; it’s part of the company culture. The driving force of the decisions we made after 9/11 was the fact that we’d spent 30 years building up our culture, and I think doing otherwise would have destroyed it (J. Parker, pers. comm., 4 May 2009).
In this way, the company leaders embraced their own long-standing appeal to treat others with fairness and kindness and in doing so cemented the place of these values in corporate culture.

Leadership and stories

A quality that distinguishes transformational leaders is the ability to communicate a vision and inspire others to action. According to Phil Harkins (1999), while each leader must develop a unique voice:

[. . .] great leaders often use stories to translate their messages. Stories connect and become part of the lore of the organization. A story can translate a leader’s voice, especially when that story is repeated throughout the organization. It can reflect values and principles without overburdening the listener with theory.

President Ronald Reagan offers a perfect illustration of this ability. In the 1984 campaign, Reagan repeated stories of Americans hit hard by taxes and advocated a plan of “fundamental tax reform”. His strategy worked: voters embraced his stories, his allusions to America’s history of rebellion against taxation, and his plan of action. Reagan won the election in a landslide and his reforms were adopted despite the fact that the opposition party controlled Congress.

Although the formula for communication success seems straightforward, many leaders struggle to express their ideas and particularly find the story an unfamiliar and even uncomfortable medium. According to Robert McKee (2003), “too often, they get lost in the accoutrements of companyspeak: PowerPoint slides, dry memos, and hyperbolic missives from the corporate communications department”. While storytelling is a skill that everyone practices in family and social settings, many find it difficult to employ this skill in the workplace. While “many people in organizations receive training in the preparation of reports and in making presentations [. . .] few companies employ a similar approach to [. . .] storytelling skills” (Allan et al., 2002). Even with training and practice, few leaders will achieve the charisma and innate ability of Reagan, Kelleher, or McGowan, but all can employ the same strategies and techniques of persuasion and influence.

Conclusion

In an increasingly complex and fast paced world, leaders must penetrate the mire of facts and institutionalized reports if they are to inspire and emotionally appeal to their employees. Stories have a unique ability to, as Allan et al. (2002) put it, “grab people’s attention quickly and economically. Narratives work better than other ways of stimulating learning because they are a central part of human [cognition]”. Just as humans contextualize other parts of life in stories, people want to feel that their work lives are part of larger story in which they play an important role. For this to happen, they must understand the company’s history, its values, its present challenges, and where it – and they – will be in the future. A story which contains allusion to the past, a purpose in the present, and an appeal to a shared vision achieves these goals. Truly great stories will bolster morale in times of crisis and motivate employees to accomplish more than they believed possible, and that is the essence of great leadership.
References


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