

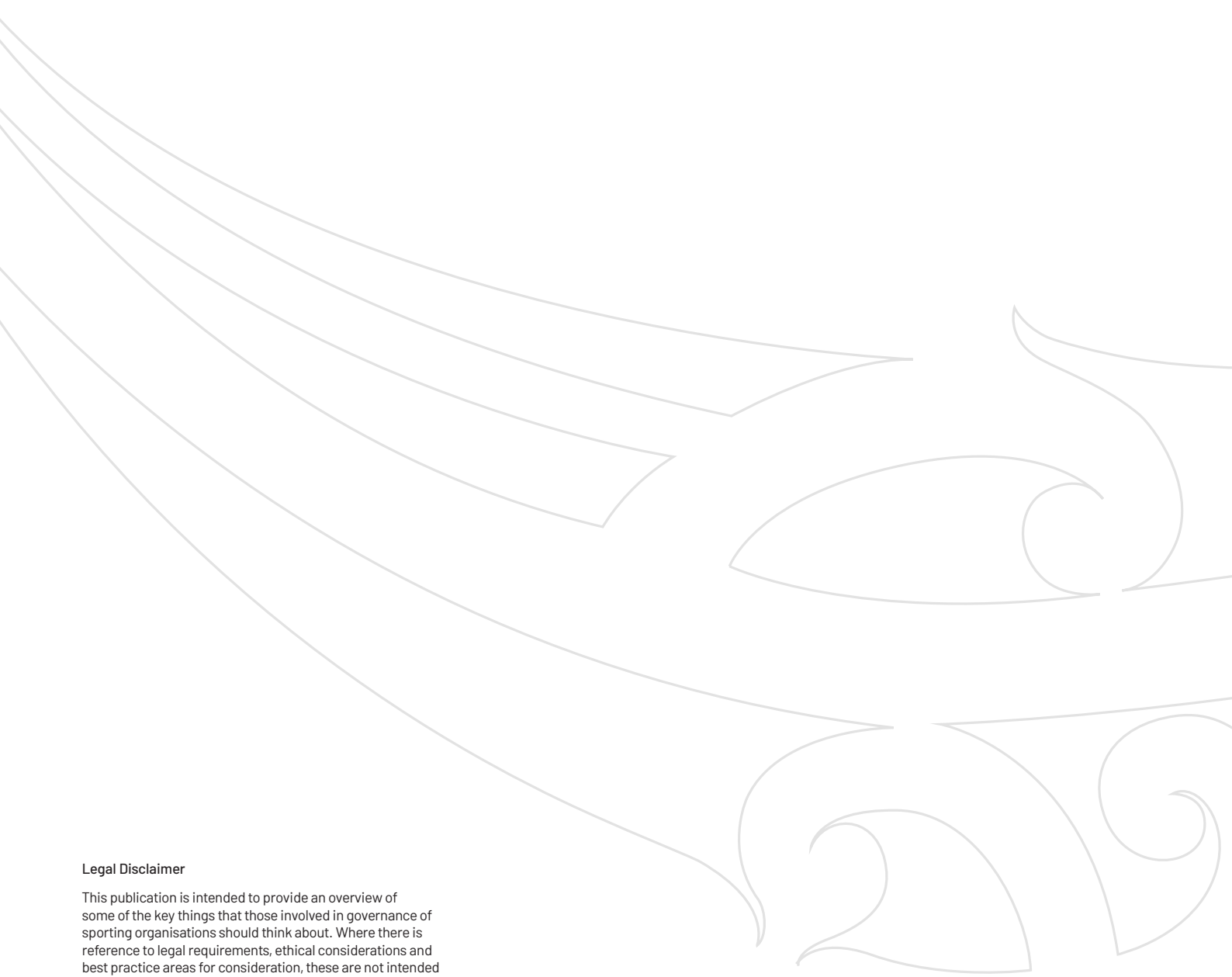
# Two Sides to Every Story

THE POWER OF NARRATIVE



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IHI AOTEAROA

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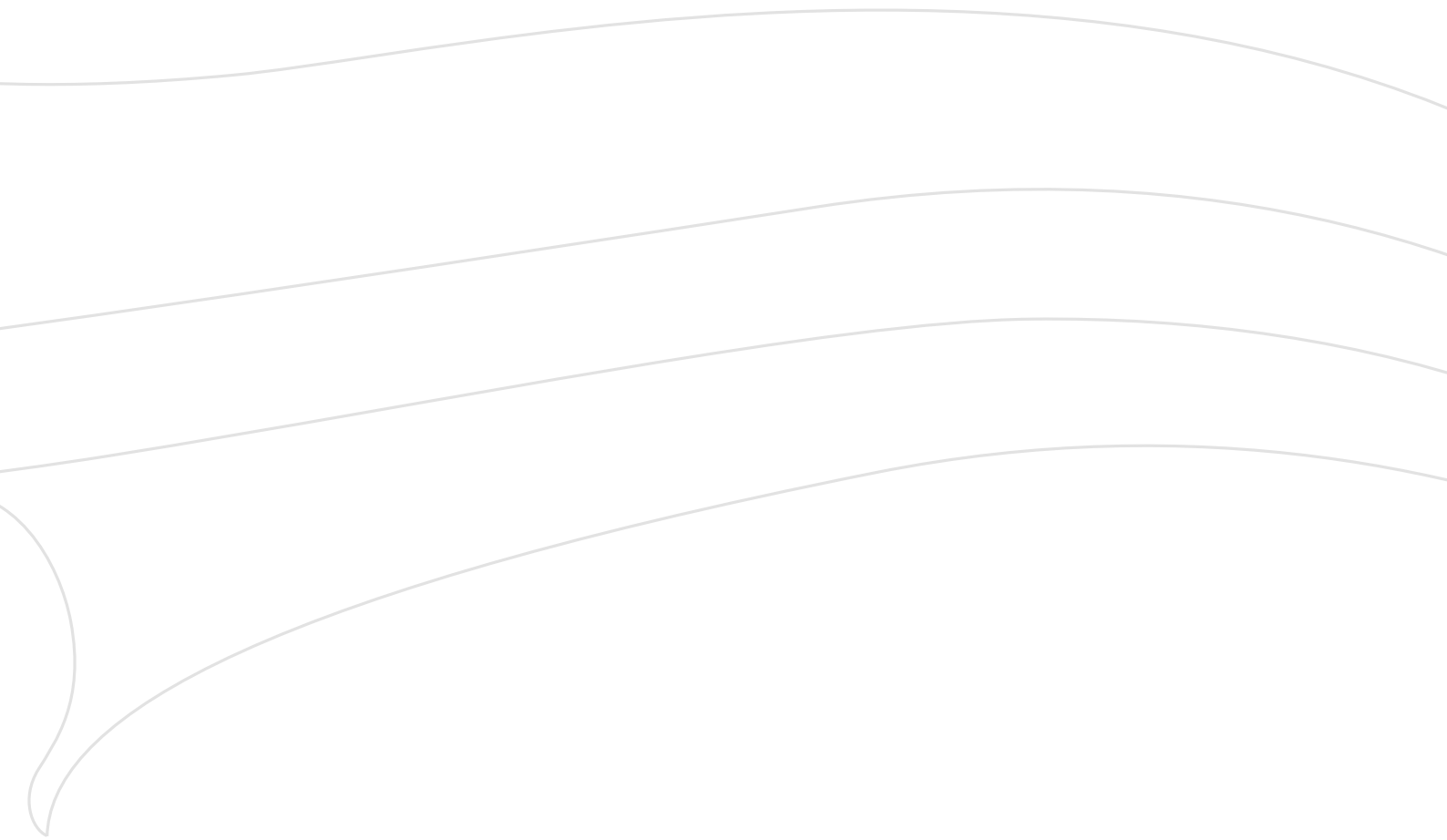


