The Smart Manager Series (#5)

Storytelling in Business

Survival Kit

June 2019

“The most powerful person in the world is the storyteller”
– Steve Jobs

Key principles & Tools

Smart Pharma Consulting
1. Introduction

Storytelling is a unique tool to communicate a message, it captures attention and engages the mind through emotions

- The purpose of business storytelling is to help improve credibility and engagement to an organization through the sharing of a well-constructed speech

- The aim of this position paper is to understand the power of storytelling as a tool in business and to provide the key practices to best implement it in organizations

“We want to hear information through stories, with villains, characters, and a hero to rally around. It’s the way the world and our brains work. We’re wired that way” – Carmine Gallo

“Marketing is no longer about the stuff that you make, but about the stories you tell” – Seth Godin

Sources: Smart Pharma Consulting
What is storytelling?

Storytelling is a very old technique which is considered as one of the most effective and influential means to reach people and move them with a message.

Storytelling consists in sharing stories through different media to disclose the narrative of a story.

- A story describes what happened
- A good story helps you see what happened
- A great story helps you feel what happened

The 4 Cs of a story

- Context which indicates when and where the story happened
- Characters to create connections and emotion with the audience
- Conflict which drives the action of the story, creates tension and that is likely to be resolved at the end of the story
- Creation which defines the telling, the way the context, characters and conflict are articulated into a narrative

“A story is a fact wrapped in context and delivered with emotion” – Indranil Chakraborty

Storytelling & modes of persuasion

The Aristotle’s modes of persuasion, based on the ethos, logos and pathos triad build credibility, stir emotions and prompt action

Aristotle has written “The Art of Rhetoric”, more than 2,000 years ago in which he proposed three modes of persuasion:

- **Ethos** (credibility) of the storyteller which depends on his:
  - Good sense
  - Good moral character
  - Goodwill

- **Pathos** (emotion) which is used to build a common bond with the audience through a shared identity and/or shared values, and inspire action by stirring emotions such as:
  - Anger and Calmness
  - Fear and Confidence
  - Kindness and Unkindness
  - Envy and Emulation

- **Logos** (logical argument) is based on:
  - Deductive reasoning (e.g. syllogism\(^1\))
  - Inductive reasoning (from specific to general\(^2\))

and is important to demonstrate strong evidence with the help of facts, figures and testimony to support conclusions

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Sources: Adapted from “Know the three modes of persuasion”, Jeremy Porter (2014) by Smart Pharma Consulting analyses

\(^1\) All humans die (premise) – You are human (premise) – You will die (conclusion)  
\(^2\) You used to commute by car (premise) – Tomorrow you have to commute (premise) – You will probably commute again by car (conclusion)
Storytelling & Neuroscience

Neurobiological findings on storytelling have shown that character-driven stories with emotional content are more persuasive and memorable

Storytelling evokes strong neurological responses:

- The stress hormone cortisol is produced by our brain during the tense moments in a story, which helps the audience to focus
- The oxytocin (the “feel-good” chemical) is produced when we are trusted or shown kindness, and it motivates cooperation with others
- A happy ending to a story triggers the limbic system – our brain’s reward center – to release dopamine which makes us feel more hopeful and optimistic
- Character-driven stories cause increased oxytocin synthesis which motivates people to engage in cooperative behaviors
- Studies have shown that, in order to motivate a desire to help others, a story must first sustain attention by developing tension during the narrative

Why use storytelling? (1/2)

It has been shown that storytelling makes facts and figures delivered with emotion more convincing and memorable, and thus more persuasive

- Storytelling is deeply rooted in making an emotional connection with another person
- The neuroscientist Antonio Damasio has shown that emotions play a central role in decision-making
- The British Institute of Practitioners in Advertising (IPA), analyzed the impact of 1,400 marketing campaigns on profit gains and demonstrated that, when based on…:
  - … logic, they are 16% effective
  - … emotion, they are 31% effective
  - … logic and emotion, they are 26% effective
- Stanford Marketing Professor Jennifer Aaker has shown that stories are remembered up to 22 times more than facts and figures alone
- Millennials\(^1\) (or Generation Y) and Generation Z\(^2\) base their relationships with brands on emotional attachments with stand-out companies
- People are more and more keen to give a sense to what they do
- Storytellers can engage audiences deeply with the right balance of emotion and key facts

