RSA

How storytelling ignites action in knowledge-era organisations

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Why storytelling?

Why are we talking about storytelling? I guess you have volunteered to come here tonight. But I'm often talking to audiences who are conscripts, people who've been told to come, and usually they are wondering whose crazy idea it was to put this on the agenda. To deal with this, I usually say, 'Let's look at this morning's newspaper. Let's see what was the top story in this morning's newspaper and what was its financial impact?" I'm not talking here about the entertainment section. I'm talking about the business section of the newspaper.'

So let's see what's the top story in the *Financial Times* this morning, January 23, in the year 2002. We turn to page one of the *Financial Times* and we see that the giant conglomerate, TYCO, is splitting itself into four parts. Why? Why is TYCO doing this? According to the *Financial Times*, it's because its investors are uneasy. It's not because anything has actually happened. It's because its investors are uneasy. And why should they be uneasy? According to the *Financial Times* again, it's because of TYCO's complex and aggressive accounting techniques. And why should the investors be worried about this? Well, it's because they're thinking about another story that happens to be the second story in the *Financial Times* this morning, the Enron collapse. Here we had a company that just a year ago was worth $60 billion. You can ready any textbook on management, and you'll read that it is one of the best companies in the world, the seventh largest in America and growing fast. That was the story we all read and the story most of us believed, and a result, the company was a flourishing concern and worth $60 billion. Now we all believe a very different story about Enron and so the company, instead of being worth $60 billion, is now worth nothing, or practically nothing. Same company, different stories. A huge financial impact comes from believing a different story.

Now you might say that this is all very unusual, and that all these things are happening in the shadow of another larger story, September 11, the day when we saw the planes crash into the World Trade Center towers and the Pentagon. When we saw that happen, it was the first-order story about the details of the physical things that had happened in New York and Washington that we were initially interested in. But pretty quickly, our interest shifted to the second-order story. Who's responsible? What's it all about? Where's it leading? What's going to happen next?

The human cost of what happened in New York and Washington was obviously enormous, so much so that it's hard even to talk about it. But there was also a huge financial cost. A week after the explosion, the U.S. stock market opened again, and it immediately lost $1.4 trillion in a first day of trading. Now why was that? The actual financial cost of what happened in New York and Washington was only a tiny fraction of that – perhaps $50 billion or $100 billion. So why was there a much larger financial impact on the stock market? According to the financial

analysts, it was because of uncertainty. The story was people didn't know what was going to happen next. They had no coherent story to explain the events of September 11.

But just six weeks later, the stock market had recovered most of the ground that it lost in that first week of trading. The $1.4 trillion had been lost came rushing back into the stock market again. And why was that? Financial analysts concluded that now people were telling themselves a different story. People were now saying, 'It looks as though life isn't going to end. Those folks in Washington seem to know what they're doing. We may be able to sort this out. We can see things coming back.' And so $1.4 trillion was the impact of that news story.

Hewlett-Packard and Compaq

You might say that these are rather unusual kinds of things, that September 11 was one-of-a-kind event. So let's look at what was happening *before* 11 September. Well, the lead story in the financial news just before 11 September was this one. Carly Fiorina, the dynamic and charismatic leader of Hewlett Packard, a giant computer company, had been hitting the road in New York and Boston for the previous two days to pitch her plan to buy Compaq, another giant computer company, for some $25 billion. Now notice that this is something about the future. Carly has no facts about the future. She cannot analyse the future. She has no option. She has to tell a story. One problem for her, of course, is that the track record of computer firms linking up together is not particularly good. Whether it's Compaq and DEC in 1998, or Compaq and Tandem in 1997, or Silicon and Cray in 1996, or AT&T and NCR in 1991, it's been the same result every time: financial disaster for the shareholders. So she's facing this horrible track record as a background to her story.

And what's Carly's story? What's the business story that she puts out? "Well," she says, "we're going to save costs. We're going to sell services. We're going to stay with PCs. Our customers will need fewer partners.?"

That's the story she is trying to tell, but what's the story that Wall Street actually hears? Wall Street hears a very different set of stories.

"Those cost savings, they're never going to materialise."

"PCs? That's the junk part of the market."

"And manufacturing? How is that going to help you sell services?"

"Those two cultures. She's never going to merge those cultures."

And how about this one? “Tying two stones together won’t make them float.” Note that this is the *Wall Street Journal*. This is not the entertainment section. This is the *Wall Street Journal*. This is the story that people are hearing.

Or this one: “Some managers have been overexposed to tales where kissing the toad turns it into a prince. Compaq is still a toad.”

So the headline in *Wall Street Journal* on 6 September 2001 is, ‘Wall Street isn’t buying Ms. Fiorina’s story.’ The cost of not buying her story? $13 billion. In two days $13 billion is wiped off the share value of those two companies. A huge, huge financial impact of Wall Street not buying Carly’s story. And that was just the beginning. She had a horrible September and things haven’t gotten much better since.

And it’s not just the external financial markets that have to be convinced; there’s also the inside battle and that can be even harder. In the armpit of that article in the *Wall Street Journal* of 6 September, you’ll find this little zinger. ‘I talked,’ says the analyst, ‘with three top Hewlett Packard executives and they are dismayed by the deal. Without total support internally, integration will be next to impossible.’ So you see: three of her closest associates are actually questioning the deal. And it’s not just her closest associates. Now she has 150,000 people to convince that this is a good idea. And these are not two groups that have been working closely in collaboration together. These are people who’ve been fighting each other tooth and nail for the last ten years. How is she going to get them to work together?

Well, when she looks around and sees what’s happened to her fellow heads of organisations and how far they’ve lasted in trying to do these kinds of things, it’s not very encouraging. It used to be that you had a couple of years before you got booted out. Now look at the poor head of Xerox. He was only 13 months on the job from the time that he was appointed, and the time that he was fired. In that time, he was supposed to figure out what to do, then persuade people to do it, implement it and show financial results all in 13 months? How are you going to do it?

As Carly finds out, just giving people a reason doesn’t work.

Then you tend to get into the mode of saying, ‘Well, you’ve got to do it or you’re fired.’

Or maybe you say, ‘You’re fired anyway. We’ll get a new group of people to try to make this happen.’

And of course Carly doesn’t have the kind of time to be able to fire everyone and get a new group. She needs to be able to persuade them now. None of the traditional tools of

communication are going to make these people work together. They just don’t work.

What I’m here today to tell you is that there is another way, another way that’s simpler and easier and natural and, best of all, it works. And it’s not just something that works in an off-site workshop in an artificially collaborative atmosphere such as a conference and everyone is always talking about empowerment and innovation and openness and all the good things. They go back to their office the next day and find a world that is full of budget cuts and downsizing and distrust. This is something that works in the real world of organizations as we have come to know and love them.

Knowledge in the World Bank

As I said, the story really began for me in February 1996 when I was looking into introducing a strange idea called knowledge management into the World Bank. When I looked around the scene in February 1996 in the World Bank, and I saw that all of the things that you needed to make knowledge management happen in a big organisation — top management support, mission statement, bank strategy, organisation, budgets, incentives, communities — all of those things were absent. But four years later by the year 2000, all of those things had been put in place — top management support, mission statement, organisation, budgets and so on. All of those things had been put in place. So people started to ask me, ‘What’s going on in this clunky, old-fashioned organisation, the World Bank? What meat are you feeding this beast?’ We were even benchmarked as one of the world’s most admired knowledge enterprises. The World Bank had never been the most admired anything before that and so people asked, ‘What is going on in this organisation? How is this change happening?’

The World Bank, as you probably know, is an international organisation. It’s owned by the governments of the world. Its mission is to reduce global poverty. It’s been a lending organisation for most of its life. It lends up to $30 billion a year. It’s run on commercial lines. It’s also been a notoriously change-resistant organisation, even the Mount Everest of change-resistant organisations. So people were saying, “If this can happen in the Mount Everest of change-resistant organisations, then this can happen anywhere. But how exactly did it happen?”