#### Legal Disclaimer

This publication is intended to provide an overview of some of the key things that those involved in governance of sporting organisations should think about. Where there is reference to legal requirements, ethical considerations and best practice areas for consideration, these are not intended to be comprehensive or a substitute for legal advice. Each board should seek direct legal advice to ensure it has a clear understanding of its legal obligations.

# Two Sides to Every Story

THE POWER OF NARRATIVE



# Chair's foreword



**Bill Moran**  
Chair  
Sport New Zealand

We know our own story well. We believe in it, and sometimes we struggle when others don't see the importance of our work. We are close to our cause and susceptible to the 'curse of knowledge', where we find it hard to place ourselves in the shoes of someone understanding the context of the information we are presenting. We often fail to grasp the need for crisp, clear messages, and tend to overshare all the multiple aspects of our important undertaking.

The need for simplicity and clarity in a world crowded with information almost doesn't need stating, but often we forget that the value of our story can only be judged by the recipient despite all the good intent of the teller. And that can so easily go wrong.

Clarity starts in the boardroom. In the previous resource in this series, 'Why Do Boards Exist?', we talked about the need for precision with our purpose. Here we discuss the storytelling we tell others and ourselves about that work.

In a world turned upside down by a global pandemic, now more than ever directors need to be focused on the right story as we move from immediate response

to reinventing the status quo. We need to be mindful of the human susceptibility to creating hopeful stories, engaging in less than rigorous thinking, and being distracted by information that does not support the governance role or is unrelated to the achievement of purpose. As with people who receive our stories, we all edit and filter according to our own existing beliefs. Understanding this and working to reduce our biases is a critical governance mindset.

Ours is but one of millions of stories out there all vying for attention.

This resource delves into the world of storytelling, bias and the human condition. It makes clear the need for great communication and how we as directors can be conscious of the things that distract us from maintaining a clear focus on our own story.



Ngā mihi

**Bill Moran**

Chair

Sport New Zealand



**“ You’re never going to kill  
storytelling, because it’s  
built into the human plan.  
We come with it. ”**

– Margaret Atwood



# Introduction

Story is the thread. It connects everything. It is baked into our DNA: the physically inferior humanoid prospered in a hostile environment by learning, adapting and passing stories through the generations.

Shared knowledge drives the success of our species. The capacity to build and believe in abstract thought is our defining characteristic: justice, money, gravity and beauty all require shared belief in an associated narrative.

We communicate in story. We view the world through default narratives. We need to believe.

In our COVID-19 uncertain world a strong, consistent story will bind our organisations. Our purpose or just cause, well told, will bring us closer to connecting us to our stakeholders.

And we need to remember that a story only has meaning from the perspective of the recipient not the teller.

This resource talks about storytelling, good and bad, and the need for clarity of narrative, beginning in the boardroom.

## **Relevance of storytelling for boards**

Boards are not exempt from thinking in stories. But basing decisions on false narratives can be disastrous. Questioning assumptions and interrogating information are core elements of the director's role. In a rapidly changing world old stories may need to be discarded and thought afresh.

Outside your organisation people form their own stories about you and your activities. You can contribute both positively and negatively to that narrative. Certainly, you should not let others frame your story for you without a coherent attempt to influence its direction.

## **Two sides to every story**

So true. There is the story that you think you told. But that story gets filtered, processed, edited and reorganised by the recipient and may become something very different. How do we tell a better story that can resonate with the receiver? For boards, listening with intelligence is crucial. Understanding our own biases, recognising how we frame and filter information and developing the ability to assess relevance are all key skills in a world of too much information.



## The storytelling species

**// ...large-scale cooperation depends on believing common stories. But these stories need not be true. You can unite millions of people by making them believe in completely fictional stories about God, about race or about economics.<sup>1</sup> //**

Yuval Noah Harari

Our success as a species is derived from our ability to cooperate in large numbers. Something that is unique to us. To succeed we require shared beliefs, many of which are either abstract or fictional.

We need to process and organise the flow of information. It could be first impressions about a stranger, a product, a media item or even a glass of wine. All that detail flowing from our senses requires coherence, and we do this, albeit unconsciously, by telling ourselves a story, creating an internal narrative.

