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I'm in the business of creating compelling stories. As a filmmaker, I need to understand how stories touch audiences—why one story is an instantly appealing box office success while another fails miserably to connect. I've been fortunate enough to work with some of the world's most talented storytellers—gifted directors, novelists, screenwriters, actors, and other producers—and from them I've gleaned insights into the alchemy of great stories. Make no mistake, a hit movie is still an elusive target, and I've had my share of flops. But experience has at least provided me with a clear sense of the essential elements of a story and how to tap into its power.

The power of storytelling is also central to my work as a business executive and entrepreneur. Over the years, I've learned that the ability to articulate your story or that of your company is crucial in almost every phase of enterprise management. It works all along the business food chain: A great salesperson knows how to tell a story in which the product is the hero. A successful line manager

can rally the team to extraordinary efforts through a story that shows how short-term sacrifice leads to long-term success. An effective CEO uses an emotional narrative about the company's mission to attract investors and partners, to set lofty goals, and to inspire employees.

Sometimes, a well-crafted story can even transform a seemingly hopeless situation into an unexpected triumph.

In the mid-1980s at PolyGram, I produced a television series called *Oceanquest*, which took a team of expert divers and scientists around the world—from Antarctica to Baja California to Micronesia—to film their aquatic adventures. The cast included former Miss Universe Shawn Weatherly, a novice who served as a stand-in for the viewers at home.

One of the planned segments critical to the success of the series was to explore the forbidden waters of Havana harbor, where galleons and pirate ships had carried treasure since the sixteenth century. There was only one problem: Neither the U.S. government nor the

Communist regime of Fidel Castro wanted a team of Americans filming there.

Pleading that our mission was purely scientific and peaceful, we managed, with support from former secretaries of state Henry Kissinger and Alexander Haig, to get permission from the U.S. State Department. But the go-ahead from the Cuban government for underwater filming proved more elusive. Gambling that we could win approval, we sailed to Cuba, set up our equipment in Marina Hemingway, and filmed a few surface shots in various locations as we waited for word from the regime. Millions of dollars in sunk costs hung in the balance.

A local official finally turned up with a surprise announcement: Fidel Castro had taken a personal interest in our project and would be visiting the harbor. (Castro, we learned, was an environmental advocate and scuba enthusiast.)

“May we use this visit to ask for permission to film in the harbor?” we asked.

The official shrugged. “El Presidente will be here for ten minutes only,” he replied. “But you are certainly free to tell your story. Just remember, no autographs and no gifts.”

Of course, we’d already provided all sorts of information about our project to the Cuban government’s Washington office. But it was soulless data with no emotion, life, or drama. No wonder our request had elicited a perfunctory “no.” I was determined not to make the same mistake again.

Castro (or Cool Breeze, as we’d privately code-named him) arrived, his entourage in tow. To make his experience interactive, we’d arranged a display of our most elaborate equipment on the deck of our main ship—underwater vehicles, diving suits, high-tech cameras. Cool Breeze was suitably impressed by it all—though he seemed most taken by the friendly welcome from Ms. Weatherly, still wearing her bathing suit from that day’s filming.

The ice broken, I began telling the story of Havana harbor and its centuries at the heart of world commerce, diplomacy, intrigue, and war. The central motivation for early explorers of the New World had been the quest for treasure. As the focal point of Spain’s trading empire and the strategic “key to the Gulf of Mexico,” Havana had been integral to this quest, its port the shipping center through which the gold of the Americas flowed on

its way to the Spanish royal court. Pirates, privateers, spies, and rival imperial forces—including Britain’s Royal Navy—had plied its waters, seeking booty, probing for military and economic secrets, and vying for influence. I explained how we would use the latest technology to bring Cuba’s history to television viewers worldwide.

As I spoke, I watched Castro toy with the equipment and listen with growing interest to the story of Havana harbor’s past. Finally, breaking the bureaucrat’s rule, I presented the Cuban leader with a giant tooth (seven inches long, five inches wide) from a megalodon, a prehistoric shark that had once prowled Havana’s waters.

The upshot? Castro spent four hours visiting with our film crew, and he gave us permission to film anywhere in the harbor we wanted. We captured hours of compelling television footage. My impromptu story—and Havana’s story—won the day. “The seas belong to all humankind,” I reminded Castro, “and so does history. You are the steward of Havana’s history, and it is up to you to share it with the world.”