It’s a story that I’m surprised to be telling you because if somebody had asked me five years ago, ‘What’s important in knowledge?’ I’d have said that knowledge is solid and objective and direct and abstract and analytic. And if somebody has asked me about storytelling I would have said: “Storytelling? That’s nebulous and subjective and indirect and unscientific and basically not worth a damn.” Well, over the next five years, I found I had to unlearn most of what I was sure that I knew.

In fact, if I'd thought about it a bit more I would have looked around and seen that in fact one of the basic assumptions of the 20th century was the divide between life and art. On the one side you had manufacturing and commerce, with hard facts and budgets and bottom lines, and you had on the other side this airy-fairly arty thing with narratives and images; narrative was about entertainment and leisure and private things, not very serious.

The story, as I said, begins in February 1996. I'd grown up in Australia. I'd worked in the World Bank for several decades and had climbed up the managerial ladder and by February 1996 I'd actually become the Director of the Africa Region. Now the Director of the Africa Region is responsible for about one-third of the operations in the World Bank, so I thought to myself, 'This is a pretty important kind of position.'

And then, as things happen in big organisations, the scene changed. The World Bank President suddenly died. My boss unexpectedly retired. Somebody else was appointed in my position. I could see that things weren't going too well for me in the World Bank and so I went to see the top management and I asked them, 'Do you have anything in mind for me?'

They said, 'Not really.'

Well, I pressed them a bit and eventually they said, 'Why don't you go and look into information?'

Information was like Siberia. In February 1996, information had the status of the garage or the cafeteria, so I was not being offered a promotion; I was being sent to Siberia.

But as it happened, I was interested in information. So I went and looked into information. And when I did so, I saw a scene that is pretty common in big organisations. We were drowning in information. It was all over the place, nobody could find anything. Clearly, we had to clean this mess up, and if we cleaned it up we'd save a lot of money, but even if we saved that money, we'd still be the same kind of old-fashioned lending organisation. And the world was questioning whether we needed an old-fashioned public sector lending organization when the private sector was now providing most of the finance that was needed in developing countries. There were even campaigns to close the World Bank down. "Fifty years is enough." And so on.

So I started to have a different thought. I started to ask myself: "Why don't we share our knowledge?" As it happened, we had a whole lot of know-how about what works and what doesn't work in development, but it was very difficult to find this out. If you knew somebody and you knew what they knew and you could have lunch with them, then you could actually find out what we knew, but if you didn't know that, you were in trouble. And if you were

outside the organisation, you didn't really have a prayer.

So I thought to myself, 'Why don't we reverse that? Why don't we make it very easy to find out what the World Bank knows?' And I started to explain this idea, which I thought was a pretty good idea, to my colleagues. But they had a very clear answer for me. They said, 'Steve, this is the World *Bank*. We are a *Bank*. We lend money. Keep your eye on the ball. That's what pays your salary. We are a lending organisation.'

Persuading an organization to change

I could see that didn't seem to be working and so I said to myself, 'Well, how do consultants persuade organisations to change? They use these charts, these two-by-two matrices with boxes and arrows.' So I said to myself, 'I'll try a chart.' I used a famous chart from Professor Nonaka's wonderful book, *The Knowledge-Creating Company*. This chart shows the knowledge spiral going from the socialisation phase to the externalisation phase to the culmination phase. And when I showed this chart inside the World Bank, there was a strange dazed look that came over people's faces that told me that this chart was not having the effect that I had intended.

So I said, 'Let's try something else. The World Bank is the quintessential rational organisation. Let's try reason.' So I tried things like this. Here's a definition from a wonderful website of knowledge management: 'Knowledge management caters for the critical issues of organisational adaptation, survival and competence face of increasingly discontinuous change.' In one sense, it's actually a wonderful definition. It's very very profound. There's just one thing wrong with it: the truth is, you have to study the subject for about two years to understand why it's such a wonderful definition, and so, as a way of communicating the idea of knowledge management, it's totally useless.

Dialogue is OK. If I can sit down with you for a week and find out what your problems are and explain to you how this would actually help solve your problems, yes, then we can make progress, but that takes a week, and I've got 10,000 staff members; and I don't have 10,000 weeks. So dialogue works but it's impractical. It's too slow.

Then I stumbled on something else. I'd be talking about the future, and about the future of the World Bank, and about what it's going to be like.

> "Well," I said, "It's going to be like today. Let me tell you about something that happened just a few months ago." We're still in early 1996. "In June 1995 a health worker in a little place in Zambia logged on to the website of the Center for Disease Control in Atlanta, Georgia, and got the answer to a question on how to treat malaria.

> That was June 1995, not June 2050. That was not the capital of Zambia; that was a tiny place 600 km away. And this was not a rich country; this was Zambia, one of the poorest countries in the world. But you know what the most important part of this picture for us in the World Bank is? The World Bank isn't in it. The World Bank doesn't have its know-how organised so that we could share it with all the millions of people who make decisions about poverty. But just imagine if we did. Just imagine if we got organised to share our knowledge with the world, think what an organisation we could become."

Now that started to connect, and to resonate, and to register, first with staff, then with managers, then with senior managers. In fact it was only a couple of months later that the President of the World Bank heard about this and he said, 'Let's do it.' He went to the annual meeting of the World Bank, and on 1 October 1996, he announced in front of 170 finance ministers and all their entourages, in a big public occasion, 'We're going to do it. We're going to become the knowledge bank. We're going to share our knowledge with the world.' And when the managers who had sent me to Siberia just a few months earlier heard this announcement they were horrified because this was their worst case scenario. Apparently, the man from Siberia was back. And not only back; he'd somehow managed to co-opt a whole group of people and staff and managers and now even the President to pursue this lunatic vision of knowledge sharing in the organisation.

So this wasn't the end of the war. This was just the beginning of the war. This was when the fighting started to get serious. Now they started to use real bullets instead of rubber bullets, because now it was real battle about whether this vision going to happen. In fact over the next couple of years, there was a series of debates and discussions, even battles, about whether knowledge management was going to happen, and on each of those occasions stories were key to succeeding.

Pakistan Highways

One of those occasions was September 1998 when, as some of you may remember, it seemed to many people that the world was on the brink of a global financial crisis. Russia had just defaulted. Japan was in recession. Brazil was teetering on the brink. The stock market and the currency market were gyrating wildly. People said to themselves, 'We may be on the brink of a global financial crisis,' and the traditionalists in the World Bank said, 'Wow! That's terrific. Now we can go back to being a lending organisation.'

So in September 1998, I was actually called in to make a presentation to the President and the senior management of the World Bank. The question was: 'Why are we bothering with knowledge when we have a global financial crisis on our hands?' In a sense what they were saying to me was, 'Define knowledge management or die.' I knew if I did try to define

knowledge management, I would die, so I didn't try to define knowledge management. Instead I said, 'Let me tell you about something that happened just a few weeks ago.'

> "On 20 August 1998 we had a highways team in Pakistan and they got an unexpected question from our client, the Highways Administration, who said, 'We have a terrible problem here in Pakistan. Our highways are falling to pieces. We cannot afford to maintain them. We want to try a different technology, a technology that the World Bank has never used and never recommended, and we're going to make a decision on that next week. So we'd like your advice right now. What do we do?' And the team had a problem because they didn't happen to know the answer to that question. In the past, I think it's fair to say that they would have replied, 'We can't help you right now but we'll get back to you. We'll form a new team and look into it. They'll write a draft report. We'll review the report. We'll revise the report. We'll finalise the report. We'll send you the report. Three months, six months later, we'll get back to Pakistan. But it's too late. Things have moved on.
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> But that's not what happened here. What happened here was something quite different. The team contacted the community of highway experts, around 300 people inside and outside the World Bank, and said, 'Can any of you help me in the next 48 hours because I'm here in Pakistan and I've got a real problem?' And he got help. Somebody working on Jordan the same day was able to say, 'Jordan is using something like this technology. Here's their experience.'
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> It turned out that one of our staff members in Argentina was writing a book on this very subject and so was able to send an email the same day all of the background of this technology, where it works and where it doesn't work.
>
> And several of the outside partners chipped in. The head of the Highways Authority in South Africa was a member of this community. He said, 'Here's our experience in it.' And New Zealand happens to have some guidelines on how to use this technology.
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> So suddenly, instead of being unable to respond to the client, now we can say, 'Here's a slice of the global experience. Now let's sit down and discuss how that might be useful to you in Pakistan.' And now that we've discovered we know something about a subject we didn't realise we knew anything about, now we can put that in our knowledge base, put it on our website, and make it available to anyone in the world who's interested in this issue or any of the other issues on which we've been able to gather our know-how and things we deal with.
>
> And what's enabling this to happen is the fact that these people are a community.