When someone views your organisation from the outside, they are not looking at it as an inanimate object but as a person. They assign personal qualities, both good and bad, for example, reliable and trustworthy or duplicitous and shifty. Marketers understand this when they're constructing brands. When someone engages with your product they are essentially saying, "So tell me about yourself."<sup>2</sup>

Organisations also increasingly understand the direct impact of narrative on the bottom line.<sup>3</sup> Storytelling is a hard-wired brain function. This makes it the most powerful and persuasive means of communicating messages. Storytelling goes beyond the intellectual function and draws on deeper human emotion, thus connecting heart and mind. That drives its power and makes it potentially dangerous at the same time.

It is said that one of the greatest tests for artificial intelligence will be the ability to tell and understand stories. Until an AI entity can cope with all the context and nuance that surround human storytelling, it will remain just a smart machine.

As the musician Frank Zappa said, "The computer can't tell you the emotional story. It can give you the exact mathematical design, but what's missing is the eyebrows".<sup>4</sup>



# The teller of the story

## The Why Story – the macro level

All organisations exist for a purpose. If yours is a story of positive change, what is that story and how do you tell it? This resource builds on the thinking in the first publication in this series, 'Why Do Boards Exist?'. That publication challenged boards to begin with considering, "Whose lives are we improving and how?" Answering that question is the starting point of the story and leads us on to consider, "What social value are we creating that gives us the right to receive funding, donations, tax relief and the gift of people's time?"

**“ You want a story that inspires employees, excites partners, attracts customers, and engages influencers. ”**

Mark Bonchek

The 'Why' Story is about what you do, not who you are. It explains why your enterprise exists and what makes it unique. It is not about being 'the best' or 'a global leader' or a 'best in class innovator'.

In his book *The Infinite Game*<sup>5</sup> Simon Sinek describes purpose as a "Just Cause" – the sum total of values and beliefs reflecting your contribution to a better world. This notion is equally applicable to the for-value and the for-profit worlds. As Henry Ford noted, "A business that makes nothing but money is a poor business". Ford would no doubt have argued that he was democratising personal transport.

Consistent with the ideas of Robert Greenleaf laid out in the seminal text *Servant Leadership*,<sup>6</sup> Sinek suggests that living with an infinite mindset is to "live a life of service".<sup>7</sup>

The origin of the company IKEA is an excellent example of clear and worthwhile purpose.



Founder Ingvar Kamprad focused from the outset on meeting the needs of people who could, at the time, acquire furniture only through inheritance or by making it themselves. From a recognition of that unmet need has sprung a global company delivering affordable, well-designed furniture.

Richard Chait et al<sup>8</sup> urge boards to commit to a “dominant narrative”. Described as an organisational saga, this outlines a unified set of consistent beliefs (values) that talks about achievement over time. The authors describe it as a journey outlining intended change: “We started here and are moving to a future that looks like this”. A strong narrative can itself over time influence purpose, strategies and programmes. It moves beyond simple facts and individual events to what those mean to people outside the organisation. The saga is not a haphazard construct. Board and management must work on it together with genuine

belief. When that happens, it becomes a compelling and legitimate story. Shared purpose is the cornerstone of any strategic narrative.

*“You want a story that inspires employees, excites partners, attracts customers, and engages influencers.”<sup>9</sup> Mark Bonchek*

Unfortunately, many organisations’ high-level statements have little utility or credibility. For example, a phrase like ‘spreading the power of optimism’ means exactly what? Your core story expressed as succinctly as possible answers the questions: what is your reason for existing, what value are you giving your customers, and why is your organisation uniquely capable of providing that value?

## Culture and values

The purpose story does not sit alone. It is nested inside your values and beliefs. In pursuing your purpose what broader issues guide your actions? At the simplest level you cannot profess deep concern for the environment and maintain investment in fossil fuels. A statement like, “We care about our employees” is hollow if that care extends only to adopting the barest minimum legal standards. Your values story matters. Inconsistency between stated values and tolerated behaviour is highly damaging. In the social media world this is exposed brutally and quickly. The Barrett Values Centre<sup>10</sup> has for 20 years looked at the fit between individual and espoused corporate values. Their research has shown that disparity beyond a certain level strongly indicates imminent corporate failure or at least a significant decline in performance.

Setting a policy framework for governance begins with values. In the absence of exact prescription, humans and organisations fall back on values to guide actions and decisions. Setting policy guidance and delegation from the board down through the organisation begins with values. Values infuse and frame all subsequent policy and decision making.

Keeping the values story alive requires attention and effort. Simon Sinek talks of “ethical fading... an infection that festers over time”.<sup>11</sup> Slow erosion and increasingly weak application of espoused values is a form of self-delusion. Anyone, no matter how strong their ethical and moral base, can be susceptible.

*“If your company has not been in the crosshairs – or let me be more precise – has not been on the receiving end of a Twitter storm, then don’t worry, it soon will be.” Niall Ferguson*

Acting after an issue goes public is damage control, not ethical leadership. It’s a knee-jerk reaction to public opinion. Boards and leaders who believe in and model the values story respond to warning signs not media headlines. The board’s approach to oversight of culture is outlined in the companion resource, *The Board’s Role in Organisational Culture*,<sup>12</sup> citing reminders such as the Commonwealth Bank of Australia, Russell McVeagh and, within, sport, USA Gymnastics and Cycling New Zealand.

### The Why Story – key points

- We all think in stories – it is how we deal with complexity.
- The dominant narrative, the journey outlining intended change, is a conscious construct, the result of serious work.
- Our story can only be valid if it outlines the benefit we are providing the community.

### Boardroom checks

- What’s your elevator pitch?  
Can everyone in the organisation say in a convincing manner, in 30 seconds, why the organisation exists and what are the changes it is committed to making in the world?
- Can we prove to others that we are delivering on our purpose story?
- Are we committed to sharing our successes and failures openly with all those interested?
- Do we have a plan for sharing our story?

## The How Story – theories of change

Telling the story of the intended purpose or impact of change is a strong beginning but organisations need to explain *how* the promise of the saga will be achieved. There is a wonderful 'South Park' sketch<sup>13</sup> about gnomes that collect underpants. Phase one is to collect underpants, and phase three is profit. Phase two, the strategy of how they actually turn the underpants into profit, is hilariously unstated.