“To win a man to your cause, you must first reach his heart” – Abraham Lincoln

Sources: Smart Pharma Consulting analyses

\(^1\) Demographic cohort of people who were born between early 1980s and mid-1990s –
\(^2\) Demographic cohort after the Millennials, using the mid-1990s to the mid-2000s as starting birth year
Why use storytelling? (2/2)

Storytelling can be used to shape vision, to pass on knowledge and wisdom and to shape identity and organizational culture

- A story creates an emotional experience that the audience will remember
- Some brands (e.g. Apple, Coca-Cola, Virgin, etc.) trigger an emotional feeling – positive or negative
- These brands, like many others, have a personality
- This personality, generating emotions, differentiates a brand from a product
- The critical aspect of stories is the feeling they create; so one must relate to stories associated to the brands and not to its commercial elements
- The corporate narrative provides the framework for getting everyone on the same page
- Stories can help — internal and external — audiences understand the value of a product, a company, a decision
- A clear narrative helps employees appreciate the vision of where the company is headed and empowers them to use their own creativity to get there
- Corporate story and storytelling help leaders to communicate their vision to their community
- A powerful way to persuade people is by insinuating an idea with an emotion
- A compelling story combines information and actions to stimulate emotion and energy

“90% of human behavior and decision-making is driven by our emotions” – Christine Comaford

Sources: Smart Pharma Consulting analyses
Telling the right story: Seven narrative patterns

Telling the right story will provide meaning and evoke a sense of purpose while helping the audience relate, empathize and remember

- **To spark action**: Describe, straight to the point, how a successful change was implemented in a way the audience imagines how it might work for them.

- **To tell who you are**: Tell who you are, what you have done, what you think, based on a life event that reveals some of your strengths or weaknesses from your past.

- **To transmit values**: Use characters – real or fictional – in a situation that will prompt discussion about the issues related to the value being promoted.

- **To foster collaboration**: Tell a story that collaborators have also experienced and that prompts them to share their own stories, and have a plan ready to tap the energy released.

- **To communicate on brands**: The story should relate to products, services or companies and reflect the brand promise as it is delivered and perceived.

- **To share knowledge**: Focus on mistakes made and show how they were corrected, with an explanation of the reasons why the solution worked, and solicit other solutions.

- **To lead into the future**: Evoke the future you want to create without providing excessive details that will only turn out to be wrong.

Business storytelling tips

The 5 following essential tips will guide the preparation and delivery of business storytelling likely to be successful

1. Know the audience
2. Define the right message
3. Be authentic
4. Keep it simple & visual
5. Involve the audience

1. Know the audience

The stories should be crafted according to the audience perspective, and thus the same story should be adapted accordingly

- You must know your audience:
  - What are the audience experiences and expertise?
  - What are their thoughts and concerns?
  - What are their needs and wants?
  - What do they expect from you?
  - What would resonate well to them?

- Thus, to tell the right story, it is essential to know what the audience values and what the audience is likely to be interested by to create empathy and craft a story which is relatable

“Make sure you find common ground with people to whom you are telling stories” – Nancy Duarte

Sources: Smart Pharma Consulting
2. Define the right message

The message that will be conveyed should serve the objective of the storytelling and in a form that will generate emotion and empathy

- Define the idea you want to communicate according to your intent (e.g. the action you want the audience to take, the feeling you want them to have, the opinion you want them to modify)

- The way you will communicate your message should be related to the audience on a human level

- Do not just share information, … tell a story:

  **Information sharing**
  “Smart Pharma has helped more than 80 companies addressing strategic, management and organizational issues”

  Likely to be perceived as boring and not different from competition

  **Vs.**
  “Imagine your smartphone breaks down. Don’t worry because at Smart Pharma we deliver services 24/7 to solve your problems”

