

John Seely Brown
Stephen Denning
Katalina Groh
Laurence Prusak



STORYTELLING IN ORGANIZATIONS

Why Storytelling Is Transforming
21st Century Organizations
and Management

Storytelling in Organizations

Storytelling in Organizations

Why Storytelling Is Transforming 21st Century
Organizations and Management

JOHN SEELY BROWN
STEPHEN DENNING
KATALINA GROH
LAURENCE PRUSAK

 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

First published by Butterworth-Heinemann

This edition published 2011 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

Copyright © 2005, John Seely Brown, Stephen Denning, Katalina Groh, and Laurence Prusak. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Library of Congress Cataloging-in-Publication Data

Storytelling in organizations: why storytelling is transforming 21st century organizations and management/John Seely Brown ... [et al].

p. cm.

Includes index.

ISBN 0-7506-7820-8 (alk. paper)

1. Communication in management. 2. Communication in organizations.
3. Storytelling. 4. Corporate culture. I. Brown, John Seely.

HD30.3.S765 2004

658.4'5--dc22

2004051873

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

ISBN - 978 0 75067 820 9

Table of Contents

Preface: Stephen Denning	ix
Chapter One: How We Got into Storytelling	1
Larry Prusak: How I Came to Storytelling	1
John Seely Brown: How I Came to Storytelling	5
Steve Denning: How I Came to Storytelling	9
Katalina Groh: How I Came to Storytelling	11
Chapter Two: Storytelling in Organizations	15
<i>Larry Prusak's Original Presentation</i>	15
Categories of Stories in Organizations	15
Diversity in Storytelling: Gender, Ethnicity, and Generation	38
The Attributes of Story	42
The Power of Stories	45
<i>Larry Prusak: Reflections</i>	45
As Knowledge Becomes More Valuable, so Do Stories	45
Some Stories Are Told by the Artifacts	47
Stories That Transfer Social Knowledge	47
The Importance of Knowledge	48

Chapter Three: Narrative as a Knowledge Medium in Organizations	53
<i>John Seely Brown's Original Presentation</i>	53
Tacit Knowledge as a Social Phenomenon	61
Environments That Foster Productive Inquiry	65
The Social Fabric of an Organization	67
Xerox's Eureka	72
Open Source Development	74
Xerox PARC	75
Thresholds, Doorways, and Staircases	78
Practice and Narrative	79
<i>John Seely Brown: Reflections</i>	83
Knowledge Ecologies	83
The Use of Storyboards in Design	85
Social Software	87
The University of Southern California	88
Business Processes That Are Enabling	90
Coordination and Narrative	91
The Evolution of Narrative	93
Creating New Ways to Organize	94
Chapter Four: Using Narrative as a Tool for Change	97
<i>Stephen Denning's Original Presentation</i>	97
The Problem of Change-resistant Organizations	98
The World Bank	100
The Zambia Story	104
The Strategic Discussion of January 2000	105
The Functions of Stories	110
What Are the Limitations?	117
Do All Stories Work This Way?	119
Becoming a Better Storyteller	127
<i>Stephen Denning: Reflections</i>	129
The Growth of Organizational Storytelling	129
An Example of the Use of Organizational Storytelling	130

The Field Has Widened and Deepened	131
The Limits of Storytelling's Effectiveness	133
Digital Storytelling	133
Chapter Five: Storytelling in Making Educational Videos	137
<i>Katalina Groh's Original Presentation</i>	137
An Absurd Idea: An Education	
Film Series on Storytelling	138
Lessons Learned from Making Films	138
<i>Katalina Groh: Reflections</i>	156
Grasping the Power of Storytelling	156
Learning the Customer's Story	158
The Recurring Story of Nelson Mandela	160
Learning to See the World in a New Way	162
Chapter Six: The Role of Narrative in Organizations	165
<i>Stephen Denning: Some Thoughts in 2004</i>	165
Narrative in Organizations: The Story So Far	165
Why Narrative Pervades Organizations	167
A Glance Backward: The Enemies of Storytelling	172
A Glance Sideways: Growing	
Recognition of Narrative	174
A Glance Forward: The Future of	
Organizational Storytelling	176
Further Reading	179
About the Authors	183
John Seely Brown	183
Stephen Denning	183
Katalina Groh	184
Larry Prusak	184
Index	187

Preface: Stephen Denning

WHAT THIS BOOK IS ABOUT

This book tells how four busy executives, each coming from a different background, each with a very different perspective, were surprised to find themselves converge on the idea of narrative as an extraordinarily valuable lens for understanding and managing organizations in the 21st century. It reflects a conversation that took place under the auspices of The Smithsonian Associates in April 2001 and the effects that this conversation has stimulated since then.