To paraphrase marketing strategist and author Richard Rumelt,<sup>14</sup> any strategy that fails to address key challenges is like a wish list sprinkled with fairy dust. Promised-land stories ultimately have to demonstrate progress or credibility begins to fade quickly.

A theory of change defines the long-term impact sought and then maps backward to identify necessary preconditions. In a governance sense it can be viewed as back casting from the assumed achievement of the desired result, asking what must change or be done differently to achieve that result.

Telling the How Story is important to funders and key stakeholders. It changes over time as the impact of current strategy is assessed, as new information comes in and the environment changes.

### The power of narrative

"What's the story here?" is an excellent boardroom question. Cathy Trower<sup>15</sup> talks of group sense making as a process not of getting it right but of continual redrafting of an "emerging story". The story is increasingly plausible as more observed data is built into it and it becomes increasingly robust under criticism. In the current world the story is likely to be changing with speed and directors cannot assume that last month's information remains relevant.

How information flows into the board's sense making is crucial. As the volume of material in board packs has increased, directors have encouraged the use of bullet points and similar

summary techniques, arguing that they add to conciseness and the visual quality of presentations and help draw attention to key matters. Intuitively, the use of such tactics is a logical response to information overload, and they have their place. However what directors expect to be the benefits of the bullet point format are "illusory and their application potentially dangerous".<sup>16</sup> In place of a coherent and structured narrative, bullet points and slide decks are likely to become a series of unconnected fragments. Cognitively, they lack the memorability of a good story. In reading a long list the first and last items are remembered but recall of the content in the middle tends to be blurry. Key information can be lost when it is massaged and summarised to fit presentation templates. Bullet points tend to have equal weighting and it can be hard to discern significance and relative importance.

Directors need to be more active and thoughtful about what information they need, and in what form, to fulfil their responsibilities. Lists and PowerPoint decks are seductive – for those who produce them as much as for directors receiving them – as they are easier to construct than a good explanatory narrative. Writing a tight, lean but telling narrative is far harder and takes longer than pouring a stream of consciousness onto multiple pages.

Research indicates that past 125 pages directors will not absorb material. Companies are trending back to shorter narrative-based board packs. Meetings of the Netflix board are focused on a 30-page narrative report. Further information and access to company-wide information are embedded through links in the document.

A 2012 profile<sup>17</sup> of Jeff Bezos revealed that senior executives start meetings at Amazon in silence for up to 30 minutes, with everyone reading six-page narrative memos about the topic they are gathered to discuss.

<sup>13</sup> <https://vimeo.com/79954057> <sup>14</sup> See Rumelt, R. *Good Strategy/Bad Strategy*. Crown Business, 2011. <sup>15</sup> Trower, C. *The Practitioner's Guide to Governance as Leadership*. San Francisco: Jossey-Bass, 2013. <sup>16</sup> Nahkies, G. 'Would your board be better off 'dodging the bullets'? *Board Works*, 19, 2019. <sup>17</sup> <https://fortune.com/2012/11/16/amazons-jeff-bezos-the-ultimate-disrupter/>



According to Bezos, “the narrative structure of a good memo forces better thought and better understanding of what’s more important...” and “PowerPoint-style presentations somehow give permission to gloss over ideas, flatten out any sense of relative importance, and ignore the interconnectedness of ideas”.

An effective board meeting is not, for example, about the receipt of information. It is about sense making and strategic thinking. Management needs to assist the board to operate far higher up the information pyramid than the crude data dumping that is common in many board meeting packs. “What’s the story here?” “What does this mean for us?” “What options are open?” are the kinds of conversation reporting to the board should promote. Bullet point reporting and its ilk embody cognitive weaknesses that undermine board effectiveness by jumbling the ‘nice to know’ with the ‘need to know’.

#### **The How Story – key points**

- People need to know how we intend to make change for our community.
- Progressing the How Story is the board’s central role – a constantly evolving and emerging story.

#### **Boardroom checks**

- Start from the desired end point and determine what preconditions are required for success.
- Take the outside view. Shift the focus from the specifics of the current situation to the statistics of outcomes in similar situations.
- Are we getting the right information to track the How Story – the success of strategies to date and influences in the changing environment?
- Is our board material raw, disjointed information or value-adding narrative exploring themes and options?
- Are we spending time on detail irrelevant to the main story?
- Is our information accurate, verifiable, relevant, recent and objective?
- Does the board challenge overly confident statements that lack supporting evidence?



“...facts and figures have no power to displace a persuasive story. The only thing that can replace a story is a story. You cannot take away someone’s story without giving them a new one.”

George Monbiot<sup>18</sup>

## The story as received

The recipients of your story have their own stories, many of them, and those may be at odds with your narrative.

People value their own conclusions more highly than yours. They will only have faith in your story if it is real from their perspective.

Before someone is willing to let your story influence them, they need to know about you and why you are telling them your story. If you cannot provide good, credible answers, people make up their own story about you – usually a negative one.

Without a context, facts are neutral. People add meaning to facts depending on their own story. People will stick to their own story even when presented with facts that don’t fit. We are all guilty of this. We look for information that supports our existing world view. The media we select, the friends we trust are all filtered to some extent.

### The many filters

Chip and Dan Heath<sup>19</sup> explain how two systems, the rational and the emotional, compete in our minds. The ‘rational’ rider is often no match for the ‘emotional’ elephant. Psychologists describe this duality as System 1 and System 2. In his bestseller

*Thinking, Fast and Slow*<sup>20</sup> Daniel Kahneman lays out what a truly irrational species we can be. In a recent interview<sup>21</sup> Kahneman was asked if, after all those years of study, he was a more rational and unbiased individual. “Sadly not,” was his answer.

### Two systems

System 1 allows us to function easily in the world. Many of the things we do are automatic, based on the deep knowledge we have from a lifetime of practice. We don’t have to think about what a red light means or what two-times-two equals. Most of the time System 1 serves us well but not always. Not jumping to conclusions is another way of saying “slow down and wait for System 2”, the slower, more analytical, more considered thinking to engage.