  By using metaphors and anecdotes, it is possible to tell compelling stories

  **Storytelling**

  “People will forget what you said and did but will remember how you made them feel” – Maya Angelou

Sources: Smart Pharma Consulting
3. Be authentic

Authenticity is key to gaining audience trust and creates an emotional connection, without fear, to show your own challenges and failures

- Ideally, storytelling should not be fictional because a genuine narrative is more likely to connect with the audience

- If the audience can relate to a real-life story, you are making a connection and building trust

- Anecdotes that illustrate overcoming struggle, failures and barriers are what makes the teller appear authentic

- Storytelling is an effective way to communicate if you actually mean what you’re saying

- The key is to show some vulnerability

- Be you, just you! Don’t pretend to be anyone else

- If your stories are honest and transparent, you can win over your audience

- Storytelling brings more authenticity into business…

- … which explains why blogs and social media recommendations are so relied on and impactful

“The stories that move and captivate people are true to the teller and the audience” – Peter Guber

4. Keep it simple and visual

Most of the successful and memorable stories are relatively simple, straightforward and can be enhanced by a limited number of well-chosen visuals.

- Apply the KISS principle: "Keep It Simple, Stupid"
- Messages should be clear, precise and concise, without focusing on the details
- Simplicity is a challenge when subjects are complex
- The number of substantive arguments and persuasion principles should be limited
- Visual storytelling (e.g. animated images, videos) allows complex data to be broken down into smaller digestible pieces and chunks of memorable information
- Visual aids help improve engagement and retention
- Visuals are the most effective communication vehicles for evoking emotion and getting people to take action

5. Involve the audience

Stories must be built and delivered so that the audience can feel involved as being a character of the story

- We cannot tell a story if we don’t feel that there is someone listening to us and paying attention
- Storytelling is about connecting
- You need to be vulnerable and connect to the vulnerability of others
- We can’t really listen to a story when the storyteller is not aware of his or her audience and is instead caught up in his or her own speech bubble
- In this most basic sense, there is a reciprocal relationship between listening and telling

- People like to be a part of stories
- Your audience can be characters in your stories
- Come up with ways to get your audience involved
- Get your audience involved in the presentation:
  - Ask questions
  - Brainstorm
  - Challenge them

“A good storyteller makes the target audience part of the story he tells”

Sources: Smart Pharma Consulting analyses
Structuring the story – Freitag’s Pyramid (1/2)

Freitag’s pyramid¹ uses a 5-part system to describe the story plot², the climax being the high point which is surrounded by rising and falling actions.

To capture attention, convey emotion and engage the audience, stories need a dramatic arc, some conflicts to arise and after the struggle, a resolution.

1. Exposition
   (Inciting moment)

2. Complication
   (Rising action)

3. Climax
   (Turning point)

4. Reversal
   (Falling action)

5. Denouement
   (Moment of release)

“A story without a challenge, simply isn’t interesting” – Caroline O’Hara

Sources:
1. Gustav Freytag was a 19th century German novelist who saw common patterns in the plots of stories and novels and developed a diagram to analyze them – ² Sequence of events through the principle of cause and effect.
Structuring the story – Freitag’s Pyramid (2/2)

Structuring stories by using Freitag’s Pyramid will help to raise audience attention and forge an emotional connection likely to change their opinion and behavior.

3. Climax
- It is the most intense moment (either mentally or in action) or the greatest tension in the story, turning positively for the protagonist in a comedy or negatively in a tragedy.

- A single event usually signals the beginning of the main conflict, rising tension.
- The story builds as sequential events happen and…
- … becomes more exciting with a series of conflicts and crisis.

2. Complication

1. Exposition
- This 1st step marks the start of the story where the scene is set (time and place).
- The teller introduces the characters¹ providing description of the situation and establishing the atmosphere of the story.