The authors are four very different people:

- Larry Prusak has a background as a historian and worked as an executive and researcher in a giant computer firm—IBM.
- John Seely Brown is a scientist with a background in mathematics and computer sciences and was the Chief Scientist of the Xerox Corporation until 2002.
- Katalina Groh studied finance and economics and now creates and distributes educational films for her own firm—Groh Productions.
- I was trained as a lawyer and was director of knowledge management at the World Bank.

Although our journeys started from different sources, our four independent journeys ended up in the same place. None of us either by background or inclination expected to be involved in narrative and

storytelling. But each of us noticed the surprising importance and pervasiveness of narrative and storytelling in our respective settings. Each of us was excited that our understanding of narrative could be used to practical advantage.

We all worked in environments where storytelling was widely seen as something frivolous and ephemeral, something relevant mainly to entertainment, or something that only children and primitive societies engage in. Yet each of us became convinced that narrative and storytelling played an enormous role in the modern economy and in organizations in the public and private sector—the serious aspects of 21st century life. In fact, we have come to see that narrative has a hand in practically everything that happens of any significance in human affairs. And each of us is convinced that storytelling will play a larger explicit role in the future than we would have expected only a few years ago.

This book then is the account of the trajectories that we have each followed to discover the importance of storytelling for management and organizations.

HOW THE FIRST SMITHSONIAN ASSOCIATES EVENT STARTED

Late in 2000, a friend introduced me to Mara Mayor, the director of The Smithsonian Associates, and I talked to her about the idea of launching a symposium on organizational storytelling in Washington DC. Her initial reaction was, “This is an unlikely topic. Do you think anyone would attend?”

I told her my story, and she said “Yes, that *is* interesting. Who else could you line up?” After Larry Prusak and John Seely Brown and Katalina Groh had agreed to participate, she agreed to do it. In fact, she actually came and opened the event with the imposing title of: “Storytelling: Passport to the 21st Century.”

I guess we were all wondering how many people would show up for the event. But it turned out that so many people signed up for it, we had to hire a larger auditorium.

THE AFTERMATH OF THE 2001 SYMPOSIUM

The Smithsonian symposium of 2001 was an exciting event for those who participated in it, and it has continued to have significant ripple effects.

One immediate result of the symposium was the launching of a website that enabled the conversation that took place to reach tens of thousands of people beyond those who were physically present in April 2001.¹

Another direct consequence has been the formation of groups of professionals interested in organizational storytelling. The first of these was in Washington DC. The group, which has come to call itself the Golden Fleece Group, has been meeting on a monthly basis since June 2001. In these meetings, the participants share what they have been doing, or try out new ideas. They also participated in an improv theater event related to another book on storytelling.² Other similar groups have emerged in other parts of the country.³ The groups share views among each other from time to time on topics of common interest.

The Smithsonian symposium itself has also become an annual phenomenon. April in Washington has come to mean organizational storytelling at The Smithsonian Associates. In 2004, the event expanded so that there was a whole weekend of storytelling activities surrounding the symposium at the core. The event now has an international attendance with participants from countries such as Canada, the UK, Denmark, New Zealand, and Brazil.

The message of organizational storytelling is also starting to appear in the management literature. From 2002 onward, the importance of storytelling has been highlighted with articles in Booz Allen's *strategy+business*, the *Harvard Business Review* and the *Wall Street Journal*.⁴

Organizational storytelling is also beginning to appear as an academic topic in universities. For instance, Georgetown University in Washington, DC now has an undergraduate course in storytelling as part of their curriculum. Until recently narrative has typically been

merely an item in a broader knowledge management course or management program; now, it's beginning to be treated as a subject in itself.

THE ROLE OF THIS BOOK

This book is a continuation of the conversation that was launched in 2001. In putting this text before you, we, the authors, believe that the discussion has enduring value. Each chapter includes the presentation that was made in 2001, as well as the reflections of the author, three years later in 2004. We hope that in this format the conversation can reach even more people and stimulate further new discussions and activities in organizational storytelling.

In promoting the cause of narrative, we're obviously not opposed to science. Nor are we proposing to abandon analysis. Where science and analysis can make progress and make a useful contribution, we should use them. Where they can't or don't, they should step aside and let narrative contribute. We're trying to bridge the distance between science and narrative and still retain the value of both. Our aspiration is a marriage of narrative and analysis.

