

EXECUTIVE SUMMARY

In this paper, the focus will be on organizational culture, often defined as the social glue that keeps the organization together, and the transfer of cultural understanding in organizations. Stability in and understanding of organizational and of brand values must be central in the corporate culture. Therefore, focus will be kept on how to maintain and transfer a shared understanding of the organizational culture and the brand values. The claim will be that it can be done by storytelling as a tool of internal branding, and this will be explained in the context of a narrative framework.

The paper seeks to develop a framework on a nascent theoretical approach in organizational science by combining theoretical elements from organizational science and the science of storytelling. For instance, inspiration for a narrative approach is sought from the techniques and thoughts in literary theory. It is believed that the crossing of boundaries between the scientific and narrative community can be very rewarding to the development of organizational research. From literary theory organization analysis has already borrowed poststructuralism and postmodernism from which organizational understanding and research has developed further significant and relevant topics to the field of organizational studies.¹ Now literary theory is approached again for inspiring and supplementing both organizational theory and the understanding of organizations. The concept of organizational storytelling is closely linked to literary theory and will be applied for managerial purposes.

Organizational stories will be seen as means for transferring the foundational understanding of organizational culture, norms, and values to new members of an organization, and for maintaining and developing the meaning of the organizational norms and values for members and employees that has been with the company for a longer period of time. For grasping the idea and potential of organizational storytelling large parts of the paper have been devoted to theoretical elements that provide a conceptual foundation for understanding the idea of organizational storytelling. For example, neurological research has been interlaced in order to give weight to the statements of literary research, and after having proved the power of the narratives by neurological research, potential organizational storytelling situations have been identified and a complete theoretical storytelling process has been worked out.

The main findings of this research are summarized below:

¹ Cp. Nymark, S. R. (1999), p. 2

Organizational stories provide evidence about the basic metaphors that structure the way the firm is perceived. Because human beings have a limited tolerance for ambiguity, we depend on metaphor and symbolism to help resolve it. The more ambiguous a situation is, the more important metaphors become for ordering the situation and making sense of our organizational experience. Stories are tangible formulations of abstractions like ideas, attitudes, judgements, or beliefs. They can be used to teach approved behaviors and attitudes, revealing the proper conduct or expectation in certain types of situations. Organizational narratives help members make sense of phenomena in their environment. Through observation, self-examination, and social interaction, can people interpret their organizational world and act accordingly. Thus, stories can be used to support or deny any given set of feelings. They go beyond simply making sense of the existing world and actually serve to create it. They go beyond what did happen to imply what should happen. As such, norms and values can be readily communicated through stories and their explicit stated or implicit morals. Storytelling can therefore be used as an effective management tool to transmit values and trigger changes.

Storytelling gets inside the minds of the individuals who collectively make up the organization and affects how they think, worry, wonder, agonize, and dream about themselves and their organization. Storytelling enables the individuals in an organization to see themselves and the organization from a different point of view and take decisions and change their behavior in accordance with these perceptions, insights and identities. According to Stephen Denning, the attractions of narratives are obvious. „Storytelling is natural, easy, entertaining and energizing. Stories help us understand complexity. Stories can enhance or change perceptions. Stories are easy to remember. Stories are inherently non-adversarial and non-hierarchical. They bypass normal defense mechanisms and engage our feelings.”² Since stories engage people’s minds, hearts, physical beings and the human spirit, they inspire people to change – to try a new behavior, to let go of an old attitude, to embrace the future, and to take action.

The power of the story is derived from four main attributes that help people to understand and to make them change:

- *Stories are more memorable:* In many ways, stories are like ballads. They have a beginning, a middle, and an ending. Because of their structure, stories are easy to remember and to retell, thus reinforcing the story’s message over and over again.

² Denning, S. (2001), p. xv

- *Stories allow people to discover:* Stories allow those who hear or read them to draw personal insights and conclusions, even if the point of the story is given. In this way, stories have the power to teach and inform far beyond the obvious.
- *Stories touch human beings:* In addition to making us think, stories have the unique ability to connect with human physical being. Stories often have greater impact on the listeners or readers behaviors, thoughts, and attitudes than other communication mediums.
- *Stories forge connections between the teller and the listener:* Because of the myriad ways stories touch the receiver, they can foster empathy on the part of the listener to the storyteller. If the story is a personal one and is similar to a work or life situation listeners have experienced, they will more closely identify with the teller. In addition, the storyteller may appear to be more of a peer than a powerful figure, especially if the story that is told speaks to his or her vulnerabilities.