4. Reversal
- It is the event that occurs as a result of the climax, and marks up the story will end soon.

5. Denouement
- At this point, any secrets, questions or mysteries which remain after the resolution are solved by the characters or explained by the teller.

Note: As an example of the implementation of the Freitag’s Pyramid, see the TED show presentation of Richard Tuere: https://www.ted.com/talks/richard_turee_a_peace_treaty_with_the_lions/up-next?language=fr

¹ Protagonist, hero, antagonist

How to compose a story: Practical recommendations

To grab attention of the audience and make a story relatable, engaging and compelling, the story should be structured according to the classic narrative arc\(^1\)

- Know your audience to craft a story that has a meaning for them

I. Who is my audience?

II. What is the message I want to share?

- Why are you telling the story?
- What do you want the audience to think, feel or do at the end of the story?

III. What is the story I want to tell?

- Tell a story that has a meaning for you
- Tell a story that actually happened
- Pick a story that addresses a problem the audience has

IV. How I structure my story?

- Pick a main character similar to the audience
- Start your story with some context\(^2\)
- Something must be at stake
- Have a happy or constructive ending from which lessons can be learned

Sources: "Storytelling and other strategies in the art of persuasion", Bill Chiat – Jennifer Aaker – Smart Pharma Consulting

\(^1\) As per the Freytag’s pyramid
\(^2\) Place, date, etc.
How to deliver a story: Practical recommendations

The delivery of the story being as important as its composition, it is essential for the storyteller to be well-prepared and to practice.

1. Style
   - Talk in a relaxed and direct way
   - Keep stories focused and simple
   - Be yourself
   - Be confident (no apologies)

2. Truth
   - Tell the truth as you see it
   - Be cautious while disclosing information about other people
   - Be congruent

3. Preparation
   - Rehearse, but don’t lose your spontaneity
   - Stick to the structure of your story
   - Test your story on others to check if you changed their perspective

4. Delivery
   - Be lively (use body language, voice inflection, make pauses)
   - Connect with the audience
   - Use pauses for emphasis
   - Keep it short (~6 to 8 minutes)

Sources: “Storytelling and other strategies in the art of persuasion”, Bill Chiat – Smart Pharma Consulting
The Apple case

Steve Jobs was not a natural speaker but used to work really hard, rehearsing again and again to make keynote presentations look effortless and conversational.

- Steve Jobs introduction of the first iPhone in 2007 was a masterpiece
- Then, even as the audience is starting to catch on, he lingers in the suspense a bit longer before making the reveal: a three-in-one mobile phone that would change the world forever
- Jobs was building the iPhone brand even before the audience had seen it, and the story was consistent with the company brand Apple had already built
- Apple knew they had made something exceptional
- Today, Apple continues Steve Jobs tradition of storytelling
- They do a great job of telling a story about what it looks like for customers to successfully use their products
- Apple weaves their products seamlessly into the story
- They also show how their products help people create their own stories, and Apple highlights the stories people create

What can we learn from Apple?

1. **Hook the audience** first, introduce your product second
2. **Build suspense**
3. **Focus your story on customers** successfully using your product

Sources: “How Airbnb & Apple build their brands with storytelling marketing”, Jarom McDonald (February 2016) – Smart Pharma Consulting

https://www.youtube.com/watch?v=z9w6tO4d90U
The Airbnb case

Airbnb has built its brand with storytelling marketing, focusing on people, telling stories about people, Airbnb hosts from around the world, thus creating connection.

- Airbnb content is focused on the people who own the homes listed and the travellers who go there.
- They show how connecting with others is important to their brand and how their brand makes that possible.
- It is a very human approach with a clear statement about the importance of stories to the Airbnb brand.
- There is an entire page on their website labelled airbnb.com/stories with videos and biographies of hosts around the world.
- Airbnb is also experimenting, on their website, a brand magazine called Pineapple which is “a platform for incredible stories from Airbnb family to be shared; showing how people live and create connections in cities today.”
- This meshes perfectly with Airbnb approach which focuses on stories and people, which is the language by which humans communicate; this approach attracting more customers.