This experience led me—not for the first time and certainly not for the last—to try to gather some basic truths about how storytelling can be used to get people’s help carrying out your goals and ultimately to inspire business success. Stories can, of course, take many forms, from old-fashioned words on a page to movies laden with digital special effects. In this article I’ll restrict myself primarily to stories like the one I used with Castro: oral narratives in which a single teller addresses one or more listeners. Whether the audience is a handful of colleagues or clients at lunch or 10,000 convention-goers listening to a formal address, the secrets of a great story are largely the same.

The Leader as Storyteller

As part of my continuing effort to unlock these secrets, I recently persuaded a diverse group of leaders and storytelling experts from the worlds of business, education, and entertainment to come together over a meal and exchange their insights about storytelling. One beautiful spring evening, we gathered at my home in Los Angeles. With a feast laid out on a great low table and the city lights twinkling in the hills below us, we luxuriated in a

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cascade of ideas. As the wine flowed, so did the jokes, stories, and observations drawn from the centuries' worth of life experience in that room. And as varied as our backgrounds were, I found that we kept returning to one theme: the crucial importance of truth as an attribute of both the powerful story and the effective storyteller.

Before I go further, let me clear up two misconceptions about storytelling that many businesspeople have.

First, many think it is purely about entertainment. But the use of the story not only to delight but to instruct and lead has long been a part of human culture. We can trace it back thousands of years to the days of the shaman around the tribal fire. It was he who recorded the oral history of the tribe, encoding its beliefs, values, and rules in the tales of its great heroes, of its triumphs and tragedies. The life-or-death lessons necessary to perpetuate the community's survival were woven into these stories: "We don't go hunting in the Great Wood—not since that terrible day when three of our bravest were killed there by unknown beasts. Here's how it happened..."

Storytelling plays a similar role today. It is one of the world's most powerful tools for achieving astonishing results. For the leader, storytelling is action oriented—a force for turning dreams into goals and then into results.

Second, many people assume that storytelling is somehow in conflict with authenticity. The great storyteller, in this view, is a spinner of yarns that amuse without being rooted in truth. The image of Hollywood as "Tinseltown"—a land of make-believe and suspended disbelief that allows us to escape reality, even manipulates us into doing so—reinforces this notion. But great storytelling does not conflict with truth. In the business world and elsewhere, it is always built on the integrity of the story and its teller. Hence the emphasis on truth as its touchstone in our dinner symposium.

Reflecting on the lessons and ideas from our conclave, I've distilled four kinds of truth found in an effective story.

Truth to the Teller

Authenticity, as noted above, is a crucial quality of the storyteller. He must be congruent with his story—his tongue, feet, and wallet

must move in the same direction. The consummate modern shaman knows his own deepest values and reveals them in his story with honesty and candor.

Jim Sinegal, cofounder and CEO of Costco, tells a business story that embodies the values he's helped build into his company. Back in 1996, he often recounts, Costco was doing a brisk business in Calvin Klein jeans priced at \$29.99. When a smart buyer got a better deal on a new batch of the jeans, company guidelines calling for a strict limit on price markups dictated a lower price of \$22.99. Costco could have stuck to the original price and dropped seven extra dollars a pair straight into its own pocket. But Sinegal insisted on passing the savings on to customers, because he saw the company's focus on customer value as the key to its success. The story continues to be told in Costco's hallways today. It vividly conveys a message about the company's values—one that resonates, in part, because it's aligned with the personality of its author. Sinegal answers his own phone, draws an annual salary of just \$350,000 (a fraction of what most big-company CEOs earn), and has signed an employment contract that's only one page long—all of which means less cost for customers to absorb.

At the storytelling dinner I held, Oscar-winning screenwriter Ron Bass put it this way, drawing a parallel to the world of politics: "When I pitch a story, I have to sell myself—who I am. The same is true of every leader, in business or any other field. Take Barack Obama. His story is all about who he is. And everything about him is part of it, down to his physical presence: the eye contact, the hand on the shoulder, the sound of his voice."

Being true to yourself also involves showing and sharing emotion. The spirit that motivates most great storytellers is "I want you to feel what I feel," and the effective narrative is designed to make this happen. That's how the information is bound to the experience and rendered unforgettable.