Recent *neurological* research shows that storytelling is a natural characteristic of core consciousness. The brain's representation of sequences of events in wordless imaged narratives occurs quite early in evolutionary terms. Moment by moment, the brain portrays what is happening in the organism's world in a narratively patterned array. This narrative patterning occurs automatically: in effect, the brain gives a narrative explanation of an event even before there is a request for it.³ Neurological research states that stories are the way human beings think and make sense of the environment. Therefore storytelling can achieve far more impact than other communication tools.

In order to apply organizational storytelling effectively it is necessary to make sure a potential storytelling situation is existent. Typical storytelling situations include:

- *New or unexpected circumstances*
- *Situations that require feelings as well as thoughts*
- *Complex situations*
- *Situations in which people need help understanding why*

Having found a typical storytelling situation the storytelling approach is recommended if one of the below mentioned objectives is the desired managerial purpose.

- *Share norms and values*
- *Develop trust and commitment*

³ Cp. Damasio, A. (2000), p. 189

- *Share tacit knowledge*
- *Facilitate unlearning and change*
- *Generate emotional connection*
- *Communicating rules, laws, and policies*

By having identified a potential storytelling situation and a matching managerial purpose the storytelling process starts. The storytelling process covers topics such as; defining the goal, defining the target group, gathering authentic story material, creating the story, and distributing the story. The storytelling process has been worked out in detail, thus large parts of the paper has been devoted to theoretical elements of the storytelling process. The created storytelling process is not only a theoretical essay, in fact it is more a guideline for organizational storytelling which gives direction and advice.

Storytelling can be used in myriad ways of organizational application areas. Due to the infinite number of potential storytelling occasions, the author focuses on four main areas and will gain deeper insight to the specific field of internal marketing and internal branding. The interest for this specific field evolved due to the high rate of failure in mergers and acquisition. In the case of mergers and acquisitions one can observe a regularity of culture clashes, which often are responsible for the failure of the merger. Internal branding is therefore crucial to bring together two different cultures.

Storytelling applied for the specific use of internal branding can be seen as a promising tool to reach this goal. Internal branding, done well, allows employees to transition from receiving information, to understanding the information, to becoming committed, so that they change their behavior in support of the company goals. Storytelling as a tool to transmit values and facilitate unlearning and change seems to be tailor-made for internal branding purposes. The stories shared with others are the building blocks of any human relationship. Stories place words and images on our experiences. They help shape perception of „who we are” and „what we stand for”. Likewise, stories are told and flow through all companies. By analyzing and interpreting those stories the organizations’ values can be uncovered. Thus, through these stories, employees come to understand themselves and the company brand. In turn, these stories help employees understand the reasoning behind the company’s values and guide them towards actually living those brand values in day-to-day operations. Storytelling works as a supplement to traditional management tools. For managers, storytelling can help to anchor the company’s values, visions and culture within the organisation. As such the goal should be to identify those stories that best communicate the company’s brand values, at the same time ensuring that they will be told again and again. By insuring that employees understand and

even experience and live the organizational key values, cultural clashes can be avoided. The storytelling process has to be seen as an organic learning experience. It is not only a project with a narrow time frame, it is much more a long term process which runs over years and involves the entire company. Building a storytelling organization is therefore a strategic management decision which needs the full support of top-and middle-management. A very recent example of merging the two power telecom brands of AT&T and BT was apparently enhanced by a joint internal culture exercise. This helped the two managements evolve a new culture for the merged international operations. Similar processes would have been invoked after the creation of Diageo and more recently, UBS, which will be discussed further throughout the paper.

After the successful merger and the myriad acquisitions of UBS, the management faces the challenge of bringing together people from different cultures with different experiences, perceptions and points of view. A look at the current situation of UBS shows that after all mergers and acquisitions, the single brand strategy implementation has been successfully conducted. By taking a closer look at the employees it is still obvious that far from all employees do understand, accept, experience or even live the corporate brand values. Therefore internal branding seems to be a useful tool to align all employees behind the brand message. In order to so, the brand management team at UBS wanted to gain more insight to the increasingly accepted management tool of organizational storytelling and gave the author the mandate to create a potential storytelling scenario in the context of the final thesis. The potential storytelling scenario has been created in close collaboration with the brand management team at UBS.

Although there is no performance or impact measurement available yet, UBS will go on the set direction and will benefit from the advantages storytelling brings with it. Nevertheless, trying to get people and organisations to change the way they do things can be a long and painful journey. It would be naïve to think that a page of “Little Red Riding Hood” would make people instantly receptive to new ideas. But nevertheless storytelling is a powerful yet often undervalued resource that can certainly help the journey along.

“The story may be the bridge to that place that hasn’t been accessed yet.”⁴

-Prof. Charles R. Hale (University of Austin)-

⁴ Hale, C.R. (2005), p. 50