

THE NARRATIVE ADVANTAGE

**HOW OUR AGE-OLD CAPACITY
FOR STORY CAN UNLOCK FUTURES OF
POSSIBILITY FOR BUSINESS**

OUR COLLECTIVE FUTURE IS IN PERIL
WE CANNOT KEEP GOING THE WAY WE ARE
WE KNOW IT
OUR EMPLOYEES KNOW IT
SO DO OUR CUSTOMERS
THEY ARE DEMANDING BETTER OF US
WE NEED TO TELL
A BETTER STORY

BUSINESS IS

AT AN INFLECTION POINT

For sixty years, shareholder primacy has been the prevailing doctrine in corporate governance. The belief that a corporation's primary responsibility is to maximise shareholder value has moulded our choices and guided our conduct. Its benefits include economic growth, reduced poverty, efficient organisations, and life-changing innovations. But today, this narrative's fixation on short-term gains is propelling us towards an unsustainable future.

If business is to be part of the solution, we can no longer afford to act as if the needs of shareholders are more important than those of our employees, customers, communities, and the planet itself. As Alan Jope, the CEO of Unilever, asserts, "Our current model of capitalism won't drive the results that we need for our planet and for society... The successful businesses of the future will be those that manage to align their commercial interests with making a positive social and environmental impact."¹

To steer our businesses through the social, political, and environmental upheavals we are facing and build a better future, we must learn to tell a better story. Because if this era of tremendous vulnerability is teaching us anything, it's that we are all responsible for our collective human experience.

Pressure from all sides

Our employees and customers are enthusiastic about purpose-driven companies. Our collaborators come to work wanting to contribute to a greater cause. Our customers actively seek out and support businesses that align with their values regarding social and environmental responsibility. A growing number of shareholders and investors now prioritise ESG factors in their investment strategies. As governments and regulatory bodies worldwide draft legislation to foster sustainable business models, the call to reimagine corporate citizenship grows louder and more urgent. Bold leadership will be crucial.

The need to redefine the role of business in society is driven by moral imperatives as much as by strategic necessity. The responsibility of action rests heavily on our shoulders. Many of us are already embracing a more conscientious and sustainable approach to business. But despite the urgency and our own convictions, progress remains frustratingly slow.

The challenges before us are immense, complex, and often overwhelming. They defy easy comprehension. In our quest for progress, we settle for incremental improvements in our corporate social responsibility initiatives, grasping onto them as signs of advancement. We find respite by relying on market forces and financial incentives to drive transformation. We hesitate to prioritise actions that are hard to measure or don't yield immediate profits.

"The successful businesses of the future will be those that manage to align their commercial interests with making a positive social and environmental impact"

Alan Jope, CEO Unilever 2023

The prevailing narrative of shareholder primacy still holds sway, dominating our decisions and stifling alternative avenues with swift backlash, often from our most powerful leaders.² We find ourselves trapped in a stagnant pond of uncertainty. Like a frog stranded on a lily pad, we're hesitant to leap until we can see somewhere to leap to.

Narrative limbo

As the certainties provided by the old narrative crumble, we are left adrift. Without the aid of a new narrative to point the way forward, we search for meaning in the ambiguous space between stories. This is narrative limbo, a liminal realm between the known and the unknown. Being here unsettles us to our core, because when we lose our ability to make meaning, we lose ourselves.

And yet this space of uncertainty is also the birthplace of the new. It is here that we find the courage to explore uncharted territories and discover the audacity to challenge our assumptions and reimagine something new. It is here that we reinvent ourselves. If we want to make the most of this moment, we'll need to awaken our narrative intelligence and meet story with story.

Natural-born storytellers

Story isn't just a pastime, distraction, or a tool for selling and persuasion. It's also an innate human capacity, a force that we ignore at our own expense.³

Story shapes our thoughts, our perception of reality, our ability to imagine a brighter future, and our connections with others. Through the power of story, we bring order to chaos, unveil hidden patterns, and