But sharing emotion isn't easy. As Teri Schwartz, the dean of Loyola Marymount University's film and television school, pointed out, "It demands generosity on the part of the storyteller." Why? Because it often requires being vulnerable—a challenge for many leaders, managers, salespeople, and entrepreneurs. By willingly exposing anxieties,

fears, and shortcomings, the storyteller allows the audience to identify with her and therefore brings listeners to a place of understanding and catharsis, and ultimately spurs action. When I told the story of Havana harbor to Castro—standing on the deck of a ship strewn with expensive equipment that we'd essentially brought there on spec, trusting in my ability to win the confidence of Cuba's all-powerful ruler—both my vulnerability and my enthusiastic commitment to the risky project were on full display.

Here is the challenge for the business storyteller: He must enter the hearts of his listeners, where their emotions live, even as the information he seeks to convey rents space in their brains. Our minds are relatively open, but we guard our hearts with zeal, knowing their power to move us. So although the mind may be part of your target, the heart is the bull's-eye. To reach it, the visionary manager crafting his story must first display his own open heart.

First, you'll want to try your story out on people who aren't already converts, to get a realistic sense of how your real audience might respond. Ron Bass finds this strategy useful: "In effect," he says, "I have my own story development company. It consists of three or four young women who represent my 'marketing department.' I bounce everything off them—every new idea, scene, plot twist, character development, big speech. I study their reactions and then, even more important, study *my* reaction to them. I don't necessarily follow their advice. What I must follow is my own deepest instinct, and this is best revealed to me as I see how I respond to the feelings and thoughts of other people."

Business leaders too need to be in touch with their listeners—not slavish or patronizing, but receptive—in order to know how to lead them. Getting your story right for your listeners means working past a series of culs-de-sac and speed bumps to find the best path.

Second, you'll need to identify your audience's emotional needs and meet them with integrity. It's not enough to get the facts right—you've got to get the emotional arc right as well. Every storyteller is in the expectations-management business and must take responsibility for leading listeners effectively through the story experience, incorporating both surprise and fulfillment. At the end of the story, listeners should think, "We never expected *that*—but somehow, it makes perfect sense." Thus, a great story is never fully predictable through foresight—but it's projectable through hindsight.

Third, you'll want to tell your story in an interactive fashion, so people will feel they've participated in shaping the story experience. This requires a willingness to surrender ownership of the story. The storyteller must recognize that the story is bigger than she is and must enlist her audience's help.

This can mean, as screenwriter Chad Hodge pointed out during our dinner, "helping people to see themselves as the hero of the story," whether the plot involves beating the bad guys or achieving some great business objective. "Everyone wants to be a star, or at least to feel that the story is talking to or about him personally," Hodge said. Business leaders need to tap into this drive by using storytelling to place their listeners at the center of the action. As Hodge advised: "Encourage

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Truth to the Audience

There's always an implicit contract between the storyteller and his audience. It includes a promise that the listeners' expectations, once aroused, will be fulfilled. Listeners give the storyteller their time, with the understanding that he will spend it wisely for them. For most businesspeople, time is the scarcest resource; the storyteller who doesn't respect that will pay dearly. Fulfilling this promise is what I mean by "truth to the audience."

To meet the terms of this contract—and ideally even *overdeliver* on it—the great storyteller takes time to understand what his listeners know about, care about, and want to hear. Then he crafts the essential elements of the story so that they elegantly resonate with those needs, starting where the listeners are and bringing them along on a satisfying emotional journey.

This journey, resulting in an altered psychological state on the part of the listener, is the essence of storytelling. Listeners must remain curious and in suspense—wondering what's going to happen to them next—while trusting that it is safe to give themselves over to the journey and that the destination will be worthwhile.

Truth to the audience has a number of practical implications for the craft of storytelling.

your people to join your journey, your quest, and reach the goal that lies at its end.” Recall, for example, how I shone a spotlight on the chain of history of Havana’s great harbor and placed Castro at the center of the story, as the harbor’s current steward.

LMU’s Teri Schwartz picked up on Hodge’s idea: “Make the ‘I’ in your story become ‘we,’ so the whole tribe or community can come together and unite behind your experience and the idea it embodies.”

Consider how Sallie Krawcheck—formerly the CEO of Smith Barney and now, in her early forties, the youthful chair and CEO of Citigroup’s Global Wealth Management division—connects with people who might be intimidated by her reputation for brilliance and her rapid rise to the top of the financial services industry. She often tells her life story in a way that anyone can identify with, recalling how she felt like an outcast at her all-girls school as a teenager—with glasses, braces, and corrective shoes—and how that prepared her for the rigors of her professional life. She has said in the business press that “there was nothing they could do to me at Salomon Brothers in the ’80s that was worse than the seventh grade.”

