

Storytelling: a co-creative process to support value-based leadership

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Abstract

Purpose – The purpose of this paper is to identify constraints and possibilities to develop a value-based leadership in manufacturing using storytelling as a co-creative method and process.

Design/methodology/approach – A multi-site case study was conducted in which storytelling was used as a data collection tool and co-creative process to explore dimensions in the company's cultures that could provide a deeper understanding about the constraints and possibilities that exist for developing value-based leadership in manufacturing.

Findings – Storytelling has a positive impact on leadership and communication highlighting important aspects of the organizational culture to support sustainable development and innovation.

Originality/value – This study demonstrates how storytelling can be used by leaders in manufacturing to build cultures of innovation and sustainability. And identifies constraints and possibilities for developing value-based leadership.

Keywords Co-creation, Storytelling, Culture, Sustainable quality, Value-based leadership

Paper type Research paper

Introduction

In a recent report in *Harvard Business Review*, Grant (2016) cited that one of the most critical factors for building quality and innovation in business is the role of values. Companies that are grounded in clearly articulated values create conditions for employees to be creative and divergent, which is a key ingredient for quality improvement (Grant, 2016). The industrial model that valued compliance and order is being replaced by a model that values employee engagement as necessary for meeting the needs of customers and improving quality (Grant, 2016; Pink, 2006). This is possible when employees are clear about the values from which decisions are made and understand the reasons why companies choose certain practices (Sinek, 2009). No longer is the “what” and “how” of business practice sufficient to ensure quality: employees need to understand “why” they do what they do to establish a sense of identity and culture for quality innovation (Pink, 2006; Sinek, 2009). Helping business leaders understand this is a contemporary challenge.



Numerous studies have repeatedly demonstrated that quality management initiatives often fail because the leaders do not take the time to build a culture of engagement and innovation in which values are a core component (Turesky and Connell, 2010). Some suggest this is due to a lack of understanding about the importance of values and what it means to lead a culture of transformation (Mann, 2009; Stone, 2012). Rather than leading proactively, leaders succumb to a transactional leadership approach (Odumeru and Ogbonna, 2013; Yukl, 2012) in which they manage for compliance and end up putting out fires rather than improving quality. As Peter and Lanza (2011) show, the main reasons for applying quality initiatives such as lean are costs reduction, less defective parts and improvement of delivery reliability. Few address the complex array of needs in an organization that include production, continuous improvement and valuing people (Henderson and Larco, 1999).

Emiliani (2010) states that if an organization is to achieve sustainable quality development, two main values need to permeate the organization: continuous improvement and respect for people. Rather than approach change as a long-term goal, continuous improvement is carried out daily through the practice of lean processes (Dombrowski and Mielke, 2013). This is supported by a commitment to organizational learning at the highest level from which workers and leaders strive to identify root problems and prevent them from reoccurring (Liker, 2004). The second pillar, "Respect for the people" represents a belief that employees are a company's greatest assets. It is through its employees that a company can build a culture of continuous improvement. These values or principles at a minimum are said to be needed in the organization for the successful to achieve sustainable quality (Henderson and Larco, 1999; Bhasin and Burcher, 2006).

Understanding values, including what they are and how they are developed is a contemporary challenge for many business leaders. Values are embedded in an organizations culture and reflected in the behaviors, language and symbol systems used in an organization (Schein, 1985). According to Chatman and Eunyoung Cha (2003), a strong organizational culture is based on two things: a high level of agreement among employees about what is valued and a high level of intensity about these values. A strong organizational culture, they contend, improves the performance of the organization by appealing to employee higher ideals and shaping and coordinating behaviors and decisions. Establishing a new or modified organizational culture is a long-term process. Even though modifications of organizational structures can be made rather quickly, creating a shared understanding of the organization's vision and values may take longer (Senge, 1990; Sinkula *et al.*, 1997).

In business, storytelling is being used as a co-creative leadership tool to build work cultures that foster innovation and employee engagement (Morgan and Dennehy, 1997). In particular, storytelling gets at the core of the company's values and stimulates behaviors and expectations that contribute to sustainable quality development. Using Kaye's (1996) definition:

Stories are narrated or written information that serves to enrich our understanding of an organization and its people. Storytelling is the process of communicating, revitalizing, and if necessary, changing the culture of an organization by redefining individual and corporate values (in Foster *et al.*, 1998, p. 11).

Storytelling has been a powerful tool for centuries used in different cultures to share history and experiences (Grainger *et al.*, 2005). Much of our childhood is spent learning from myths

and legends to build a sense of understanding of ourselves and the world to which we belong (Kornberger, 2008). It is through stories that we develop a sense of belief and a value system at an early age. Stories enable us to communicate ideas that go beyond the rational and structural; they help us to imagine and represent the difficult (Kornberger, 2008). Despite the knowledge about storytelling as an effective tool for representing and reflecting culture, it is still foreign to most business leaders and their employees.