### The general from the particular

We are quick to deduce the general from the particular but are hesitant to use the general to understand the particular. How we view individual cases is often disconnected from statistical evidence and accepted notions of causation and correlation. For example, because I met two Italians who are great cooks I deduce that all Italians are great cooks. In certain areas AI decision making is far more dependable than that of humans but the occasional headline about an error prevents us from believing this is the case.

<sup>18</sup> George Monbiot, TED Summit, July 2019. [https://ted2srt.org/talks/george\\_monbiot\\_the\\_new\\_political\\_story\\_that\\_could\\_change\\_everything](https://ted2srt.org/talks/george_monbiot_the_new_political_story_that_could_change_everything)  
<sup>19</sup> Heath, C and D Heath. *Switch*. New York: Random House, 2010. <sup>20</sup> Kahneman, D. *Thinking, Fast and Slow*. London: Penguin Books, 2011.  
<sup>21</sup> Daniel Kahneman: ‘Putting your intuition on ice’. The Knowledge Project podcast. 15 October 2019. <https://www.listennotes.com/podcasts/the-knowledge/68-daniel-kahneman-putting-02kv8245olt/>

### Anchoring

Negotiators know this one. If you start at a million dollars everything thereafter relates to that number. The advice here is to refuse to engage at this point; go away and start again because once you acknowledge the number on the table you are anchored by it. If your first question asks, "Is Lake Taupō deeper than 2,000 metres?" and your second is "How deep is the lake?", then guesses are going to be way off the actual deepest point of 186 metres. You have anchored people on a larger number.

Anchoring can apply in meetings. If the most senior person starts with a strong and declarative statement, the space for divergent views is immediately narrowed. Board chairs should be particularly conscious of this.

### Framing

The same information presented in different forms has significant impact on behaviour. "This operation has a 95% chance of success" is received very differently from "This operation has a mortality rate of 5%". Even medical specialists are not exempt from such bias. When considering decision options, we all go quickly to the potential loss. "Unless there is an obvious reason to do otherwise, most of us passively accept decision problems as they are framed and therefore rarely have an opportunity to discover the extent to which our preferences are frame-bound rather than reality-bound."<sup>22</sup>

### Best-case bias

We all become vested in our own story. Planning is often based on a best-case scenario. The relevant base rate (statistics) is ignored as incompatible with our own views. We tend to focus on what we know and neglect what we do not know. We also tend to focus inwards and neglect the plans and skills of others, especially competitors.

### Stories of success

We look for simple stories of triumph and failure. The vast canon of business literature looks for causation and pattern. Kahneman is less convinced, believing they ignore the role of luck and neglect the inevitable regression to a statistical mean. "These stories induce and maintain an illusion of understanding, imparting lessons of little enduring value to readers who are all too eager to believe them."<sup>23</sup>

### Lollapalooza effect

One of the world's more considered thinkers, investor Charlie Munger,<sup>24</sup> has coined the term 'Lollapalooza effect' for multiple biases, tendencies or mental models acting in concert with each other at the same time in the same direction, compounding the likelihood of irrational behaviour. Munger suggests that the right to hold an opinion only comes after you have made the effort to fully understand the contrary point of view. This is an effort that few people appear to embrace.

### Human needs

The most powerful influences spring from core human needs. If your story taps into these central desires, then you are certainly going to be listened to.

Psychologist Abraham Maslow<sup>25</sup> codified a hierarchy of needs. It starts with the basics of survival, water, food, shelter and rises through personal wellbeing, love and belonging to self-esteem and self-actualisation – the desire to be the best you can become. The first four levels are known as 'deficit' needs. If you lack them you will feel the need to acquire them. The levels are sequential; the basics must be satisfied before moving up the hierarchy.

Given this, there is no point, for example, telling a personal growth story to someone lacking the basics of shelter and food.



**The story as received – key points**

- People judge the teller of the story as much as the information provided.
- Our organisation is viewed with human qualities, determined by our lived values and perceived behaviours.
- People weave our information into their own pre-existing stories.
- We all filter and edit to fit information into our own world view.
- Directors and boards are as susceptible to this as anyone.

**Boardroom checks**

- Do we check how others view our purpose and work?
- Do we start our key board discussions from an open perspective, not limiting the discussion with framing or anchoring biases?
- Do we avoid starting discussion with declarative statements?
- Do we hear from the newest directors or perhaps the youngest people in the room first?
- Are we susceptible to best-case bias? Start from a premise of failure and ask why that might happen – a pre-mortem.

# Types of story

## Good stories

The truth is unappealing served cold. The uptake of comforting lies always outweighs the embrace of inconvenient truths. If you simply rely on analysis and fact in your story you are unlikely to influence others.

It is said, for example, that “An American presidential candidate who tells the American public the truth, the whole truth and nothing but the truth about American history has a 100 percent guarantee of losing the elections”.<sup>26</sup>

*“Truth, naked and cold, had been turned away from every door in the village. Her nakedness frightened the people. When Parable found her, she was huddled in a corner shivering and hungry. Taking pity on her, Parable gathered her up and took her home. There, she dressed Truth in story, warmed her and sent her out again. Clothed in story, Truth knocked again at the villagers’ doors and was readily welcomed into the people’s houses. They invited her to eat at their table and warm herself by their fire.”* Jewish teaching story<sup>27</sup>

In storytelling we first need to engage before we attempt to explain. That connection is at the human level. “A story is a fact, wrapped in an emotion that compels us to take an action that transforms our world.”<sup>28</sup> Story gives us plot, a way to frame our experience. It is a context, a reference point, something we can understand and embrace.

## Bad stories

We live in a time of declining trust. The Edelman Trust Barometer<sup>29</sup> indicates continuing low levels of trust especially with traditional institutions, figures of authority and now social media platforms. There is a wide gap between what Edelman calls the “informed public” and the wider population. But everyone agrees that change is needed. In this climate people are looking for stories of hope.