When you hear Krawcheck describe her journey in these terms, you know exactly how she feels. You can’t help rooting for her—and if you’re a member of her team at Citigroup, you’re ready to follow her wherever she leads.

Perhaps of equal import, business leaders must recognize that how the audience physically responds to the storyteller is an integral part of the story and its telling. Communal emotional response—hoots of laughter, shrieks of fear, gasps of dismay, cries of anger—is a binding force that the storyteller must learn how to orchestrate through appeals to the senses and the emotions.

Nowhere is this more apparent than at the story’s ending. Getting the audience to cheer, rise, and vocalize in response to a dramatic, rousing conclusion creates positive emotional contagion, produces a strong emotional takeaway, and fuels the call to action by the business leader. The ending of a great narrative is the first thing the audience remembers. The litmus test for a good story is not whether listeners walk away happy or sad. Rather, it’s whether the ending is emotionally fulfilling, an experience worth owning, a

great “aha!”—not just sticky fingers and a few uneaten kernels of popcorn.

Orchestrate emotional responses effectively, and you actually transfer proprietorship of the story to the listener, making him an advocate who will power the viral marketing of your message.

Truth to the Moment

A great storyteller never tells a story the same way twice. Instead, she sees what is unique in each storytelling experience and responds fully to what is demanded. A story involving your company should sound different each time. Whether you tell it to 2,000 customers at a convention, 500 salespeople at a marketing meeting, ten stock analysts in a conference call, or three CEOs over drinks, you should tailor it to the situation. The context of the telling is always a part of the story. In the case of my pitch to Castro, the story had to seem spontaneous, a natural response to the inspiring historic setting of Marina Hemingway (itself named after one of the twentieth century’s great storytellers). And it did, though the information had been gathered in advance. Its organization and delivery were in essence the “premiere” of this particular story.

There is a paradox here. Great storytellers prepare obsessively. They think about, rethink, work, and rework their stories. As Scott Adelson, an investment banker who uses storytelling to help clients raise capital in public markets, said at our dinner: “Sheer repetition and the practice it brings is one key to great storytelling. When we help companies sell themselves to Wall Street, we often see the CEO and his team present their story 10, 20, 30 times. And usually each telling is better and more compelling than the one before.”

At the same time, the great storyteller is flexible enough to drop the script and improvise when the situation calls for it. Actually, intensive preparation and improvising are two sides of the same coin. If you know your story well, you can riff on it without losing the thread or the focus.

At the storytelling dinner, scientist and science fiction writer Gentry Lee told us about appearing on a public panel about alien abductions. The other three members of the panel were two people who claimed they’d been taken by aliens, and John Mack, the late Harvard psychiatrist who believed in and

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researched such stories. As you might expect, the two abductees had colorful, vivid, fascinating stories to tell. The listeners were literally standing on their feet, clapping and cheering. Mack poured fuel on the fire by testifying that these stories could be confirmed by many others he'd studied.

Lee had prepared, from a scientist's perspective, a detailed response to the abduction stories, showing how the power of the imagination can conjure up fantasies that look, feel, and appear compellingly real. But he could see that the frenzied audience was in no mood to absorb his lengthy presentation. Instead, he decided to avoid a war of dueling stories by simply using a single startling observation to deflate the abductees' tales. All he said was this:

"My friend Carl Sagan used to say, 'Extraordinary claims require extraordinary evidence.' Well, we've heard some wonderful stories today, and they make extraordinary claims. I would just point out the following: Hundreds of people who believe they've been abducted by aliens have told stories like the ones we've just heard. And yet, despite all these hundreds of supposed abductions, not a single souvenir has ever been brought back—not a single tool or document or drinking glass or so much as a thimble! Given the total absence of any physical evidence, can we *really* believe these extraordinary claims?"

This simple, unadorned statement—improvised on the spot to startle the audience into a fresh way of thinking—completely transformed the situation. Most of the throng changed from true believers to thoughtful skeptics in just a few moments.

For the well-trained storyteller, spontaneity and economy can be elegant and powerful.

Truth to the Mission

A great storyteller is devoted to a cause beyond self. That mission is embodied in his stories, which capture and express values that he believes in and wants others to adopt as their own. Thus, the story itself must offer a value proposition that is worthy of its audience.