This book doesn't purport to be a comprehensive treatment of organizational storytelling. The authors don't necessarily agree with each other in every detail. Readers will see that some of us are more optimistic about the possibilities for technology than others. Time will tell which leads prove to be the most productive. In presenting different perspectives on issues such as these, we hope to spark some new insights from the reader.

We are less interested in putting forward a theory of narrative than we are in putting before you some idea sparkers and in radiating possibility. We're exploring the thought that narrative has substantial practical value in organizations for dealing with many of the principal challenges facing managers and leaders today.

ENDNOTES

- ¹ <http://www.creatingthe21stcentury.org>
- ² Stephen Denning: *Squirrel Inc.: A Fable of Leadership Through Storytelling*. (Jossey-Bass, May 2004).
- ³ In San Diego, there is the *StoryWork Community of Practice* group and in Boston, there is *Storytelling in Organizations-Boston* (SIO-B).
- ⁴ (1) Bill Birchard: "Once upon a Time" in *strategy+business*, 2nd Quarter 2002. <http://www.strategy-business.com/press/article/18637?pg=0> (March 8, 2004). (2) "Storytelling That Moves People: A Conversation with Screenwriter Coach, Robert McKee." *Harvard Business Review*, June 2003, page 51. (3) Stephen Denning, "Telling Tales" *Harvard Business Review*, May 2004. (4) Julie Bennett: "Spin Straw into Gold with Good Storytelling." *Wall Street Journal*, July 30, 2003. <http://www.startupjournal.com/ideas/services/20030730-bennett.html> (March 8, 2004). (5) Julie Bennett: "Storytelling & Diversity." *Wall Street Journal*, July 8, 2003. <http://www.careerjournal.com/myc/diversity/20030708-bennett.html>

ONE

How We Got into Storytelling

Economic institutions will look to some degree like religious ceremonies or social gatherings. They will need to be read in terms of human intentions and beliefs.

—Deirdre McCloskey¹

LARRY PRUSAK: HOW I CAME TO STORYTELLING

To some people—people in business, people in management, people running public sector organizations—storytelling might seem like an odd subject to be talking about at all. The thought that narrative and storytelling might be important ideas in organizational thinking in the coming century might seem even odder. So, at the outset, let me say how I came to see the importance of narrative and storytelling. For me, there were three main roads.

How Are Norms Transmitted?

I started out in life as a history professor, college-level, on the history of ideas, the history of culture and, so forth. So I would teach and bore freshman students in World Civilization and subjects like that. This was European and Asian history. As it happened, I never studied American history.

But one day, I happened to read Alexis de Tocqueville's *Democracy in America*, one of the great books of the world. And I was astounded, because it read like a Baedeker for America in 1968, the year that I read it, rather than something written in the 1840s. It was absolutely accurate. If you have read it, you'll know what I'm talking about. It's a complete and accurate guide to America, but it's old. The people that de Tocqueville spoke to are no longer living, and yet we act the same way. This book is an extraordinarily good guide to what America is like.

The people de Tocqueville spoke to are no longer living, but his book is still a good guide to what America is like. How could this be?

So I asked myself: "How could this be?" It never occurred to me to ask myself at the time: "What are the carriers of behavioral norms? What are the ways that we learn how to behave that continue through time? How does this happen?"

Historians don't really talk much about this. So I began asking questions of people. I said: "Do anthropologists know about this? Do cultural historians? Who knows about this?" And I couldn't get any good answers. I was at a university and I would hang around other universities, and no one could say what are the carriers of information about behavior that people pick up, and that last for 100 years or more. If you go to Ireland or England, you'll see that they may last 800 hundred years. With the Palestinians and the Israelis, maybe 3000 years.

People have remarkably stable behavior over time. Now it does change. But it doesn't change that much. The continuity and endurance of behavioral norms have a great deal to do with stories. I didn't learn this till years later. But that's what I think it is. Stories from the Bible. Stories of atrocities. Stories about our history. Not so long ago, a woman friend of mine was in Kosovo, where she interviewed grandparents who told stories to their children, their grandchildren, about atrocities that occurred in the 14th century. They raised these children from an early age with stories like: "Think about what this

other group did your ancestors!” And these stories have tremendous salience. The way Bible stories do. The way all sorts of stories do. That’s one road by which I came to storytelling.

How Do Organizations Work?