> The technology's important but even more important is the fact that these 300 people are a community. They know each other. Because when the task team leader sends out that e-mail to those 300 people and asks for advice, essentially he's saying, 'I don't know. I don't know the answer to a question which may be central to my sector and I'm paid to know the answers to central questions in my sector and I work in an organisation that's downsizing and looking around for people who don't know the answers to central questions in their sector.' So he doesn't send that e-mail unless he knows it's safe, and the only reason he knows it's safe, is that he knows those people. They're highways people. They've met. They've talked to each other. They want these kinds of questions because that's how they learn.

Now when I told that story in September 1998, the management said, 'Yes, that's remarkable how quickly all that happened. Why don't we do it? It's happening in some places. Why not everywhere? Imagine if this was happening all across the organisation! Why don't we do it? Let's make it happen across the whole organisation. Let's become that kind of an organisation.'

So instead of my being booted out of the World Bank, I was in fact asked to accelerate, and this generated a whole lot of new momentum and energy behind making this vision a reality in the organisation.

And so I discovered that storytelling, instead of being not worth damn, could actually do quite remarkable things, like changing even a change-resistant organization.

How does a story work?

But how could this work? I just told you the story about highways in Pakistan. You'll recall that I told you about this task team leader in Pakistan. And then there was the guy in Jordan who gave the advice. And the guy writing the book in Argentina. And the head of the Highways Authority in South Africa. And then we put this knowledge into our knowledge base in Washington. Now here we are sitting here in a room in London, but if you're following that story that I've just told, you've actually whizzed round the world in about 15 seconds. This reflects something Carl Jung once said, "There are some parts of the human self which are not subject to the laws of time and space." And following a story happens to be one of those things, because when you follow a story you get *inside* the idea, you *live* the idea, you *feel* the idea. In fact, the idea can become as much yours as if you had actually been there in Pakistan, not having the answer to a critical question and then finding that answer.

Following a story is a very different thing from being an observer, a voyeur, a critic. In following a story, you are actually participating in the story as a *participant*. Jerome Bruner in

his wonderful book, *Actual Minds, Possible Worlds*, pointed out in 1986 that there are two parallel modes of cognitive functioning, narrative and analysis, and each provides a distinctive way of constructing reality. Each, he said, is irreducible to the other. He didn't really explain why they are irreducible to the other, but one of the key reasons, I think, is that the narrative experience is a kind of first-person phenomenon, whereas analysis and description is something that you experience as an observer, critic, voyeur, in the third person, at one remove from what is going on.

So supposed that you're informed one day the value of the Enron pension fund has declined markedly, you might be hearing about that as just one more thing happening out there in the world, among all the other things going on, Some funds go up. Some funds go down. So what else is new? Frankly, you're not paying much attention to it or its implications. You're understanding what happened at Enron as a fact.

But if I tell you about the lower-level employees of Enron who were counting on those pensions for their retirement, and now they have lost everything – their job, their pension, the whole lot – and you start to imagine what it might be like, being someone without much money, and family responsibilities, and then suddenly losing everything, while the top executives of Enron, who knew what was going on, escaped with millions in windfall profits, and you're starting to think, how unjust that all is, then you are starting to experience the Enron debacle as a story.

If we feel happy for the health worker in Zambia getting an answer to a question on malaria, we is feeling the story as a story, as a participant, which is quite different from thinking, 'That Zambia story has 29 words in it.' You can look at a story as an object or you can participate in it. I'm talking about story and narrative as something that you participate as if you were part of the story.

Pretty much anything can become a narrative experience, even mathematics. In a wonderful book, *The Advent of the Algorithm*, David Berlinsky describes how he as a mathematician is living the path of that algorithm. "You take the numbers as they are written, you imagine them going on forever… and the mind finds itself skating over ice where previously there was a concrete walkway, whooshing forward without pause or purchase…." Berlinksy gives you the feel of what it's like to be a mathematician, living an algorithm as a narrative.

What is being explained by a story?

What is being explained by a story? The idea of knowledge management is actually a pretty complicated idea. There's a lot of things you have to do to make it happen in a big organisation. I don't know whether it has 10 dimensions or 20 dimensions. Let's say for the

sake of argument that it has 16 dimensions, 16 dimensions of things you have to do. If I say to you, ‘I am about to explain to you each and every one of the 16 dimensions of knowledge management. Please take out a pencil because this is going to be very complicated,’ you’d think, ‘Oh my gosh., I thought this was going to be an interesting lecture. How do I get out of here without creating a diplomatic incident.’

How about a chart? In 1997, we used a chart that the President of the World Bank loved. He thought it was wonderful because he could see in it his strategy. He could see, against a background of dark night sky, there on the left-hand side, the knowledge being created, then it went through yellow boxes and came out through green tongues on the right-hand side. He said, ‘Go and put this chart all over the World Bank.’ So I went up and put up the chart all around the World Bank. But I eventually figured out that the reaction of the staff to this chart was something quite different from the President’s reaction. The staff couldn’t see how they fitted in to this strange world of dark night sky and yellow boxes and green tongues. And when we stopped using the chart, no one could even remember we’d ever used the chart. It was simply getting in the way of the communication. It’s not that it’s a bad chart; it’s just that it’s a complicated idea, a 16-dimensional idea. Now with one, two, three, or even four dimensions, charts work all right. But when you’re up to 16 dimensions, charts are a problem. With 16 dimensions, you’re into mathematical phase space and most of your audiences are not mathematicians so charts can’t really help you with a sixteen dimensional idea.

But suppose I say, ‘Let me tell you about something that happened in Zambia just a little while ago.’ You’ve got no idea what I’m going to tell you, but you’ve heard so many interesting stories in your life, you’re probably willing to give me the benefit of the doubt. You’re thinking, ‘OK, tell me about what happened in Zambia.’ Now I may lose you, if I may tell you something about Zambia that you’re not interested in, or I may tell the story badly, but at least you start off on the right foot, with people thinking, ‘Yes, I’d like to hear about that.’

But how could a story possibly work? There’s the Zambia story, that I just told you, just 29 words, How could a 29-word story possibly convey a 16-dimensional concept? It’s not possible, right? Well, it’s not possible if you adopt the conventional view of communication. The conventional view of communication is this. ‘I am talking to you so my head must be full of stuff. You are sitting there more or less quiet, so your heads must be empty. The object of communication is for me to download the stuff from my full brain into your empty heads. That’s communication.’ Total nonsense, of course, but that’s what the books on communication say.

What’s wrong with it? It’s not just that I don’t happen to have all the answers and I don’t have time to tell you even if I did. And you couldn’t absorb it all even if I could pass on the answers to all those questions. The main thing that’s wrong with that picture is that your heads are not

empty. Your heads, your bodies, are full of immense understanding about how the world works and how it operates. All I need in fact is a tiny fuse. If I can link that fuse up with all of the understanding that you already have and ignite that, then suddenly a new pattern, a new story, can form in your minds, then suddenly you have a new understanding of how the world can fit together in a very different way.

The little voice in the head

In fact, for every person in the audience, there are actually two listeners. There's the physical listener I see when I look out at the audience. So it seems like there's one listener per person. But no, there's actually two. There is the little voice in the head. And we all know what the little voice in the head is. And if you're sitting there thinking, 'What exactly does Steve mean by the little voice in the head?' that's the voice I mean. It's the voice that lives with us from birth to death. It is what we hear most in our lives. It is a huge human phenomenon. I may be talking to you about Pakistan but you may be thinking, 'Oh God, how did I get in this lecture? I want to get out. I've got e-mails to answer. I've got to go back to my office.' The little voice in your head may be totally drowning out everything I'm saying. The conventional view of this is to hope for the best, ignore the little voice in the head. My advice is work with it.

