



Changing corporate culture: Choose the right stories

Well-told, well-selected stories have the power to shape corporate culture

BY KATHLEEN EDMOND

In addition to the previously published seven elements of an effective compliance program, the 2004 review of Chapter 8 of the Federal Sentencing Guidelines emphasized the necessity of an ethical culture. The term “ethical culture” received widespread press over the years, but has been more recently replaced with the term “culture of compliance.” Without entering the debate about the difference between ethics and compliance, let’s explore one method of how to establish and sustain such a culture after the compliance policies, accountability, and communication are in place, and the “tone at the top” (meaning the CEO) is without reproach.

The method? Good storytelling.

As lawyers, we too often default to persuasion through analysis of the law and stories of those who broke the law. While factual and attention getting (depending on the story and the skill of the storyteller), these stories don’t improve corporate culture. Instead of informing people how to act, they focus on what not to do and the possible consequences of failure

This strategy fails on two fronts. First, not every violation of law or policy results in a sensational news event, monetary fine, or civil or criminal penalty. Thus the listener can categorize the “scare” story into something that could never happen to them.

Second, these stories don’t provide guidance about what to do when the existing rules or laws don’t apply, or in areas so new that policies, laws or even commonly acceptable behavior is not yet established.

To have a truly effective culture of compliance and organizational ethics, employees must know how to make decisions when there are no rules, or when the existing rules don’t apply, and what they need to do “in the moment” when the situation does not allow time for consultation with manager or colleagues.

In addition, when the “tone at the top” refers only to the CEO, it fails to recognize that

for many employees the “top” in their world may be a location manager, store general manager, or corporate vice president. In many workplaces employees may not even recognize the CEO if he/she worked alongside them (the premise of the show “Undercover Boss”).

With policies, consistent accountability in place, and good behavior and intent from the CEO’s office—what else can be done? Very simply, talking about what is expected in ways that employees can relate to and that can provide them practical guidance for how to act. In short: Sharing stories.

Storytelling 101

The business storytelling movement has gained ardent followers for many reasons. Stories have the power to connect and shape the collective memory of a group, society or culture.

This power comes from the way stories operate in the listener’s brains. Evolution has wired the human brain to process stories differently than other information. Like regular language-based business information, work stories activate higher language centers in the brain. But unlike dry business presentations, stories also activate deep brain structures—like the listener’s mirror neurons and insula—that engage the listener’s emotions. And it’s those emotional triggers that make stories memorable and helps them serve as cultural guides for desired behavior.

More specifically, well-told, well-selected stories have the power to shape corporate culture because they give the listener to opportunity to feel with the hero’s story what it’s like to overcome an ethical challenge or conflict and make the right choice. And it’s that feeling that can help guide future employee decision-making when facing new conflicts and challenges.

Here is one example of a true incident that was repeated many times, over many years and in many settings from new employee orientation to former employee reunions. At

a company event a vendor was seriously injured as the result of an intentional act by the guest of an employee. The CEO was nearby and when he heard what was happening rushed over, gave another employee his personal credit card with directions to get the vendor to the hospital and pay for whatever care was needed on the CEO’s personal credit card. Did the CEO act according to an established policy? Don’t know, but it is unlikely that any corporate policy called for the use of CEO’s personal credit card. What is true is that employees learned the lesson from this oft-repeated story: When things go wrong, employees should step up and take responsibility, and take action.

The telling of this story went farther in establishing and sustaining a culture of do the right thing than any number of posters, emails, or other purchased training material.

Does your organization have untold stories that could have an equal impact?

Conclusion

The most effective tool for you to teach and encourage ethical and legally compliant behavior is free and readily available to you; the stories that illustrate the values that matter most to your organization. Collecting, curating and sharing those stories can help change the way your employees and organization respond to known and emerging compliance challenges.

About the Author

Kathleen Edmond

Kathleen Edmond is an attorney at Robins, Kaplan, Miller & Ciresi L.L.P. She has spent the majority of her legal career in corporate ethics and compliance. As chief ethics officer for a Fortune 100 company from 2004 to 2014, she built and subsequently led the company’s ethics office. Email Kathleen at kkedmond@rkmc.com.