Another road that may be more pertinent to organizations and management is the failure of the standard model to account for how organizations really work in practice. What’s taught in business schools, and what’s taught in training and development classes and in most corporations, has very little to do with how organizations really work. It’s worse than Plato’s cave—there are not even shadows. It’s a question of using an incorrect metaphor—the metaphor of the machine. Among the many ways this metaphor fails is its failure to explain how people learn how to act in organizations.

*It’s worse than Plato’s cave.
There are not even any
shadows.*

- Where is the knowledge in organizations?
- How do you know what people know?
- How do you know how to behave?
- How do you know how to act when you enter an organization?

Many of the answers to questions can be understood through stories. That’s another reason to study stories.

An aspect that interests me—I’m a kind of economist *manqué*—relates to how much of the economic activity in the United States and in all industrial countries has to do with talking and persuasion. A number of years ago, a well-known economist, Deirdre McCloskey, wrote an article in the *American Economic Review* showing that 28% of the gross national product (GNP) in the United States is accounted for by persuasion.² She did the math, and the numbers are remarkable, if you think about it. Law. Public relations. The ministry. Psychology. Marketing. What do these people do? They persuade other people. The fact is that we all do a lot of this. Some people have other words

for it than persuasion, which I won't go into here. Be that as it may, when you try to persuade someone of something, a big piece of that is telling them stories. If persuasion is 28% of the GNP, you could make a good argument that around two-thirds of that is clever storytelling. On that basis, storytelling would have amounted in 1999 to activities valued at US \$1.8 trillion, a number of decidedly non-trivial dimensions.³

What Do CEOs Actually Do?

The other road concerns the role of CEOs. We all read about the large salaries that CEOs get. Many of us find the disparity between what they earn and what other people earn as immoral and abhorrent. For many years, I never really saw a CEO do anything that was wildly different from what I could do or what most people could do in an organization. So I always used to wonder: why are they paid so much?

And then one day, I went to a meeting. It was a meeting on Wall Street where Lou Gerstner, the CEO of IBM, met the market analysts. And lo and behold, I was asked to come to this meeting. Gerstner is an

Jack Welch was asked his most important attribute and he said, "What really counts is that I'm Irish and I know how to tell stories."

irascible kind of guy, not that charming. I asked myself: "What does he do that other people don't do?" So we go into a room and there are people from the various banks and the brokers and the analysts and Gerstner starts telling them stories. Stories about IBM. Stories about the future of

IBM. These were stories. He couldn't tell them facts about the future. He was telling them what IBM was going to do. It was all stories. And it worked. It really worked. And so I said to myself, "So that's what they do!"

Now I could begin to understand what CEOs do: they tell stories. It must be worth a lot, because when there's a "Buy" rather than a "Sell" or a "Hold," that makes a lot of money for the stakeholders. I don't want to discuss the moral basis of capitalism here,

but I could certainly start to see why some of these people are paid so much.

Take Jack Welch, the former CEO of GE. He was a C plus student, a really second-rate student. He was once asked about the most important attribute he had. He said, “What really counts is that I’m Irish and I know how to tell stories.” There’s a lot of truth to that. When you tell stories to Wall Street, it has tremendous economic and financial implications. We can debate how useful it is. But it has large practical implications.

So these are some of the roads that I took to get to this subject. I’d encourage you to think about what role stories play in cultures, in organizations, in business, in the economy, in society. I think you’ll find that story plays a much greater role than you’d find in any textbook on organizational life, on social life, or on cognitive life.

JOHN SEELY BROWN: HOW I CAME TO STORYTELLING

Communicating Complexity

I got involved in storytelling in a different way.

One day about 8 years ago, I got a call from George Lucas, the filmmaker, and he said, “John, will you come up to the ranch and spend an afternoon with me? I’m doing a film on education and the future of education in the 21st century.”

I looked at him and I said, “George, there’s no way anybody’s going to want to hear about this stuff.”

So of course I went up there. He’s an incredibly friendly, approachable guy, and we ended up talking for about 2 hours, face-to-face. A couple of other people were there. At some point, we were getting into some complex aspects of cognitive theory, and very esoteric material. I looked at him and I said, “George, there’s no way anybody is going to want to hear about this stuff! No way!”

George Lucas looks at me and says, “John, perhaps you don’t know, but most people consider me a pretty good storyteller.”

There was a pregnant pause as I absorbed the meaning of what he was saying.

“John,” he continued, “why don’t you let me worry about that side of things. OK?”

This was a defining moment for me.