The phenomenon of the little voice in the head is quite extraordinary. George Steiner, for example, says in his wonderful book, *Grammars of Creation*, this inward soliloquy that we hear far exceeds anything else we'll ever hear in our whole life. So you think there must be whole libraries of books about it. But when you look in the libraries, you find: hardly anything. There are a couple of books that are interesting. Julian Jaynes's *The Origin of Consciousness In the Breakdown of the Bicameral Mind*. is one that I like. It was written in 1976. More recently, Antonio Damasio in *The Feeling of What Happens*, starts to explain what is actually going on with this little voice in the head, a little voice that is only partly under our control. It's a very strange and interesting phenomenon that's central to what it is being human, and yet so little is known about it.

How do you work with the little voice in the head? My advice is that you give the little voice something to do. You tell a story in a certain way that elicits a second story from the little voice in the head. The way this happens is as follows. You say, 'Let me tell you about something that happened in Pakistan,' and if things are going right the audience is not working on highways in Pakistan, but maybe they're working in health or in finance or in Africa and they're thinking, 'Yes, that's very, very interesting. We could do that in our area. We could make that happen in our field. Why not? Think how neat it would be. Of course we'd have to form a community. And we have to get organised. And we'd have to get some budgets, some money to make it happen. Of course, we'd need to have more people involved. But why don't we do it? Why don't we make this happen?' And suddenly the idea is your idea. It's not the

speaker's idea. It's the listeners' idea. And it's your baby, your own creation, of course it's a great idea. We all love our own baby.

The knowing-doing gap

There's a lot of talk these days about closing the knowing–doing gap. I'm talking about eliminating the knowing–doing gap. Suppose I say, 'I want you, tomorrow morning, to introduce in your unit the following knowledge management programme with the following 16 dimensions,' look at what's going on. Here's my idea coming at you like a missile into your territory and you're thinking, 'Why should *his* idea come into *my* territory?' And lo and behold, you're right in the middle of the knowing–doing gap.

But if you do it the other way and you say, 'Let me tell you about something that happened just a few weeks ago in Pakistan' — 'Yes, we could do this in health. We could do this in finance. We could do this in Africa.' Suddenly it's the listener's idea. There is no knowing–doing gap. Even while you're talking, the listener can be thinking through what the implementation of this is going to be in their environment.

The first time I noticed this phenomenon I was talking to the Change Management Committee of the World Bank in April 1996. I was pounding the corridors and no one was listening to me. No one wanted to listen to me. People would walk in the opposite direction when they saw me. Eventually I got 10 minutes in front of the Change Management Committee of the World Bank. These are the big muckety-mucks of the organization, like the managing directors who advise the president. They were supposedly orchestrating change in the organisation, even though nobody could see that that's what they were doing. But clearly they were important for me, because eventually I would have to get the support of this group. So I had 10 minutes in front of Change Management Committee of the World Bank. And what did I do? I told the Zambia story. Now immediately after I made that presentation and told that story two of those vice-presidents, who'd been totally uninterested in anything I wanted to say up to just ten minutes ago, immediately after I told that story, they came up to me and said, 'Why aren't you doing this? Why aren't you doing that? Why aren't you making this happen? Why aren't we getting on with this? This is a great idea. Why aren't we doing it?' Now this was a very strange conversation. Here were these people who only ten minutes ago were totally uninterested in anything I had to say, and now suddenly, knowledge management is *their* idea and I was the one who wasn't doing enough to make it happen and implement it. And I thought, 'How horrible! They've stolen my idea!' Then I thought, 'How wonderful! They've stolen my idea! They now own the idea.' And in fact one of those vice-presidents was the person who eventually got to the President and told him, 'We have to do it.' So this phenomenon can happen extremely rapidly, even while you're still talking. There's no knowing-doing gap.

Telling the same story

Then you find that people start to tell the same story. About a month after I'd told the Pakistan highways story to the president and the senior management of the World Bank, I was invited to another meeting in the World Bank and the president happened to be there too, and there were a couple of hundred people. It was a big outside occasion, and somebody else made a presentation and told the Pakistan highways story as an example. Immediately after he'd finished telling making the presentation, the president intervened and said, 'You told the Pakistan highways story but you didn't tell it in the right way. Let me tell you the right way to tell the Pakistan highways story.' And he told it with passion and verve and it was a wonderful re-telling of the story. The thing was, he didn't like the lacklustre way in which the story had been told. The story, you see, had already become part of him, part of his very identity. It was a lens that he was seeing the world through, and seeing and understanding the role of the World Bank. So when somebody told that story in a different way, it was an affront to his whole sense of reality. He couldn't resist. He had to intervene and create a big public scene and tell the story the right way.

This phenomenon is captured in this wonderful Brazilian proverb: "When you dream alone it's just a dream but when we dream together it's no longer just a dream; it's the beginning of a new reality."

The limitations of story

What are the limitations? We thought that if one story is good, then many of them, lots of them, must be better. So we recruited some people and they put together 25 wonderful stories. We put them in booklets and newsletters and sent them all over the organisation. What was the result? Nothing. We couldn't see any impact of all that stuff being churned out.

Then we thought, 'Well, that didn't work. So let's try a video. Surely a video would work.' So we tried a video. But we got the same result: most of those videos are still lying on shelves. No one wanted to watch the video. What we found, of course, is that in the written word there is this disconnect between the speaker and the spoken. In big organisations people get a memo from the organization and they read it and they think to themselves, 'Does anyone actually believe what's written here? Does the person who wrote this memo even believe it?' There's this huge disconnect between the speaker and the spoken. But if you are there telling the story — 'This is what happened in Pakistan. Let me tell you about it. This is what happened.' — then you have a very different experience. You know who's talking. You get a sense of whether it's authentic. There's a connection between the speaker and the listener.

So one smart fellow told me, 'If that's the case, Steve, why should I buy your book? I'll just

come and listen to you.' But in fact books work differently. They work much more slowly. It takes you six to eight hours to read the book. I can't tell the President of the World Bank, 'Spend eight hours. Read this book.' In fact, I can tell him that but he won't do it. He doesn't have the time. I might have 16 seconds in an elevator with him. I have to have something that works much quicker, in very short time frames. So books work differently. They last longer. It's still worth reading the book.

The pattern of the springboard story

Do all stories work in this way? No, they don't. There's a certain pattern of a story that springs people into action and the pattern is this.

- It's a story that's understandable to the audience: you have to know there's a country called Zambia.
- And it's told from the perspective of a single protagonist, somebody who is prototypical of that organisation. In the World Bank it's somebody who's in an out of the way part of the world, who desperately needs the answer to a question on a subject.
- It needs to be a little strange, "That's remarkable you can find an answer to a question like that even when you're in Pakistan." But, it's plausible. The web exists, e-mail exists, the communities exist. Yes, that could have happened. Strange but plausible.
- And it embodies the change idea as fully as possible, so that if you have followed the Pakistan story, you know what knowledge sharing would be like in an organisation like the World Bank.
- And the story should be as recent as possible and based on a true story. If I tell you an imaginary story, 'This is what might happen in the World Bank if we shared our knowledge' — the response I get is: 'Oh, it will never happen in the World Bank. It might happen in some good organisation, but not in ours.' But suppose I can say, 'No, this actually happened. Let me tell you about something that actually happened. Here's the task team leader. Check it out. It actually happened.' It's the truth of the story that actually wakes people up. When the *New York Times* wrote an article about my book they put this in the headline: 'Storytelling only works if the tales are true.' So you've heard it from your mother; now you've heard it from the *New York Times*. "Do not tell a lie." It's not a good idea. They also had a wonderful cartoon with an executive sitting on his mother's lap having a story read to him, and it's that kind of cosy feeling, which is what we are trying to do here. But what is not so good about this cartoon — these are not fairy stories. These are stories that actually happened.
- The story has to be authentically true. When I say a true story, it's not just a story that lacks factual inaccuracies. Suppose I tell you a story about the ship, *Titanic,* as follows: "700 happy passengers arrived in New York after the *Titanic's* maiden

voyage." That story is factually accurate as far as it goes. But it leaves out the little detail that the *Titanic* sank. When people hear a striking story, they are going to look into the story and the moment they dig into that story they will find out the *Titanic* sank. The interesting thing is that many, if not most, corporate communications, are exactly in this format. They present a rosy picture of something but when people look just below the surface or just round the corner, they discover some horrible thing that totally undermines the story, and backfires on the storyteller. The story not only has to be factually accurate; it has to be authentically true, so that when people learn more about what happened, they will say, 'Yes, that's what happened in this case.'