Sources: “How Airbnb & Apple build their brands with storytelling marketing”, Jarom McDonald (February 2016) – Smart Pharma Consulting
Key learnings

Storytelling can help companies connect with their audience and build a long-lasting relationship of loyalty with their customers and increase employee motivation

- As an **emotional tool**, storytelling **creates purpose** and **drives action** from the audience
- Well-constructed storytelling is an effective tool to **inspire**, **engage** and **motivate** your team
- Through imagination, stories **help customers visualize** the **context** of a **company**, its **challenges** and **comprehend its strategy**
- Many **companies use** storytelling to tell their story, **share** their **values** and **aspirations** and **create a lasting bond** with their target audience
- In order to **craft an impactful story** to tell, an **analysis** of the targeted **audience** is required to **understand** its **concerns**, **perceptions**, **personalities** and **priorities**
- A **great crafted story** is **not sufficient** to move an audience, **its delivery** through a **plotted speech** is **necessary** to achieve a behavioral change
- Telling a great **story** can **help to leverage** the full **potential** of a **brand** and to distinguish from competition

“Stories evoke emotion and inspire action”

Sources: Smart Pharma Consulting
6. Training program – Intra-company

One-day program to define relevant storytelling

<table>
<thead>
<tr>
<th>Content &amp; Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ The program will include basic definitions, recommendations, key tools, practical exercises and case studies related to the pharmaceutical industry</td>
</tr>
<tr>
<td>▪ The program content will be customized according to the specific needs of the client</td>
</tr>
<tr>
<td>▪ The program duration will be of one day, one day and a half or two days, according to the client needs and desire</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Example of a One-Day Program</th>
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<tbody>
<tr>
<td>9:00  Introduction to the program</td>
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<tr>
<td>9:10  Review definitions and basic principles related to storytelling, in general and in the context of the pharma business</td>
</tr>
<tr>
<td>10:40  Break</td>
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<tr>
<td>11:00  Exercises: Know your audience – Define the right message – Be authentic – Keep it simple &amp; visual – Involve the audience</td>
</tr>
<tr>
<td>12:30  Lunch</td>
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<tr>
<td>13:30  Case study #1: Practical implementation</td>
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<tr>
<td>15:00  Break</td>
</tr>
<tr>
<td>15:20  Case study #2: Practical implementation</td>
</tr>
<tr>
<td>16:50  Conclusion and key takeaways</td>
</tr>
<tr>
<td>17:30  End of the program</td>
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</tbody>
</table>

Sources: Smart Pharma Consulting
“Storytelling is the most effective way to combine meaning & emotions”
The Smart Manager Series

- This series intends to provide practical recommendations to enhance the efficacy and efficiency of executives in order to help them become or remain *Smart Managers*
- The four previous issues of this series are dedicated to:
  - #1: Time Management (2017)
  - #2: Project Management (2018)
  - #3: Key Performance & Key Execution Indicators (2018)
  - #4: Excellence in Execution (2019)

Smart Pharma Consulting Editions

- Besides our consulting activities which take 85% of our time, we are strongly engaged in sharing our knowledge and thoughts through:
  - Our teaching and training activities
  - The publication of articles, booklets, books and expert reports

- As of today, more than 100 publications in free access can be downloaded from our website
- Since the beginning of 2012, we have published:
  - 18 business reports (e.g. The French Pharma Market–The French Generics Market, incl. Biosimilars)
  - 5 position papers in the “Smart Manager Series”
  - 9 position papers in the “Best-in-Class Series”
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We hope that this new publication will interest you and we remain at your disposal to carry out consulting projects or training seminars to help you improve your operations

Best regards
Jean-Michel Peny

**Issue #5: Storytelling in Business**

- Storytelling is a powerful means to inform and persuade audiences (clients, collaborators, etc.) by capturing attention and creating emotions
- This fifth issue provides a simple and effective approach to apply the principles of storytelling in the business context
- Several examples of storytelling application in business (Apple, Airbnb) are presented and analyzed

“A story is a fact delivered with emotion”