Learning to Work with the World

A second defining moment for me had occurred somewhat earlier. I was initially trained in theoretical mathematics and hard-core computer science. This moment showed me the extent to which a theoretical mathematician didn’t fully understand how the world really works.

Before I started working for Xerox, I had been doing troubleshooting for the Air Force, building computer science systems as job-performance aids to help people to be more effective at troubleshooting. Then I joined Xerox, and after a while, they discovered my background.

So they said, “John, you really have to help us.” In those days, most days, those machines broke down.

So I said, “You know, it would be helpful if I could meet some expert troubleshooters.”

They said, “Fine, we’ve got a wonderful troubleshooter out in Leesburg, Virginia. Why don’t you go there and meet him?”

I said, “Great.”

They called in advance and told him that I was coming.

Well, my first mistake was that I walked into his office wearing a suit. This was not good.

He was the kind of guy who fixes real machines. Clearly he wasn’t happy to see me. He was saying to himself, “Now here’s a suit, and it’s going to be a total loss. And he’s an academic—even more of a loss. Clearly, he has his head high up in the sky. Now, how quickly can I get rid of him?”

And he looks at me, and he says, “John, this letter says that you’re an expert troubleshooter. So I’m going to give you a little problem. Here’s the problem. This is a relatively high-speed copier. And this copier has

an intermittent copy-quality fault.” Anybody who’s done any troubleshooting knows that an intermittent fault is nasty. If it’s always broken, it doesn’t take too much to figure it out. But if it’s intermittent, it’s tough.

So he says, “So John, this is The Official Xerox Procedure for fixing an Intermittent Quality Problem. It has five steps. You take this brilliantly conceived computer generated test pattern. And you put it on the platen.” That’s where normal people put the paper. We have a fancy term for everything. “Then you dial in, ‘5000 copies.’ And you push the START button. Now you tell me, John, what do you do next?”

I said, “You get some coffee.”

“Right.”

So I scored one point. I can divide 50 pages (per minute) into 5000. I wasn’t a total loss.

Then he said, “Yes, that’s what you do. You go get some coffee. A few minutes. Maybe half an hour. Then you come back and the next step is to take this pile of 5000 copies, 10 reams of paper, and you plough through the pile until you find an example of something bad, and then you save that. And then you plough through the pile some more until you get to something else that’s bad and you save that too. And that’s how you do this, right?”

“Yes.”

And then he said, “Well John, since you’re an expert troubleshooter, surely you would have a better idea how to diagnose this machine, right? So why don’t you tell me how you would go about doing it. Clearly you are cleverer than this rote procedure.”

I hemmed and hawed and I tried to put off answering. The truth is that I was trying to get him to say something. It’s an old trick in the Air Force. So for about 10 minutes, I danced around. Then he became impatient and he said, “Blah, blah, damn it, John, are you going to tell me how you’d do it, or not?”

Now here’s a suit coming in, so it’s going to be a total loss. And he’s an academic—even more of a loss.

And I said, “I’m sorry, Paul, I just can’t think of anything.” He stared at me. “I mean, I’d do something similar.”

And he said, “I thought so!”

So I asked him, “Paul, how would you do it?”

And he looks at me and he says, “Surely it’s obvious what to do!” He walks across the room to the waste basket next to the copier. He picks up the waste basket, and brings it over to a table, dumps the contents on the table, quickly sifts through the paper, and about thirty seconds later, comes up with brilliant sets of copy-quality problems. And he says, “You know, John, when someone discovers a copy-quality problem, do they classify it as a Copy Quality Problem? No. They classify it as a messed-up copy and they throw it away. So why don’t you let the world do a little bit of the work for you? Why don’t you work *with* the world, and see that there’s a natural way to have the world collect this information for you. Just step back and read the world a little bit.”

That phrase, “Read the world a little bit” is almost like judo.

As I walked out, I thought to myself: this guy is a genius.

Paul said, “This waste basket was ready at hand. It was already there. It was already full of this stuff. Learn to work with the world, and you’re going to find your life a lot simpler.”

As I walked out, I thought to myself, “This guy is a genius.” I also realized that it would be very hard to build computer systems that could do what Paul had just done.

So this was a major event for me. It was about the same time that I came across a book by Bruno Latour on *bricolage*.⁴ That’s an even better term for what we’re talking about. This was a huge inspiration for me.

Communicating Rapidly

Then another thing happened having to do with the way an organization works. It turns out that one of the problems that CEOs have is: how do you communicate a message effectively throughout the entire