- And the story needs to be told as simply as possible. This is not about telling elaborate stories. It's about very simple stories that enable people to move into different environments. They are minimalist kind of stories. They are told in this way, so as to leave space for the little voice in the head to tell its own story. You'll recall when I told you about the health worker in Zambia, I didn't tell you whether it was a nurse or a doctor, a man or a woman, whether it was hot or cold, wet or dry. I didn't tell you anything about the context of Zambia, because I didn't you getting interested in that Zambian health worker. I wanted you to be thinking about what sharing knowledge might function in your own environment.
- Finally, Hollywood is right. The story has to have a happy ending. I've had absolutely no success with a story in the form, 'I know a firm that went *bankrupt* because they *didn't* implement knowledge management.' I've had no success at all with that kind of story. Recently, neuroscience has given some ideas why. For the last few hundred years, the main attention was on the human brain, the cortex. More recently, there's been work done on the mammal brain, that sits just under the human brain, and underneath that, the reptile brain which we all. The mammal and reptile brains – the limbic system – are useful for some things. Imagine you're driving along the highway, not paying much attention, and something comes in front of you. It's these gadgets in the brain that wake you up and say. 'Hey, wake up! Do something! Action! Fight! Flight! Something's come in front of you! Do something!' So you may wake up and do something and so you might survive. So these parts of the brain have been very useful to us, but in storytelling they have some unfortunate implications, because if I tell you the story with the unhappy ending, the firm that *didn't* implement knowledge management and went *bankrupt*, what seems to be happening is that this limbic system is kicking in and saying, 'Something bad has happened. Do something.' Now the cortex can in fact intervene and overrule the limbic system, saying, 'Now calm down, reptile brain. We may actually learn something from this instructive experience.' The human brain may win the debate, but after another encounter with the reptile brain, the person is in no mood to move rapidly forward into action in the future. But if I tell you a story with a happy ending, what seems to be going on is that the limbic system is providing what's called an *endogenous opiate reward* to the

cortex. It injects a substance called dopamine into a part of the cortex and this creates a warm and floating feeling. It basically puts the brain on drugs. Then you are the perfect frame of mind to be thinking about a new future for yourself, your unit, your organisation, your family, whatever. You are ready for the future.

Other limitations

There are other limitations. You have to let go of control. It's difficult for people like me, people who have been managing for many years, and used to controlling, directing, deciding, to actually have to stand back and let the listener decide whether this makes sense for them. If I tell you the story and then I say to you, 'Now this is what it means for you. Tomorrow morning this is what you've got to do.' Then you're back into the old world of command and control and it doesn't work. You have to stand back and trust the listener do the work.

It doesn't work on everyone. I've had a bit of a problem with old-style soviets or accountants. The problem is that *nothing* works on these people. You just have to wait for death or retirement.

And the story has to be performed with passion. This is what the president of the World Bank objected when he heard the Pakistan story to the second time; it was told in a lacklustre fashion so it wasn't the same story. You have to perform the story as though you were there, in Pakistan, not having an answer to that question. If you believe, and you tell it as though you believe, then your listener will equally believe in the story.

Finally, I'm not saying abandon analysis. I'm saying marry narrative with analysis. Use narrative to get people inside the idea so they feel it, understand it, and once they've understood it then you can analyse and look at the costs and benefits.

Who can be a storyteller?

Who can do this? Who can tell this kind of story? Does it need some kind of special talent? Does it need some unique kind of person who can do this? Some people have told me that this is interesting but no use to them, because they can't tell a story, not even if their life depended on it.

Well, in response to these people, I would like to put in evidence my wife. My wife says to me, "Steve, this crazy. Here you are. Steve. Monosyllabic. Never say a word at the dinner table. Never talk to me. Never tell me stories. Never tell me jokes. But here you are going round the world apparently making a living out of telling stories. And even worse, now you're teaching other people how to tell stories. If you can do this, anybody can."

And of course that's the point. Anybody can. Everybody does. This is something that is natural to every human being. In fact, Damasio suggests that even before we can speak, non-verbal narratives are the foundation for what he calls core-consciousness.

We can argue about that, but what isn't arguable about it that when we get to the age of two this is actually how we start to make sense of the world. Studies show that at that age, we do

actually tell stories, exchange stories with our parents, our siblings, our friends, and with ourselves, and that's how we make sense of the world.

By the time we're five psychologists have shown we are master storytellers. By that age, we are very accomplished storytellers. No one has taught us this. We just know what to do.

Then something happens to us. We go to school and we are told, 'Put all that away, children. That is kids' stuff. That's for primitive people. We are now going to teach you the abstract facts of life.' And we spend the next 10, 20, 30, 40 years being pummelled with a whole mass of abstractions. You're told, 'Put away those narrative things. They aren't useful.' But what do you do after one of those lectures full of abstractions? Whether you're a kid at school, or whether you're an adult in an organisation, after a long lecture full of analysis, you rush outside and after a few expressions of appreciation for the lecture 'Oh my gosh, what a lecture!' — – you tell stories with your friends, your colleagues. You in fact keep on doing it and you do it as much as you can. You do it over coffee. You do it over the dinner table. You go to the theatre, you go to the cinema, you go to parties. You tell stories all day, and you can do it all night.

We in fact are storytelling animals. Dogs sniff each other; human beings tell stories. It's as basic as that. It's one of the things that human beings do. Once you realise that's what we do, then you can start to use this as a tool for constructive purposes. You can start to use storytelling intelligently. So one of the things I do is give workshops for people so they can start to learn how to use this tool intelligently in their work. I also give workshops to organisations that realise, 'Our future actually depends on the ability of our staff to tell stories,' and so I coach them how to do that.

This phenomenon of the importance of storytelling obviously has broader implications. If storytelling can change organizations, what else can it do? Well, it can do quite a few other things.

- It can not only do what I've been talking about here, namely, springboard stories that get people to understand a complex idea and move rapidly into action.
- It can also be used to get people working together. All the management books are full of stuff about how it's crucial that everyone works together, but they generally don't offer very much on *how* do you get people work together? If the boss says, 'From now on you've got to collaborate,' it doesn't seem to work. One of the things you realise is that groups of people who collaborate, whether it be teams, or communities, or networks, are actually people who share the same stories and who come to see that those stories are important for their collective work. So if you want to get people rapidly working together, one of the things you can do is to accelerate the process of a group telling stories to each other so that they have a body of shared stories, and

then they constitute a group. So this is a methodology we use that can accelerate the process of a set of individuals rapidly coming together and learning how to tell stories and becoming a community. They will do it naturally but it may take a long time. You can speed up the process a great deal and they start to collaborate more rapidly.