The purpose of this article is to identify constraints and possibilities to develop a value-based leadership in manufacturing using storytelling as a co-creative method and process. Two main questions are addressed including:

- Q1. What constraints and possibilities exist in manufacturing for leaders to develop cultures of innovation that are sustainable and value-based?
- Q2. What can we learn about storytelling as a tool to foster co-creation and innovation in business?

Our interest in storytelling emerged during a project initiated to explore how quality can be enhanced in Swedish businesses by developing an internal coaching process to support value-based leadership in a lean initiative.

Background

Pearce (1980) suggests that people live the stories they and others tell about a context. People do not just exchange messages but act into the actions of the other and, in so doing, create shared meaning and shared existence. According to Martin (1992), understanding the language and stories present in an organization or group is important to understanding organizational culture. She found that stories promote, approve and disapprove certain behaviors. Stories reveal what is important and they “reaffirm the organizations identity and values and confirm the individuals identity with, and commitment to the group” (Foster *et al.*, 1998), making stories an important co-creative tool.

Stories can be used in business to achieve many goals (Morgan and Dennehy, 1997). For example, stories enhance recall, retention and comprehension. As well they serve to trigger emotion, inspire, instruct and entertain. This multifaceted strength makes storytelling an effective coaching tool for leaders (Ann and Carr, 2011) who want to shape cultures of engagement and innovation. Ann and Carr (2011) demonstrated how the construction, reconstruction and circulation of stories in an organization made stories themselves “active players” in co-creation. As active players, stories took on a transformational role through which organizational members articulated purpose and action in their decisions and behaviors. By telling stories of past, present and future, leaders and members identified what was, what is and what is desired.

As a leadership tool, stories have been used to communicate ideas, norms and values through which culture is shaped. As well, storytelling has been used to share tacit knowledge, facilitate unlearning, which is necessary to create space for change, and to generate emotional connections (Sole and Wilson, 2002). Stories can be used to frame and re-frame information, making them valuable as a tool for development, transformation and innovation. Auvinen *et al.* (2012) found that leaders used stories in a variety of ways to foster innovation and engagement including: to motivate, inspire, prevent conflicts, influence, discover and build trust. Auvinen *et al.* (2012) suggest that stories can be used as a co-creative process to foster equality and break down the hierarchical barriers that are familiar in many companies. They write, “leaders and followers are able to tell that they share the same organizational reality rather than begin trapped behind barriers arising from the

hierarchical levels and differences of power in the organization” (p. 497). As a co-creative process, storytelling builds cultures of trust naturally through the shared context and sense of shared meaning that results. Auvinen *et al.* (2012) also found that leaders, who used storytelling successfully, recognized the importance of being dyadic and the need to listen to the stories around them. More often, stories told by leaders were stimulated as a response to an employee’s story. They were often not planned, but rather spontaneous, responsive and co-creative.

During Year 1 of our research project, we introduced the use of storytelling to the leaders in the three companies to illicit a deeper understanding about the constraints in leadership that existed within the companies. We chose this method after experiencing that most leaders had difficulty talking about leadership, including what it is and who they are as leaders. Storytelling was applied to open the gates so that we could get inside the culture and understand how leadership could be strengthened to support quality development. In the process, we experienced storytelling to be a powerful co-creative method that stimulated new insights and understandings about leadership and made visible what leaders can do to improve conditions for sustainable quality innovation in manufacturing. In this next section, the methods and application of storytelling are presented followed by initial findings.

Method

In this article, we present findings from Year 1 of a qualitative multi-site case study that was conducted in partnership with leaders from three manufacturing companies in Sweden. The three-year project funded by the Swedish Knowledge Foundation aims to explore how value-based leadership can be developed in manufacturing to enhance sustainable quality development. Respondents in the study represent leadership teams in three Swedish manufacturing companies. Company A includes 16 middle management leaders and two production leaders, and one general director. Company B is represented by ten middle managers and one production leader. Company C is represented by three middle managers, one production leader and one general director. As part of our qualitative methodology, storytelling was used as both a data collection tool (Martin, 1992; Meyer, 1995) and co-creative process to explore dimensions in the company’s cultures that could provide a deeper understanding about the constraints and possibilities that exist for developing value-based leadership in manufacturing.