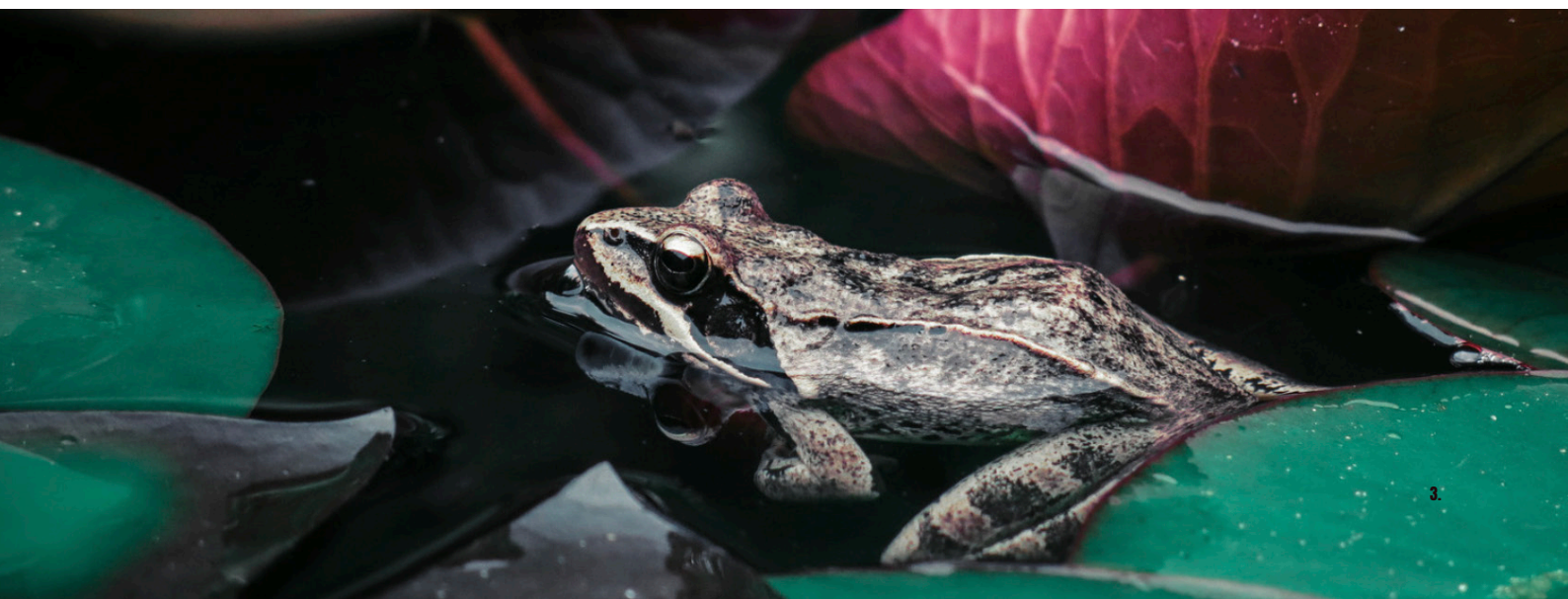
derive meaning from our own experiences. Imagine that you're hiking in a dense forest. Suddenly, the tranquility is shattered by a thunderous crash among the trees. In that split second your mind screams "Bear!"—a story concocted on the spot, potentially saving your life. But let's say you run from what turns out to be a hiker, and you fall and break your neck. Then story comes with tragic consequences.

Story possesses the immense power of life and death. Rooted in us so deeply that it feels like it's part of our essential biology, it may even predate the formation of language. Our stories shape our beliefs, propel our actions, and define who we are at our core. We embody the narratives we hold, and, in turn, they shape the world that we live in.⁴ As the poet Muriel Rukeyser famously put it, "The universe is made of stories, not of atoms."

Our two modes of thinking

As leaders, we pride ourselves in making decisions driven by facts, data, and numbers, the backbone of any enterprise. We see our businesses as rational entities, and we think that if we want to make progress, there's no room for emotion. But the truth is, it's impossible to divorce ourselves from our emotions.

Picture the following scenario unfolding in a quarterly meeting: "Demand is soaring, we have resolved all our supply chain issues, and we anticipate a staggering 25% surge in sales next quarter." Let's say that the data supports these conclusions. But let's also acknowledge that our forecast makes an emotional leap. We can't predict what will happen in the next hour, let alone the next quarter. Hope and fear are riding shotgun, shaping that story as much as the facts.





Whether we realise it or not, our narrative intelligence is constantly at work.⁵ This is a good thing, because the space between stories demands more from us than analytical prowess and logical reasoning alone. It also requires imagination, authenticity, and emotional courage. We need access to both our logical and narrative thinking.

The instinct for connection

When life flows smoothly, our narratives function in the background without our conscious involvement. We swim in story like fish in water, secure in our reality and free to let our minds engage with other things. But sometimes a shocking event shakes us like an Etch-A-Sketch, brutally erasing the plot we thought we were living and throwing us into the disorientation of narrative limbo.

In the early days of the pandemic, our most basic human needs for survival were under threat. We did the one thing capable of grounding us: we turned to each other. "What do you need? What's the priority? How can I help?" Our teams pulled together, meeting the crisis and saving our businesses. It was through human connection that we accessed our resilience and creativity and found meaning. From a myriad of small stories, we gathered information, made sense of the situation in front of us, and solved problems as we went.⁶ Slowly, a new narrative emerged, one that included new gestures, habits, and policies: masks

and sanitiser, lockdowns and working from home, compromises and sacrifices. Our world had changed, and we adapted and evolved the stories we told about it.

