

Every Leader Tells a Story

Forget bullet points and slide shows. The best leaders use stories to answer three simple questions: Who am I? Who are we? Where are we going? So what's your story?

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Once upon a time, there was a man named Patrick Kelly, who started a company called Physician Sales & Service (PSS). Pat loved to tell stories at work. He told stories about growing up in the Virginia Home for Boys. He told stories about fighting in Vietnam. But his favorite story involved PSS's battles with a bank in Jacksonville, Florida, where the company is headquartered. It seems that in the early days, PSS was growing too fast for its own good. Or so the bankers said. The company kept exceeding its available lines of credit, and banks kept rejecting its loan applications. But this bank actually called a loan - which forced PSS to raise equity from its employees.

Somehow, a few years later, a charming loan officer managed to lure Kelly back to the bank. But soon PSS was receiving the same treatment as before. It got bigger, so the bank got nervous - and eventually renege on the loan. That's when Kelly vowed to his staff, "We're going to bury that bank."

So he ordered a casket and a headstone. He assembled every loan agreement he'd ever signed with the bank, plus every gift (every golf ball, every mug) he'd ever gotten from it. He placed the artifacts in the casket, dug a grave in his backyard, and invited his PSS colleagues to a funeral. Afterward, one staffer asked a question: "Pat, it's such a beautiful day, why didn't we get in your boat and have a burial at sea?" Kelly's reply: "You never know when I might have to dig up that casket and kiss that bank's ass again."

PSS employees chuckle whenever their CEO tells this story. And they learn, or relearn, an important lesson: No matter how badly other people treat you, no matter how confident you get about your future, never burn your bridges. The power of this story inside PSS also offers a lesson about leadership itself: In the new world of business, where it's every executive's job to make sense of a fast-changing environment, storytelling is the ultimate leadership tool.

"Leadership is about change," says Noel M. Tichy, a professor at the University of Michigan Business School and the coauthor of *The Leadership Engine* (HarperBusiness, 1997). "It's about taking people from where they are now to where they need to be. The best way to get people to venture into unknown terrain is to make it desirable by taking them there in their imaginations."

In other words, by telling them stories.

To be sure, recognizing the power of storytelling is hardly an earth-shaking breakthrough. There's Homer, there's Shakespeare - there's even Spielberg. "Humans are storytellers," says Peter Orton, who spent 15 years as a Hollywood script-writer and story editor before enrolling at Stanford to write a PhD thesis on the effects of story structure on audiences. "Stories enhance attention, create anticipation, increase retention. They provide a familiar set of 'hooks' that allow us to process the information that we hang on them."

Orton now works from Hillsborough, North Carolina as a learning-technologies consultant to IBM's management-development division, based in Armonk, New York. In training sessions on "effective narrative," he teaches IBM managers about a central Hollywood ritual - the story meeting. "Stories use plot and character to generate conflict," Orton says. "Every script-writer knows the story elements that increase the chance of hooking an audience: a protagonist the audience can empathize with, something important at stake, mounting jeopardy, a formidable antagonist."

Noel Tichy tells much the same story in workshops with clients such as Ameritech, Royal Dutch/Shell, Coca-Cola, and US West. Business leaders, he says, need "a teachable point of view - a set of ideas about success in the marketplace and a set of values based on personal and organizational success." The best way to communicate that point of view is through a story - actually, through three stories. First there's the Who I Am story, which draws on personal experience: "The most effective leaders are in touch with their personal stories." Then there's the Who We Are story - a narrative that provides continuity amid rapid change. Finally there's the Where We Are Going story. "Pretend that you're on the cover of Fortune - I mean Fast Company - five years out. How did you get there? What will you be doing?"

Tichy also advises would-be storytellers to practice before they preach. In his workshops, executives share their stories in small groups and before a video camera. "Businesspeople are always describing the future with bullet points," Tichy warns. "That's stultifying. If you put people to sleep, they don't remember a thing."

Hewlett-Packard is a company that recognizes the power of stories. Most everyone at HP has heard about the time that Bill Hewlett found the door to the supply room locked, snapped it open with a bolt cutter, and left a note reading, "Don't ever lock this door again." It's a great lesson in prizing trust as well as order. Or about the time that Dave Packard toured an HP factory, saw a cheap, thin prototype for a new product, twisted it into a mangled ball, and declared it "a hunka junk." It's a great lesson in prizing quality as well as cost.

Back in 1989, when HP celebrated its 50th anniversary, it hired Karen Lewis, formerly an archivist at Harvard University, to create a corporate archive. Lewis has collected documents and blueprints. But she's also gathered more than 100 oral histories - from people on the front lines as well as in the executive suite. "Stories are leadership tools," Lewis says. "They're about our culture, our common roots."

Pat Kelly doesn't need an archivist to preserve the stories of life at PSS (now called PSS/World Medical Inc.). That's his job: "We've never had a policy manual. The way we pass along our values is to sit around the campfire and share stories." These days, the fast-growing company has annual revenues of \$1.3 billion and employs nearly 4,000 people around the world. Kelly

spends much of his time visiting company locations and "stoking the campfire." And he's just published a book that tells the PSS story in fascinating detail.

Faster Company (John Wiley & Sons, 1998) is an entertaining, instructive account of PSS's 15-year rise to prominence and prosperity. Kelly hopes it sells lots of copies. But that's not why he wrote it: "Now I have something to put in the hands of all my employees and say, 'This is the way we treat each other. This is the way we treat our customers. If you understand this, you'll make it here, and we'll all be extraordinarily successful. This is our story.' "

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