The mission may be on a national or even global scale: To land a man on the moon and return him safely to Earth. To win the Cold War and bring freedom to millions of people around the world. To reverse global warming and save the planet.

Or the cause may be more modest but still important, at least to the storyteller and his audience: To turn around a company that is floundering and save hundreds of jobs. To bring a great new service to market and improve the lives of customers.

In any case, the job of the teller is to capture his mission in a story that evokes powerful emotions and thereby wins the assent and support of his listeners. Everything he does must serve that mission.

This explains the passion that great storytellers exude. They infuse their stories with meaning because they really believe in the mission. I truly believed that our program on the history of Havana harbor was important: We had shown up to do something that was bigger than the swirl of temporary political bargaining between our countries, and we had bet the farm on the journey.

When truth to the mission conflicts with truth to the audience, truth to the mission should win out. The leader who knows his listeners is able to gain their trust and spend that currency wisely in pursuit of the mission. But this doesn't mean telling people exactly what they want to hear. That's pandering and, as Hollywood has learned, a formula for a mediocre story. Indeed, sometimes you need to do just the opposite. At our dinner party, Colin Callender, president of HBO Films, noted that several of HBO's most acclaimed productions are ones that audience pretesting marked as losers.

Even in today's cynical, self-centered age, people are desperate to believe in something bigger than themselves. The storyteller plays a vital role by providing them with a mission they can believe in and devote themselves to. As a modern shaman, the visionary business leader taps into the human yearning to be part of a worthy cause. A leader who wants to use the power of storytelling must remember this and begin with a cause that deserves devotion.

One of today's most creative business leaders is Muhammad Yunus, founder of Bangladesh's Grameen Bank and pioneer of the microcredit movement, which advocates providing small loans to the poor. When he addresses would-be partners to solicit support for microcredit, he tells some version of this story:

"It was a village woman named Sufiya Begum who taught me the true nature of poverty in Bangladesh. Like many village women,

Sufiya lived with her husband and small children in a crumbling mud hut with a leaky thatched roof. To provide food for her family, Sufiya worked all day in her muddy yard making bamboo stools. Yet somehow her hard work was unable to lift her family out of poverty. Why?”

(Of course, “Why?” is a rhetorical question. But posing it to the listeners engages their curiosity and makes them eager to hear the answer, which they trust Yunus to supply.)

“Like many others in the village, Sufiya relied on the local moneylender to provide the cash she needed to buy the bamboo for her stools. But the moneylender would give her this money only on the condition that he would have the exclusive right to buy all she produced at a price he would decide. What’s more, the interest rate he charged was incredibly high, ranging from 10% per week to as much as 10% *per day*.

“Sufiya was not alone. I made a list of the victims of this moneylending business in the village of Jobra. When I was done, I had the names of 42 victims who had borrowed a total of 856 taka—the equivalent of less than \$27 at the time. What a lesson this was for me, an economics professor!

“I offered \$27 from my own pocket to get these victims out of the moneylenders’ clutches. The excitement that was created among the people by this small action got me further involved. If I could make so many people so happy with such a tiny amount of money, why not do more?

“That has been my mission ever since.”

When Yunus tells this story of the origins of microcredit, his listeners—including bankers,

CEOs, and high government officials—are moved. They are riding the emotional arc of Yunus’s tale, which culminated in 2006 with the awarding of the Nobel Peace Prize jointly to Yunus and Grameen Bank. When he concludes his story by asking his listeners to help bring affordable credit to every poor person in the world, he almost always receives a standing ovation—along with a flood of pledges.

The Unchanging Heart of Storytelling

Story forms have evolved continually since the days of the shaman. Literary genres from epic poetry to drama to the novel use stories as political or social calls to action. Technological breakthroughs—movable type, movies, radio, television, the internet—have provided new ways of recording, presenting, and disseminating stories. But it isn’t special effects or the o’s and 1’s of the digital revolution that matter most—it’s the oohs and aahs that the storyteller evokes from an audience. State-of-the-art technology is a great tool for capturing and transmitting words, images, and ideas, but the power of storytelling resides most fundamentally in “state-of-the-heart” technology.

At the end of the day, words and ideas presented in a way that engages listeners’ emotions are what carry stories. It is this oral tradition that lies at the center of our ability to motivate, sell, inspire, engage, and lead.

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