

STORY POWER

Selling a long-term strategy is much more than charts and numbers, it's all about having a narrative that engages.

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There are good reasons for managers to focus on the long term. A Wharton School working paper, *Institutional Investors and Stockmarket Liquidity: Trends and Relationships*, found that between 70 per cent and 90 per cent of a company's valuation is from cash flows beyond three years, while 75 per cent of investors are long-term investors, at least in the US.

The pressing question is how to go about managing for the long term.

A recent book, *Go Long*, by Dennis Carey, Brian Dumaine, Michael Useem and Rodney Zimmel, profiles six leading businesses – including car manufacturer Ford, consumer goods company Unilever, and IT company Hewlett Packard – that reaped significant results by sticking to their long-term strategies.

Being able to convey those strategies to investors was key to success.

Storytelling might have been reduced to little more than a buzzword in management circles, but Zimmel, who is a senior partner at McKinsey, was struck by the way in which investors spoke of their desire to hear company stories rather than be bombarded with an endless list of figures.

"One of the things that jumped out at me is that many of the CEOs in the book are great storytellers. That ability to construct a narrative – in many cases reaching back into the history of the company," says McKinsey Publishing's Simon London during a podcast with two of the authors, Zimmel and Useem.

Zimmel concurs. "That notion of



storytelling is interesting. When we were talking to Larry Fink, [CEO] of BlackRock, for the book, he had the observation that he and his firm want to hear the stories from CEOs. They don't just want to hear, 'How was this quarter?' And, 'What's going to be up, what's going to be down next quarter?', but also 'What's the consistent story for where the company is trying to go in the long term, and how does this quarter fit in with that story?'

"Obviously it has to be a non-fiction story, not a fiction story," Zimmel says. "But this idea of CEOs as storytellers to be able to successfully focus on the long term, it's exactly right."

Useem talks about the need for both technical and emotional forms of storytelling. The chief executive needs to be able to deliver a story around the figures as well as a story that appeals to the imagination.

"You have to go for the head and the heart," he says.

Being able to explain the rationale for a strategy and why it might need to change is essential to changing behaviour internally, as well as selling that strategy externally.

"Of all the different skills a CEO brings to the table, communication is consistently rated as number one," says David Moloney, the practice leader for financial services at Internal Consulting Group.

"The key benefit of a story is that it is easy to repeat and others will share the same story," says Moloney. "PowerPoints and strategy canvases are not memorable."