- Thirdly, storytelling can be used to transfer knowledge. The knowledge transfer story is a different kind of story from the story we've been talking about today. Basically we learn from our mistakes, so negative stories are the kind of stories that you use to transfer knowledge. We learn a lot more from our mistakes than from the successful things. If you're trying to get people into action then it's a positive story that will carry them forward into action. But to learn something we need to talk about our mistakes. But think about how easy is it to get people to talk about their mistakes in organisations. The boss says: 'Tell me about you mistakes. I want to hear about them.' Against a background of downsizing and job cuts, the employee will often reply: "Nothing comes to mind. Can't seem to think of anything.' The reality is that you need to create an environment in the organisation where telling stories about mistakes and problems is not only permitted but encouraged. If you want a large website with a whole lot of knowledge transfer going on, there's a radio programme in the US called *Car talk*. You have two people, two brothers, two real experts, and people call in and ask about their problem. So Linda calls in from Peoria and her 1969 Toyota is making a funny noise. You'll hear the guys go explore the context: 'What kind of a noise is it? Is it this kind of a noise or that kind of a noise? When did it develop this noise? What else was going on?' And they zero in on what the problem is. They have a lot of expertise, actually, about both cars and life. You can listen to them on the website anywhere in the world. You'll hear to an amazing amount of knowledge being exchanged as the two experts talk with the listener, trying to understand the context of Linda and her Toyota and zeroing in on getting the answer. A very interesting exchange of knowledge through stories. (http://cartalk.cars.com)
- Then there are virus stories, stories to disrupt an ongoing narrative dynamic. Often organisations have these big negative narrative dynamics going on and the management simply doesn't know about it, or if they do, they don't know what to do. It just gets worse and worse. One of the things you can do is tell a virus story and stop the dynamic in its tracks. One of the public examples of this phenomenon was in the 1992 presidential campaign in the US. George Bush senior was campaigning with Bill Clinton. Bush was mercilessly attacking Hillary Clinton. She didn't bake cookies, she wasn't suitable to be a first lady, and it went on and on, day after day. It looked as Hilary was going to be a big campaign issue. And then the Clinton campaign came up with one two-line story that stopped that dynamic in its tracks. The Clinton campaign said, 'It's obvious George Bush is not running for President. He's campaigning to be first lady.' We didn't hear a word about Hillary the rest of that campaign. It's amazing but a two-line story like can stop one of those negative campaigns on the spot. It's

difficult to craft this kind of story, but if you can do it, it is very powerful.

- And then of course stories that pave the way for the future. If you look at leaders, what they actually do, they actually tell stories. Look at Churchill, the wonderful set of stories that he told that changed the fate of the Second World War.

There are different patterns for each of these stories. Depending on the objective that you're trying to accomplish, the patterns are quite different. If you're trying to tell a story to spark a group into action you need a positive story. If you're trying to share knowledge you need a negative story. So don't use a positive story to share knowledge. It's not going to work.

What does storytelling add up to?

What does storytelling add up to? Well, I made fun of accountants earlier on, but they're useful for one thing. They are good at adding things up. In fact, an economist, Deirdre McClosky, has added up how much persuasion amounts to in the GNP and has written a peer-reviewed article in the American Economic Review (1995, Vol. 85, No. 2). She has come to the total of 28% of GNP. That's what persuasion is valued at in the US economy. If we assume storytelling is two-thirds of this, that means that storytelling amounts to $1.8 trillion in the US economy, which in most people's eyes is a non-trivial number.

So here I was five years ago, I couldn't see that. Here I was, staring at this $1.8 trillion phenomenon; I couldn't see it. Why was that? I think Marcel Proust has captured this in this wonderful phrase: "The real voyage of discovery consists not in seeking new landscapes but in having new eyes."

I hope that I have been able to give you a new set of eyes to look at the world in a different kind of a way.

Discussion

The chairman: You started out from this perspective of knowledge management. That was the role that you were given in the World Bank. That was the task you were set. How do you feel about knowledge management now? For me it's a phrase that I instinctively react against. How do you manage knowledge? Knowledge is uncontrollable in a sense. Do you see knowledge management as almost in the old world that you inhabited?

The lecturer: I would say that the term itself, 'knowledge management', is stupid, a contradiction in terms. So you're absolutely right. You can't manage knowledge, so at the World Bank, we stopped calling it 'knowledge management' and called it instead, 'knowledge sharing'. Sharing knowledge is not perfect but nevertheless it captures the main idea of the

underlying concept that there are people who know some things and there are other people who need to know those things, and if you can get that happening much more rapidly, then you can get a lot of things done, as I showed you in the Pakistan and Zambia stories. So the basic idea of knowledge sharing makes ultimate sense. And because it's now possible to move very agilely in sharing knowledge, it is becoming a source of competitive advantage that those organisations that can do this well, can move much more quickly and effectively than those who can't. So it is becoming a central phenomenon in business.

The actual implementation of it, though, has split into two streams. One is the information technology stream. Some people imagine that if they build some databases and buy some equipment and load some software that this will result in the sharing of knowledge. That is nonsense and it doesn't work and firms that do that often end up saying that knowledge management doesn't work.

But there is another stream, the organic stream of knowledge management, which depends on getting people together in communities, in groups, so that they know and trust each other, and providing them with tools that can help them do that faster and more easily. That form of knowledge sharing is flourishing and will be a central part, I think, of the business scene in the 21st century.

Peter Logan: Storytelling or myth making is as old as human beings, of course; the two came in together. Until fairly modern times there's basically been one story that humanity has told itself which I won't go into now, but it goes through all the myth making of all the peoples of the world, down through the religions, and it has a purpose. The purpose of myth making is to take you away from this world into another world, from the world of the everyday into the world of belief and magic and so forth. Therefore it takes you away from thought into belief. A modern translation of belief could be ideology, of course. My reading of what's been going on tonight — and I'm sure the dopamine's been flowing like the river Liffey — is an update of management speak which has been going on since the early 20th century alongside various forms of psychology. Every time one version begins to break down, they have to think up a new one. These stories and myths tie in with this notion of going from the everyday, from thought, from analysis into the realm of belief and is very much tied in with that. A lot of management theory is all tied in with magic and the whole of mind–body–spirit. Usually on closer analysis it hasn't got very much to do with mind, but it confuses complexity with profundity. It seems to me that the purpose of all this myth making, storytelling, and all the rest of it is to create forms of change which will leave things as they were.

The lecturer: You've made a number of comments and we could talk all night on that. Let me just say briefly a couple of things. When you say or imply that this storytelling is about creating belief and creating myths, I'm not sure if you're meaning that on one side there is

storytelling that is something narrow and about an imaginary world, about myths and religious beliefs and vague peripheral things; and on the other side, that there is this really substantial and solid thing – analysis and knowledge –over here which occupies most of life, of the serious things of life in organizations and business. I guess what I'm saying is that that vision of the world and that vision of organisations, even that vision of science, I think is fundamentally flawed, that all of those things — organisations, countries, societies, science — are riddled with stories, imbued with stories, soaked in stories, and storytelling is in fact the language by which all of those people communicate. Look what's actually happening in organisations. Look how knowledge is actually transferred. Look at how successful managers manage. When you get down to it and look, you can actually observe what's going on, and it's mainly people are actually sharing stories.

On the plane, I was reading a book by Richard Feynman, a scientist who won the Nobel prize for physics in the 1960s, a wonderful writer, and a very honest writer. Although he makes fun of stories and even social science, and says that this is just stories, not serious science at all, if you read carefully what he's saying, in fact he tells one story after another, and he explains that that's how he learnt as a child, that's how he understood what was going on in physics. His father would explain to him the encyclopedia. The encyclopedia would say a brontosaurus has a head 5 feet wide and a body that's 25 feet high. His father would tell him a story about what that means in terms of the size of their house and then little Richard Feynman could in fact understand what it meant. Watch what people do, rather than what they say.

This phenomenon of understanding things through stories is pervasive, it's ubiquitous. Taylor started it and his followers have pursued a mechanistic view of organisations — obviously organisations in some respect operate as machines but an organisation is more than a machine. It actually has some people in it who have wills of their own, who have thoughts, who have desires, and if you ignore those phenomena then you will end up committing some of the great blunders of business re-engineering and all of those things which tried to treat living organisations as inanimate machine-like things. And the living part of the organisation is basically flowing on a river of storytelling. So if you want to understand organisations, I'm saying look, listen to those stories and then you'll be able to understand the living part of the organisation.

Jan Wyllie (Managing editor, *Trend Monitor*): According, in a sense, to what you've been saying, I think we may have to agree that Goebbels was a great storyteller. My question is: how can that kind of abuse — because he lied, and you're talking about partial truths and the line is a bit vague — how is that kind of abuse of storytelling, how can we prevent that?