Data were gathered during Year 1 from a leadership survey, interviews with top leaders, focus groups with middle managers and top leaders and observations and are highlighted accordingly:

- *Open-ended interviews* were conducted with the three top leaders in the companies and lasted 1 h in length.
- A *leadership survey* was developed to identify the leadership traits perceived most characteristic of the respective company’s leadership style. The survey was based on a bi-polar scale using traits from transactional and transformational leadership (Odumeru and Ogbonna, 2013). A total of 31 surveys were completed in the three companies reflecting a 100 per cent response rate.
- Four *focus groups* were conducted to examine findings from the interviews and surveys to develop an understanding of how leaders can develop a value-based leadership. Focus Group 1 examined success factors and challenges in the leadership that were provided in the open-ended questions. Focus Group 2 aimed to identify factors that support leadership development for sustainable quality innovation. In Focus Group 3, we introduced the use of the storytelling as a method

to identify strengths and weakness in leadership in each company. During the focus group participants shared their stories from which we identified constraints and possibilities for developing a value-based leadership. Focus Group 4 was used to gain insights into the culture of the companies to understand more deeply what constraints and possibilities exist in the culture to support and hinder leadership.

- *Observations and field notes*: During the focus groups, two members of the research team observed the group dynamics and recorded words, metaphors and descriptions of events that were present in the dialogues and exchanges between and among the leaders.

Data were analyzed in two stages using a qualitative data analysis approach (Alasuutari, 1995). First, data were analyzed together in a co-creative process with participants to identify themes and patterns from their combined perspectives. In the second stage, we as a research team combined findings from the different focus groups and companies to gain deeper insights into the leadership phenomenon in each of the companies. Themes that are presented in this article describe the key factors that reflect and describe the current leadership situation in the three manufacturing companies. The findings are at this point case-specific and non-generalizable.

Results

In this section, we present initial findings regarding constraints and possibilities in developing value-based leadership for innovation and sustainable business practice that were identified from leaders in the participating companies. The findings are organized around themes that dominated the messages embedded in the data from the three companies to reflect the spirit of storytelling, we chose to present the themes as mini-chapters: Chapter 1 – “Leaders as firefighters”; Chapter 2 – “Who me? A leader?”; Chapter 3 – storytelling opens the door for dialogue; and Chapter 4 – It’s story time!. The first three chapters address the first research question:

- RQ1.* What constraints and possibilities exist in manufacturing for leaders to develop cultures of innovation that are sustainable and value-based?

In “Chapter 4”, we address the second research question:

- RQ2.* What can we learn about storytelling as a coaching tool to foster co-creation and innovation in business?”

Chapter 1: leaders as firefighters

In this first story, we meet a group of middle managers who dream of a leadership that is characterized by open communication, a dynamic flow of ideas, feedback systems in which employees have the possibility for their ideas to be heard and developed, filled with dialogue and where meetings have purpose and lead to sustainable improvements. They lead with clarity about goals and shared responsibility, and they have the mandate to do what it takes to help the company continue to grow and prosper. This is their dream of a proactive leadership that can help to innovate and sustain quality development in their company! As they share their dream scenario, the room is filled with positive energy, and a belief about themselves as leaders. It is also filled with a sense of value for the workers and the company.

And then the phone ringed [. . .] its presence was a shock to the system just like an alarm clock that wakes you from a deep sleep. We were awake! And we were reminded of reality!

The phone call was directed to one of the leaders who was needed to “put out a fire”. Our dialogue had been only a dream. The reality is that these loyal leaders struggle to put out fires daily. They are driven by a reactive situation that calls for them to constantly solve problems and in the end, they become firefighters rather than visionary leaders. As the co-leader walked out of the room, phone in hand, the mood in the room shifted from the previous dream of a visionary leadership: shoulders dropped, eyes moved toward the floor and stories of reality were heard aloud:

We have so many balls in the air all the time, we are constantly putting out fires. We need to develop a way to be proactive in our leadership instead of only reacting.

Today, we are an organization with a leadership that is in need of support. We lack a vision and structure to drive our work, and we lack a common perspective about what it means to be a leader. We are too few people making decisions, which means that our leadership structure is individually based, rather than collective.

Many of my workers are stressed because they see that I am constantly putting out fires. I have missed meetings because of this, and I see that at times some of my workers don't come to meetings that I call. I am guessing that is because I am so unclear in my own leadership about what we need to value. It's difficult to develop and improve when we don't have everyone in place. At the same, we lack the structure and processes to make clear what is important. We need to develop structures in our daily work so that we are available to our workers when they need us.

As is evident from these few quotes and stories shared by the middle managers, leadership in these three companies is constrained by a lack of structure and by a culture of firefighting. At the same time, the stories are filled with possibilities for development and a strong belief and desire for shifting from reactive to proactive. During the storytelling dialogues, we heard hints of solutions that emerged from those who were often more quiet. Yet few have the skills to act on what they heard. Nor did they display an understanding that often the more silent voices often see deeper dimensions in the culture. Instead, the leaders listened to their colleagues and acknowledged their ideas, but do not build on it. What we observed was that the solutions are not far out of reach, but leaders need skills in how to listen, dialogue, structure and act on their ideas.