But sadly, stories that work need not be accurate or truthful. There are many stories being told in the world that are false and play to people’s fears. The fact that your story is just or true does not guarantee success. Combating the false story with facts is pointless. Forcing someone to admit they are wrong engages the ego and is generally a road to nowhere. Only another story can counter a false narrative.

## Stories in leadership

Purpose-driven leaders live the story they are telling, taking time to engage with the workforce and stakeholders. If there are tough calls to make to remain consistent with the story, then the action of leadership will be closely watched and judged.

An interesting test is the extent to which the company purpose infuses all layers of the organisation. Part of due diligence by the smarter private equity investors is wandering the office hallways and shop floors testing if the story extends beyond the senior team. They understand the link between cohesion and performance.

## The Springboks Rugby World Cup counter-narrative<sup>31</sup>

The Springboks had an internal story about game pressure as they faced the final of the 2019 Rugby World Cup. Rather than focus on the tension of the imminent game, coach Rassie Erasmus switched narratives and profoundly changed the psychology of his squad. He spoke of the real pressure back home – the pressure faced every

day by the Springboks’ fellow countrymen, women and children back home.

In a post-match interview, Erasmus said: “We talked about what pressure is. In South Africa pressure is not having a job. Pressure is one of your close relatives being murdered.

### Stories that bind

Great stories are of little use if you can't execute them.

A recent survey indicated that only 28% of employees in a worldwide sample felt fully connected to their company's purpose and only 34% thought they strongly contributed to their company's success.<sup>30</sup> The survey noted that employees in companies that had clearly defined and communicated how they add value had double the motivation and passion of those in other companies. More than 90% of these companies delivered growth and profits at or above their industry's average.

If you are not investing in the capabilities that execution of your purpose stories requires then you are likely going nowhere. For example, Apple hired the very best designers and the chief designer sat at the board table. If employees hear the talk on the one hand and see time and money go elsewhere, they will be understandably cynical and demotivated.

If people don't know why they are coming to work every day, no slogans are going to drive their organisation towards excellence. The purpose story is the key to motivation.

### Types of story – key points

- We need to engage before we explain – truth and facts served cold often do not work.
- There are increasing expectations around reporting of organisational performance.
- We need to be seen to apply resource to back up the story – money and story must be aligned.

### Boardroom checks

- Is our budget organised so that the connection between strategy and resource allocation is clear to everyone?
- Are our measurement dials tracking busyness or change?
- Does the board attempt to tell its own value-adding story, for example through a governance section in the annual report?
- Are we reporting on just our primary good and not our broader impact on society?

“There are a lot of problems in South Africa – which are real pressure. Rugby shouldn't be something that creates pressure, rugby should be something that creates hope. We've got the privilege of giving people hope... the moment you see it that way, it becomes a hell of a privilege – and that's how we tackled this whole World Cup campaign.”

Erasmus contextualised the pressure the Boks were feeling against the much bigger, real-world pressures of their fellow South Africans back home. The brilliant counter-narrative set them on course for their third World Cup win.



# Tracking the story

People want to know how the story is tracking both inside and outside the organisation. Various stakeholders will be more interested in some parts of the story but not a wholly different story.

In the non-profit world the progress information that the board receives at the high level should align with the story told to stakeholders.

## Board oversight of the story

### What's on the dials?

The board as guardian of organisational purpose needs to have a simple means of tracking progress. Are we making the change in the world our story promises and how do we know? What's on our dials is a good perspective. What is the handful of high-level measures (tracking the creation of external benefit) that indicate we are on track? The dials are set at the highest level of control and influence – these are things that we can be accountable for. Only with this top-line perspective can the board make the necessary decisions on strategy and resource allocation.

### Measurement caution

We often measure the wrong part of the story, or we measure too late. Understanding high performance progress does not wait until the Olympics closing ceremony. As far as possible we need lead indicators to tell us if the story is tracking. It is likely that success is not dependent on one factor but on the interconnection of a number of variables that need to be tracked. In addition to keeping an eye on benefit creation, we need to make sure inputs continue to be effective.

### Are we living the story?

Do we know the values story is being lived across the organisation? The role of the board in setting and monitoring the culture is outlined in the companion resource on the board's role in culture.<sup>32</sup>

## The organisation's story

### XRB requirements

Reporting standards are set by the External Reporting Board (XRB). Major change has arrived for registered charities, all of whom, from 1 January 2021, will need to produce a Statement of Service Performance (SSP). It is likely over time this will extend to Incorporated Societies.

There is no legal minimum for resource utilisation (benefit created per dollar expended) in the non-profit sector but the new public benefit entity reporting standards are a step towards greater transparency. A strong part of the XRB thinking was to align internal and external information. Your organisational story is framed in your own Statement of Purpose and Strategic Intent. Created and owned by the board, it defines organisational purpose (reason for being) and the impact it intends to make on the world. Reporting to the board is set in those terms and the SSP should easily fall directly out of that framework. They are the same story. This should be the central part of an annual report.

## Broader accountability

It is no longer enough to focus on the one primary good the organisation was set up to achieve. All organisations are being held to account for their wider role in society, understanding that the licence to operate is given by others and is not a permanent entitlement.

Human rights in sport, environment sustainability, supply chain and procurement, board membership diversity, protection of vulnerable participants and greater accountability to stakeholders are all live issues for the sector. There is a wider story to be told and the imperative to do so will only increase.

*“It seems that the accountants of the future will be as much storytellers as bean counters.”<sup>33</sup>*

In external reporting most organisations focus on the good and fail to acknowledge what hasn't worked. Truthfulness and honesty are fundamental precursors to trust, which in turn is required for belief in your story. Of course, not everything worked to plan; it never does. That's not the point. What we learnt and how we react is the point. Be open. We know from research among volunteers impacted by change processes that being honest about when the promised story has come off track is vital. People hate deceit, but they forgive errors when these are honestly and genuinely acknowledged, even when they are beyond our control but are dealt with promptly.