Connecting and taking stock through the sharing of lived experiences is our narrative intelligence in action. It's how we weave together logic and emotion to see more clearly and make better choices. Rendering our narrative intelligence conscious and developing it as a tool helps us address our needs, manage our fears, and propagate stories of hope and possibility.

Influencing an emergent future

Awakening the narrative intelligence of your organisation can usher in a more holistic, human-centric approach to business. The real power of story is in its ability to connect people around a common identity and to inspire visionary thinking. Eliciting stories from your teams can spark profound discussions that delve into your core values and purpose, your worldview and aspirations, and your strategy. This is not just about running a successful business; it's about creating a story worth telling and energising your people to bring it to life.

We cannot control the future, but we can influence it. Similarly, your business cannot singlehandedly control the narrative of shareholder primacy. But by understanding who you are and what matters to you, you can stand as an example for a better story. But only if you fully engage, head, heart, and soul.

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ENDNOTES

1. Our current model of capitalism

Alan Jope Talk, RSA (The Royal Society for Arts, Manufactures and Commerce), April 27 2023

2. With swift backlash, often from our most powerful leaders

In a recent study by The Conference Board, 61% of U.S. companies expect increased or sustained ESG backlash in the next two years, defined as reactions from "healthy skepticism to philosophical opposition to various forms of opportunism."

Many companies have adopted sustainable practices over time, with strong advocacy from figures like BlackRock's CEO, Larry Fink. As ESG moved from the sidelines to the forefront, accelerated by the COVID-19 pandemic, opposition, including from some U.S. Republican lawmakers, grew. They argue ESG can impact profits. Facing pressures, Fink softened his position on ESG. By 2022, BlackRock was criticised for its environmental stance, viewed as both overly aggressive and insufficient. Fink's decision to appoint Aramco's Amin Nasser to its board further fueled debates of inconsistency and hypocrisy.

However, there's optimism as the backlash shows signs of diminishing. This tug-of-war can be seen as an old narrative resisting the emerging one. In this transition, space between stories, vision and courage are severely tested.

3. An innate human capacity

Pioneering cognitive psychologist Jerome Bruner suggested that humans are naturally inclined to "organise experience into a narrative form" or possess a "human readiness for narrative." Bruner, J. (1990) *Acts of meaning*, p. 45.

Cognitive psychologists Roger Schank and Robert Abelson contend that "stories about one's experiences... are the fundamental constituents of human memory, knowledge, and social communication," adding that "virtually all human knowledge is based on stories constructed around past experiences [and] new experiences are interpreted in terms of old stories". Schank, R. And Abelson, R. (1995) *Knowledge and memory: The real story*, p. 1-2.

Barbara Meyerhoff termed humans as "Homo Narrans"—narrating humans. Meyerhoff, B. (1979) *Number our days*, p. 272.

E.M. Forster referred to this idea as "Homo Ficus." Forster, E.M. (1955) *Aspects of the novel*, p. 55.

4. Our stories shape our beliefs

Anthropologist Mary Catherine Bateson believes "storytelling is fundamental to the human search for meaning." Bateson, M.C. (1989), *Composing a life*, p. 34.

Historian and author Yuval Noah Harari believes that our ancestors' global rise was due to our unique ability for storytelling. He says this skill, rather than any physical trait or gene, enables large-scale human collaboration. According to him, concepts like gods, nations, wealth, and human rights exist and have meaning only because of the stories we craft and share about them. Harari, Y.N., (2014) *Sapiens, a brief history of humankind*.

Professor Dan McAdams from Northwestern University discusses the concept of narrative identity, described as the "internalised and evolving story a person invents to explain how he or she has become the person he or she is becoming." He emphasises the profound role stories play in our existence: they allow us to piece together our past, look forward to the future, grasp human motives and actions, and craft our personal life stories. Essentially, through stories, we give meaning to our roots, our identity, and our trajectory. McAdams, D. (2019) "*First we invented stories, then they changed us: The evolution of narrative identity*", p.1.

5. Our narrative intelligence is constantly at work

Cognitive psychologist Jerome Bruner suggests that humans perceive the world using both narrative thinking, which helps us understand through stories, and logical thinking, which relies on rules. "There are two modes of cognitive functioning, two modes of thought... The two (though complementary) are reducible to one another... Efforts to reduce one mode to the other... inevitably fail to capture the rich diversity of thought." Bruner, J. (1986). *Actual minds, possible worlds*. p. 17.

6. From myriad small stories

Psychologists Lucas Bietti and colleagues suggest that stories help share important survival information. They propose that "the specific adaptive value of storytelling lies in making sense of non-routine, uncertain, or novel situations ... promoting social cohesion..." Bietti, L. Tilston, O. Bangerter, A. (2018) *Storytelling as adaptive collective sensemaking*.

Barbara Meyerhoff posited that in a world that's in constant flux, our stories function as a stabilising force by providing a "human constant." Meyerhoff, B. (1979) *Number Our Days*, p. 272

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