The lecturer: Storytelling is a tool. Any tool can be used for good purpose or bad purpose. Whether it's a hammer or an aeroplane, you can use those tools for good purposes or for bad

purposes. If you start to say, ‘I’m not going to fly in aeroplanes because terrorists use aeroplanes for bad purposes,’ I’m not sure that that’s a rational response. We have to take into account that these are tools that can be used for good or bad purposes. If you leave the effective tools to the bad people, then you will be less effective than you might be and the world will be a poorer place. What I’m saying is here is a tool that has been used by good people, it’s been used by very bad people, but it’s something that works, so if you want to communicate with people, here’s a tool that actually works.

John Farago: I’m delighted by this presentation. A similar experience with frustration of implementing learning organisations as you’ve had with the knowledge management. My latest venture is very much about creating relationships and more particularly creating loving relationships, and I think stories are very much about creating loving relationships. But unfortunately there is a lot of storytelling going on. — you only have to look at Ireland or the Middle East or even 11 September — where the stories are very different and they’re very much about getting different things done, very much oppposing things done. So there is a dilemma there.

The lecturer: I would agree that the interpretation of these events like 11 September or like Enron or like whatever is basically an exchange of stories in which people negotiate their stories with other people’s stories. The outcome of that is not something that can be determined by any principle — there’s no principle which can decide which is the right story to apply. It becomes a judgement of the participants as to which story to use. My recommendation would be to allow the storytelling to take place so that they can meet, and exchange of understanding between different groups. One of my colleagues, Dave Snowden, a director at IBM, is also very interested in storytelling, and he is working with the White House to try to put some of those people through an experience of listening to the stories of some of the groups around the world, stories that those people have never listened to before. You see, they’ve never heard the kind of stories and attitudes that could have led to some of the events that we’ve seen over the last year. As a result, they couldn’t understand why anyone would be hostile to the United States. As a way of broadening their understanding of what is happening in the world, I think that provides the possibility that once we can understand the stories that other people are telling, if we actually listen to them, then there’s a chance that we ourselves can act more effectively in the future, and negotiate a new story for the future.

The chairman: Are there any people out there who’ve also got stories to tell about the way that they’ve used storytelling in their own organisations? Perhaps, if so, you’d like to share that with us.

Gerald Milward-Oliver: I’m sure we’re all well aware of the number of times we find large

organisations whose culture leads them to do things that smack of a substantial lack of common sense. The number of times something happens and we say, 'How could they possibly do that? It just doesn't make sense.' Are you finding in any way in your travels that storytelling is helping restore some common sense to cultures within organisations by the fact that they're going back into the real narrative world?

The lecturer: My experience is more that the people who talk to me are often close to the top of the organisation, they know very well what's wrong with the organisation, and they know very well what's wrong with the culture of the organisation. They are very familiar with the criticism of their organization and in fact they may feel the same. They often have some very good ideas as to what the organisation could and should be doing. But they have one big problem: they are unable to persuade the management to accept their ideas, and so they come to me and say: 'How can I communicate these ideas more effectively? How can I get these ideas across to a group of executives who for a whole bunch of reasons, usually historical, are not listening to what the alternatives might be?' So my sense is that when you look at organisations, you look at the outcome, and you think that they might not be acting very intelligently, but within those organisations I'm always surprised at how knowledgeable, how insightful, how well motivated, how ethical the people who I'm dealing with are, who are really sincerely interested in those organisations becoming better organisations and interested in a tool that might be able to help them do that.

The chairman: The phrase in your presentation that really resonated with me was 'We make sense of the world through stories'. That seems to me just completely about having some common sense. Is there anyone there who's volunteering to tell a story or are these questions?

Pat O'Mahony: I first met Steve in December last year near London. I didn't know who I was meeting and I knew nothing about storytelling. I went away from that small conference and I realised that I had noticed a lot of times that when people introduced their speeches at conferences or when politicians made speeches in which they were trying to change things, the part that was most interesting to the audience was the unscripted part. It was like, 'This evening, on my way here, this is what happened to me.' That part of the talk.

I've been working in a very large organisation which is doing a huge amount of change at the moment. That organisation has tried awfully hard to provide masses of information to the staff in the organisation about the change. I've talked to huge numbers of people in that organisation who have stopped paying any attention to the mass of information that is sent to them. I have found myself, since that conversation with Steve, thinking that if only the leaders in that organisation, instead of giving out information, would start telling stories about how it has happened in other places, the changes that they are trying to bring in, and how those

changes have worked, that the people in the big organisation that they're trying to inspire and hold on to would actually have something to get their minds to grips with and actually start to make the changes be their own. So in a space of about six weeks I've started to realise that an incredible amount of the best communication that's done is the story part. The rest is all stuff that people have to tolerate and sometimes can say how awful it is but often just say how awful it is in stories they tell their friends.

Danny Scheinmann: I'm actually a professional storyteller so I don't really fit in the world most people are from here, but three or four times a year I am brought in to do some consultancy to certain companies. I wanted to share a story with you regarding one of the points you raised. You said that a story has to have truth and if it was a fairy story maybe it wouldn't work. Here's a possible reflection on that. I was working with a big management consultancy. I said, 'What do you do?' and they said, 'Our story is this. We make big companies bigger.' And intrinsic in their story was the notion that that was good, always good. It had some very notable successes but it also had some terrible failures pursuing that goal.

The first story that came to mind for me was the story of a fisherman who is lying on the quayside. It's 11 o'clock in the morning. A big industrialist comes by, kicks him, and says, 'What are you doing? It's 11 o'clock in the morning. You should be out there fishing.' The fisherman says, 'Why? I've caught enough fish for my family and I'm just resting here.' The industrialist says, 'Look, if you catch some more fish you might be able to buy yourself a boat. And with the boat you could go out further to sea, catch more fish, then maybe you'll be able to get yourself a trawler. With a trawler you might be able to get yourself some nets, then maybe you could have a whole fleet, and who knows?' And then the fellow says, 'Well, then what?' And the industrialist says, 'Then you'll be rich. You'll have lots of money.' And the fisherman says, 'What would I do then?' The industrialist says, 'Then you'll be happy and you'll be able to enjoy yourself.' And this fisherman just yawns and says, 'What do you think I'm doing right now?'

The story, which is just a traditional storytelling myth, had its effect because I think it helped them challenge the very story that they told, where they defined their own business, and perhaps made them realise that in some situations it was better to consolidate what a company has rather than to endeavour, as you pointed out with some of those huge takeover deals, to constantly expand and it may well led to failure.

The lecturer: I'm not saying hypothetical stories can't work. I'm saying I've just had a lot more success with true stories. It may reflect the very difficult environments in which I've been operating in which, when you start to talk, people aren't really interested in listening to you at all; they're walking in the opposite direction. In those environments, having a true story has been the spark that's helped me, but obviously these other stories can help too.

Jenny Morley (retired physics educator): First of all can I just congratulate you on quoting who I can consider to be the most excellent physics educator of this century. If you'll pardon a nit-picky physicist asking you a question about your title, possibly accentuating my own lack of understanding of the English language, I wonder if we are into a slight glitch in how we use the word 'storytelling'. Possibly most of the audience will have first come across the storytelling as one word as one little boy saying to his mummy, 'Oh, he's telling stories,' meaning he's fibbing. Do you have the same use of the word 'storytelling' amongst children in America? I would say what you've told us is how to tell stories to ignite action. I'm sorry if that sounds very nit-picky but I am interested. Or did you deliberately trigger the 'Ooh, that's about fibbing. That's not about the truth. It can't help us.'? How are we keying in here?

The lecturer: There are as many definitions of story and storytelling and narrative as there are writers, I think. There's hundreds and hundreds of different definitions. Some of them are very wide and some are very narrow. Some of the definitions put forward by people are that a story has to have this kind of a hero and it has to have this kind of a plot and it has to have this and it has to have that. And of course their definition reflects the kind of story that they happen to like. At the other extreme you have the dictionary, for instance, includes one definition simply as 'an account'. An account of something could be a story or a narrative. I guess I'm somewhere in between those two schools of thought. I would see a story as something that reflects, or actualises, the intersection of three things: of people, of things, and of time. It shows how people and things and time connect in a certain way, usually a causal connection or a lack of a causal connection, and it's a first-person experience. In other words, one follows the story, one lives the story, one imagines what it would be like to be in that story. That is my sense of narrative and story. It's not something on which there's consensus among writers or among even practitioners. It's not an orderly subject, and as we don't have the Académie Française we can't get anyone to make a decision this is how the words should be used. But used in that sense I think one can draw a relatively clear distinction between analysis and narrative and one can start to see why narrative starts to have the impact that it does and why it's so pervasive and why it's different from analysis and how it operates.