## The board's story

The board has its own story to tell. A lot of resource is needed to support the board, so it follows that it must be adding some value. If so, what is that value and how is it reported on? 2018 research<sup>34</sup> on non-profit accountability found that 65% of organisations had no governance reporting and only 5% had more than the barest minimum. The board should have an agreed, codified and understood role separate from management. That story needs to be told. What work did we plan for the year? Did we cover it all? How did we add value? What do we expect will challenge us next year? This goes beyond the chair's pleasantries at the front of the annual report. It should also cover the numbers, meeting attendance and cost of governance, together with the register of interests, approach to diversity, evaluation and development.

## A caution

Narratives demand a lot of attention. When we're tracking character and plot, we're often not able to notice whether the embedded factual information is strong or flimsy.

In some cases, story may be the wrong approach. Recent research<sup>35</sup> has indicated that with a powerful case and rock-solid facts you may be

better presenting content in a more straightforward way. Obviously, that depends on the nature and predisposition of your audience. But if you are trying to sell with somewhat less convincing information then a story can significantly increase an audience's receptiveness.

When stories become obvious sales pitches we should be on our guard. Extra effort will be needed to process facts and understand whether you're being sold by the story or by the factual piece of information.<sup>36</sup>

People want to believe and want to be led by confident people. This means we don't have to think for ourselves. But sadly, overconfidence is akin to the magician's cloak, mere allusion. We tend to judge the quality and coherence of the story not its validity.

*“It is wise to take admissions of uncertainty seriously, but declarations of high confidence mainly tell you that an individual has constructed a coherent story in his mind, not necessarily that the story is true.” Daniel Kahneman<sup>37</sup>*

Gary Klein in discussion with Kahneman<sup>38</sup> noted they agreed that by the time executives get to high levels they are good at making others feel confident in their judgement, even if there is no strong basis for that judgement.

## Tracking the story – key points

- People want to know how the story is tracking, inside and external to the organisation.
- Progress information that the board receives at the high level should align with the story told to stakeholders.
- A strong story allows the audience to judge the validity as well as its quality and coherence.

## Boardroom checks

- Have we identified the handful of high-level, controllable measures (tracking the creation of external benefit) that indicate we are on track?
- Are we measuring the whole story with lead and lag measures?
- Do we know the values story is being lived throughout the organisation?
- Is the value of the board's role codified and shared with all stakeholders?
- Is our story credible?

<sup>33</sup>Paul Druckman quoted in Gleeson-White, J. *Six Capitals*. Crows Nest, NSW: Allen & Unwin, 2014. <sup>34</sup>Page, J. *True to Label? Measuring value in the non-profit sector in Aotearoa New Zealand*, 2018. <sup>35</sup>Based on the research of Rebecca J Krause and Derek D Rucker. *Stories can be powerful persuasive tools. But it's important to understand when they can backfire*. Kellogg School of Management, Northwestern University web post 8 October 2019. <sup>36</sup>Ibid. <sup>37</sup>Kahneman, D. *Thinking, Fast and Slow*. Penguin Random House, 2011, p212. <sup>38</sup>Strategic decisions: When can you trust your gut? *McKinsey Quarterly*, March 2010.



# Appe

An aerial photograph showing a winding asphalt road with white lane markings and a guardrail, curving along a lush green forested coastline. The road is bordered by dense, vibrant green trees. Below the road, the water is a clear, bright turquoise color, revealing dark rocks and coral reefs beneath the surface. The overall scene is bright and scenic, suggesting a tropical or coastal environment.

# endix

# Story structure

## Story plots

There is ultimately only a given range of stories. According to Christopher Booker every story we tell is a variation on one of seven basic plots.<sup>1</sup> There is generally a central protagonist (hero), and other characters have relevance and significance in relation to that character.

**Overcoming the Monster.** The protagonist sets out to defeat a malign force: *Beowulf*, *Star Wars*, *Dracula*.

**The Quest.** The protagonist and companions journey, overcoming temptations and obstacles: *The Odyssey*, *The Lord of the Rings*, *Watership Down*.

**Voyage and Return.** Journey to a strange land, overcoming threats and returning with experience: *Alice in Wonderland*, *The Rime of the Ancient Mariner*, *The Hobbit*.

**Comedy.** Light and humorous, with a happy or cheerful ending usually resolving increasingly confusing conflict: *Twelfth Night*, *Four Weddings and a Funeral*, *Bridget Jones's Diary*.

**Tragedy.** The protagonist's character flaw or great mistake is their undoing. There is pity for the folly and fall of a fundamentally good person: *Macbeth*, *Bonnie and Clyde*, *Romeo and Juliet*.

**Rebirth.** An event forces the main character to change their ways and become a better person: *Groundhog Day*, *A Christmas Carol*, *Beauty and the Beast*.

## Structure

The writer Kurt Vonnegut suggested<sup>2</sup> that the shape of stories could be graphed. The change in fortune experienced by the protagonist was central to a fulfilling narrative. Computer-based text mining proved Vonnegut to be right. An analysis of 1,700 English language novels undertaken by Washington State University and the University of Vermont's Computational Story Lab found the six main story forms could indeed be charted.<sup>3</sup>

**Rags to riches.** A steady rise from bad to good fortune

**Riches to rags.** A fall from good to bad, a tragedy

**Icarus.** A rise then a fall in fortune

**Oedipus.** A fall, a rise then a fall again

**Cinderella.** A rise, fall, rise

**Man in a hole.** A fall, rise

## Elements of story

Richard Maxwell and Robert Dickman<sup>4</sup> list the five basic elements of every story:

**The Hero.** Every story has one. If they help us see the world through their eyes, we will relate to them.

**Passion.** If the story is told as though we care, we are interested and engaged.

**The Antagonist.** The heart of the story, whether this is a person or force (often malign) or an internal barrier (pain or fear).

**Moment of Awareness.** The moment that allows the hero to prevail. This helps us to learn from the story, clarifying the problem and framing the action to be taken.

**Transformation.** What changed? Our heroes take action and the world changes around them.



## Using story

Chip and Dan Heath<sup>5</sup> talk about “sticky ideas”. What is it that makes something stand out in the clutter and stick in the mind?

We need to help the listener by using the existing elements of their memory. Psychologists note that we have pre-recorded schema or generic properties loaded into our memory. If we say “sports car”, for instance, an image leaps into our mind, likely a convertible and red. Marketers understand this. A ‘Peter Pan for modern times’ provides a simple flag to guide our understanding. Without a point of connection, communication is a struggle.

We may think that facts and figures are important, but we don’t retain them particularly well. In contrast, “stories create ‘sticky’ memories by attaching emotions to things that happen”.<sup>6</sup>

Seth Godin<sup>7</sup> asks three questions about your story:

- What’s your story? What’s the USP (unique selling proposition) in your story?
- Will people who need to hear this story believe it?
- Does it need to be heard by them?

Using real people in real situations makes connection. A story without a challenge simply isn’t very interesting. Good storytellers understand that a story needs conflict.

Remember we want to tell stories about ourselves. That is only possible if you have demonstrable empathy for the people you’re talking to. Consistency is the key. In a world saturated with information, a crisp, coherent story consistent over time will win out.

*“Getting an audience is hard. Sustaining an audience is hard. It demands a consistency of thought, of purpose, and of action over a long period of time.”* Bruce Springsteen

### Good writing

Simplicity is the key. Locating the essence of the idea and sharing it in just a few words. One of the great stories was John F Kennedy’s challenge (quest) to put a man on the moon and return him safely by the end of the decade. Concise and specific, it touched one of humankind’s great aspirations. Credible because of the speaker, it engaged the nation in the space race against the great external opponent (antagonist), the Soviet Union.

Too often we are muddled in our thinking because we know too much about our subject. Chip and Dan Heath call this the “curse of knowledge”. We find it difficult to imagine that someone does not know what we do. We cannot place ourselves in their unknowing shoes. We try and share it all at once, and find it hard to discard material in the search for simplicity.

*“When your remote control has fifty buttons, you can’t change the channel anymore.”<sup>8</sup>*

### Chunk your information

Break your wordy paragraphs up into digestible bits. This is the single best tip for writing. Add in punchy short statements. “Jesus wept” remains one of the great sentences.

### To the point

Short, simple words and statements. I can imagine a future where all people from all backgrounds and races live and work together in peace or I have a dream!

### Every story

Every story has a beginning, a middle and an end. What’s the point we are making and how does that play out?

### Hierarchy

In writing our stories to be read, headings, subheadings, paragraphs, etc all need to line up logically. This makes understanding far easier.

### Surprise and curiosity

Surprise grabs our attention; interest maintains it. Surprise is the unexpected element in a given context. “Man bites dog” is more interesting than its opposite. Headlines like “Thirteen-year-old completes physics degree” or “Blue whale in the Hauraki Gulf” separate stories out from the deluge.

“Curiosity happens when we feel a gap in our knowledge.”<sup>9</sup> This understanding is crucial to the use of facts. Before we provide what we perceive to be essential evidence, people must feel that they need that information. This is alerting them to a gap in their knowledge. Sensationalist journalism uses this approach. Few can resist a headline like “Three Star Restaurant Closed for Rats in Larder”. A local example is Orchestra Wellington’s announcement of its 2020 season with some good teasers around who the theme composer would be for the coming year. But confirmation of the composer was held off until after the preferential season ticket purchase period had closed. We open the gap and then provide the information to fill it.

*“There have been great societies that did not use the wheel, but there have been no societies that did not tell stories.”* Ursula Le Guin

### Story structure – key points

- There is only a fixed number of stories in the world.
- Good stories all have people at their heart; we want to hear stories about ourselves.
- Stories need to be ‘sticky’ – they need conflict and challenge.
- Good writing is simple: less is more.

### Boardroom checks

- Are we overcomplicating our story?
- Is our story about the people we serve rather than about us?
- Do we help our people write well for the boardroom?

<sup>5</sup>Heath, C and D Heath. *Made to Stick*. New York: Random House, 2013. <sup>6</sup>Nick Morgan in O’Hara, C. ‘How to tell a great story’. *Harvard Business Review*, 30 July 2014. <sup>7</sup>Godin, S. *All Marketers Are Liars*. Penguin Books, 2005. <sup>8</sup>Heath, C and D Heath. *Made to Stick*. New York: Random House, 2013, p50. <sup>9</sup>Behavioural economist George Loewenstein quoted in *Made to Stick*, p84.

## Examples of good practice

### Impact report including governance reporting Recreation Aotearoa

<https://www.nzrecreation.org.nz/Site/about/annual-report-strategic-plan/annual-report.aspx>

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### Impact dashboard and transparency statement Street League

<https://www.streetleague.co.uk/impact>

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### Royal National Lifeboat Institution Annual report and operational statistics

<https://rnli.org/about-us/how-the-rnli-is-run/annual-report-and-accounts>

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### Best use of storytelling From the 10th Annual Shorty Awards (Digital media)

<https://shortyawards.com/category/10th/storytelling>

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### New Zealand Charity Reporting Awards 2019 Zealandia Annual Report (see 'Performance Reporting' on p44)

<https://www.charities.govt.nz/assets/Karori-Sanctuary-Trust-Annual-Report-2018.pdf>

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### Bellyful Annual Performance Report (Tier 3 charity <\$2m)

<https://www.charities.govt.nz/assets/Bellyful-Annual-Performance-Report-2018-Final2.pdf>

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### Empowered Learning Trust Performance Report (Tier 4 charity <\$125k)

<https://www.charities.govt.nz/assets/Empowered-Learning-Trust-Audited-Performance-Report-year-ended-31st-Mar-2019.pdf>

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### Reporting the good and the not so good Sanford Annual Report (see 'Highs and Lows' on p20)

<https://www.sanford.co.nz/investors/reports-1/company-reports/2019/2019-annual-report/>

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### Brand storytelling Brenner, M. 6 examples of genius brand storytelling you have to see

<https://marketinginsidergroup.com/content-marketing/6-examples-genius-brand-storytelling-see/>

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### Further reading

Coleman, J. 'Use storytelling to explain your company's purpose'. *Harvard Business Review*, 24 November 2015

<https://hbr.org/2015/11/use-storytelling-to-explain-your-companys-purpose>

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