Clive Landa: I'm trying to respond to your request, Chairman, to recount an anecdote of a story being used in a corporate environment, and I'll do you another service, which is to quote from one of your books. In fact you're quoting somebody else saying the trouble with words is that you don't know whose mouth they've been in, which is a marvellous quote attributed to Dennis Potter. It works both ways.

I was working with a large multinational, and I'm trying to sanitise the story so that you cannot identify them. They were reputationally challenged and they were in deep doo-doo. The senior management decided that they needed to reconnect with the outside world in some

way or fashion and organised a series of round-table meetings around the world for senior executives to meet with roughly equivalent numbers of outsiders. The outsiders were selected on the basis that they had nothing to do with commerce and industry. They had various axes to grind from different parts of the community and the design of the round table was set in such a way that each of the invited guests found themselves in narrative form, telling a story from their perspective about how they saw the actions and behaviour of this multinational. One of the outcomes was that the people who worked for the organisation reconnected with the outside world and began to understand, without some of the bitterness and upset that they felt at being pilloried by the outside world, they began to understand why they maybe were being thought about in this way.

The intriguing thing for me, and the point I wanted to ask about as to whether this is a technique which should be repeated, is that one of the ways of forcing the guests into narrative mode was to give them insufficient time to do anything other than tell a little story, so that their introduction to their piece was limited to five, maximum ten, minutes. They could not go into analytical mode because there wasn't time to develop the 16 different dimensions. It occurred to me at the time that we were much lauded for the design but that was actually the only single solitary contribution we made which was of any use. Is that a consistent or common theme to getting people out of analytic mode and into narrative, and do you find it works with people in their own organisations?

The lecturer: One is competing with 10, 20, 30 years of education and 10, 20, 30 years of corporate pressure to speak in analytic talk. So one does tend to find that when you put people into any kind of formal setting they will tend to speak in analytical terms. If you give them a time limit that might encourage them to tell a story. If you tell them you want them to tell a story they may be even more likely to do so. What's paradoxical, of course, if you say, 'Now it's all over. Now we're just going to relax for 10 minutes,' what do they do? They start to tell stories for 10 minutes. Everyone is relaxed and creative and a whole lot of insights emerge. 'Now back to order.' Then we're back into analytical speak and everyone stiffens and the flow of ideas stops and we're back in school again, trying to follow the lesson. If you want to be creative, you can make the narrative part the substantive part of the work of the group, and then you can make a lot faster progress. The analytical part is usually just getting in the way of the group's communications.

There's a set of steps you can do to structure the storytelling in a group so that stories start to get exchanged extremely rapidly. The key in that is to have somebody tell a moving personal story at the start. If you put any group together and you have somebody tell a moving personal story and then you create an opportunity for others to respond with their stories, you will find the individiauls coalescing very rapidly so that suddenly you have a whole rash of stories. You find that the group shares many common experiences and they tell stories with a

similar kind of dynamic. This can be quite frightening in an organisation, when you have a bunch of individuals suddenly coming together like this, rapidly, dramatically, suddenly forming into a phalanx. Unless you're ready for that, you probably shouldn't start on the process. It is a tremendously powerful thing if you can create a situation where people share stories with each other. They become a group because a group is a set of individuals who share the same stories.

Eleanor Sharpston (barrister): Mr Denning, your Pakistan road story is a beautiful example of successful knowledge sharing but it's also predicated on a pretty high level of trust between the professional colleagues and the collaborators. I'm grappling with the issue of whether you need to have a certain level of trust before you can start to tell stories, or whether you can use storytelling to try to generate, or as part of a way of generating, that trust. Perhaps it's related to the issue of whether the initiation of storytelling only works if it comes from someone fairly high up in the organisation, i.e. pretty near the top.

The lecturer: I would say that organisations have non-stop storytelling by all the participants, all day every day, whenever they're not constrained by the organization and its processes and procedures, and so there's a huge amount of storytelling, in my sense, going on in the organisation, at water coolers and cafeterias, in meetings and corridors, by phone, by email, whatever. This is the living part of the organisation. What is often happening in corporate environments that have gone through downsizing is that the dynamic of that storytelling had become very negative and the trust levels had become extremely low and the executives are no longer believed. When they get up in front of a crowd, the crowd is thinking, 'Here comes another lie. Here is the system going to do something bad to us.' That is the environment which many of the people that I'm dealing with are living in. If one wants to share knowledge, then one has to find some trustful kind of groupings. That's why in the World Bank we were creating these highway communities or thematic groups which basically got people together in an informal setting and they exchanged stories and then they concluded, 'We're highway people. We have common interests as highway people. We can work together. And we can actually work together better as a group than as individuals.' So that happened on quite a large scale, and for that to happen on a large scale, it does need to have some kind of corporate endorsement or blessing. You can have it happen on a small scale without any blessing, but it won't happen across the organisation unless you have the top of the organisation saying, 'We want the organisation to evolve in this way,' and you put in place the measures for it to happen.

Boris Engelson (freelance journalist): The chairman was asking for concrete examples of storytelling. I am a foreign journalist and two years ago I proposed to a magazine a series on the history of banking failures. They are publishing it but they don't like it and for each issue they try to convince me that I should rather describe the big banking successes. So if ever

you want to develop the second part, there is one part for triggering action and one part for triggering knowledge, I am your man. I come from a country where all the big companies have been modelled first on the class world-wide for two generations and now suddenly they go bankrupt one after the other. I'm from Switzerland. We have had Swissair. We nearly had Union Bank of Switzerland which will have serious financial services. So it shows how difficuly it is to know if something works, because it may work apparently and suddenly collapse. So congratulations for being the only person with the World Bank who doesn't hamper development, but precisely that brings me to my question.

The question is in fact the question from the little voice within. With or without success stories we are in a situation where any vision of development has collapsed. If we have to consider development as envisioned from 1945, it is a story of a big failure, it's a catastrophe. Now we are, with or without such a story, we are farther apart than ever with the vision how we could reach the goals. Twenty years ago there were competing and very convincing stories. Now it's consensus that nothing works. So how can success stories be convincing if the global consensus is that we are in the midst of a complete collapse of development theory?

The second question is: you said yourself that there are more and more knowledgeable people and there are few and fewer people at the top of organisations with greater and greater privileges, which means that knowledge doesn't make the difference. If people want to be at the helm they have to be tricky about knowledge. they have to be importunate, they have to bluff, and every day we open the newspaper and we say, like Enron but it's just one case in many, that what makes success now is trick. So are tricky organisations really willing to change and become better and perform?

Just a last point: maybe a crime story would be closer to the truth.

The lecturer: In the world today, we are seeing tremendous change, tremendous turbulent change. Some of it is voluntary, some of it's involuntary, but it's certainly not in a period of stagnation. So I think it's an exciting time. It's a time where I think – you're absolutely right – that we need to learn from the mistakes in the development area. Yes, I think too much emphasis was put on the money and not enough on the knowledge. But to communicate what the future vision of development would be like will not be created by dwelling on the mistakes. It will be created by dreaming a new dream, dreaming a dream, that's based on knowledge, that's based on trust, that's based on truth, that's based on being open, and creating environments where that is possible and looking around for environments where that can happen, where there is rapid innovation.

One of the possible areas that I'm trying out stories of that kind is in the venture capital field. The venture capital field is one where you have rapid innovation, you have large amounts of

money, you have a lot of failures but you have some dramatic successes. There may be better fields, but we need to find examples where these kinds of very difficult challenges are being met in successful ways and then see whether those stories can spark these organisations, these countries, these groupings, to get into a much more productive kind of future. But whatever the outcome, I think it's going to be different. It's going to be a turbulent world, it's going to be an exciting world, it's going to be a different world, and we will need storytelling to help us cope with that world.