Chapter 2: “Who me? a leader?”

When we first met with each of the participating companies, we asked them “what does it mean to be a leader?” and “what characterizes your leadership”. We thought the questions were pretty clear and waited for the water faucet to open and descriptions to flush forward. However, the well was dry. Instead, we watched as middle managers shifted in their seats displaying an element of discomfort. Others looked down at the floor. The room was silent. It did not matter the group or the company to which we addressed our questions, we were continuously met with silence.

When we probed deeper, asking them to select words that best described their leadership, they began to share words like loyal, structured, dialogue oriented. One person began to tell about the importance of dialogue for them: “By having an ongoing dialogue with workers I can be flexible in responding to the needs of the situation. It is not possible to work only from a place of structure and goal. I need to be connected through dialogue regularly around sub-goals in order for workers to feel creative. I also use both directive and coaching styles, depending on the situation”. Yet when we asked them to describe the leadership in their company, the descriptors were different. They talked about a lack of structure, lack of clear goals and vision, for example, “We are missing clear rules and roll descriptions. I think we need to structure the

improvement process and this will require participation and team work if we are going to make a difference". This message was true in all three of the companies.

We were confused. On the one hand, they described leadership traits akin to transformational leadership, yet when they described the leadership in the company, another story was revealed: what they believed to be good leadership and what they were able to do as leaders were two different things. We were left pondering the question, "why is the gap between knowledge and practice so big?" In an attempt to understand more clearly, we met with the top-level leaders and an external leader consultant in one of the companies who shared with us the stories of the middle managers and how they came in to their role as leaders. The stories were true in each of the companies and we understood that one of the key constraints to developing leadership for sustainable quality innovation had to do with not only structure as indicated earlier but also identity.

One of the top-leaders articulated the story so well: "The middle managers are unsure of what they should do as leaders. In some cases they are paralyzed. They don't dare to try anything for they are unsure about what to do". When we probed farther to understand this culture of non-leadership, we learned that most of the middle managers were chosen from among the floor workers. They move from being "one of the employees on the floor, to needing to make decisions, conduct employee annual reviews of their peers. Consequently, they struggle to see themselves as leaders and to create a new relationship with their peers". What they need, according our storyteller, is training in leadership, structure and an identity as a leader.

When we returned to the workshops with middle managers, we chose a different approach, using storytelling scenarios to learn from them what they needed to support their own leadership and all of a sudden the water to pour out of the faucet. Table I highlights from are presented from the three companies about what they middle managers perceive important to help them develop their identity and skills as leaders.

For the leaders in Company A, it is important to develop a culture of communication, in which goals and structures are clearly articulated, with the intent to create opportunities and conditions for co-workers to engage in decision-making. One person shared, "it is important to demonstrate for co-workers how they can be involved, and to give time to get them involved. We need to use positive reinforcement for and not just focus on the negative so that employees will be motivated to engage". Another stated, "If we have clear goals and areas of responsibility we create a sense of security and trust among employees that is important for engagement". According to another leader, they had a higher level of engagement from employees when information was shared and employees participated in choosing the processes with which to work.

Company A	Company B	Company C
<i>Provide employees with constructive feedback</i>	<i>Recognize employees</i>	<i>Develop the diversity within groups</i>
Lead by good example	Lead by good example	Create feedback systems to enhance employee satisfaction
<i>Clear goals with shared responsibility</i>	<i>Create value in meetings</i>	<i>Develop a shared leadership through communication</i>
Clear processes that involved co-workers in the decision-making process	Take time to dialogue and understand problems rather than just blow out fires	Create a flow in our leadership and become proactive rather than reactive
<i>Dialogue and listen</i>	<i>Describe the why behind decisions</i>	<i>Engage co-workers in co-creation and shared leadership</i>

Table I.
How to improve leadership in the companies

In Company B, there was a strong focus on the need to be heard and seen. For example, as one person shared, “It is important for me that I engage in dialogue with my co-workers several times a day. Sometimes this is interpreted as if I have a hidden agenda. But I do it because my co-workers have indicated they want to be seen for what they do”. Another shared how they began to involve a co-worker in decision-making, and witnessed a reduction in the number of days absent from work. In another example, the leaders shared about a co-worker who was unhappy with his work. After being moved to another unit, they witnessed a personality change for the better. They also recognized that co-workers perceive them to be stressed and unavailable. As one shared, “I have many balls in the air and don’t always have the capacity to balance the tasks and take time to engage with co-workers. We need a structure in our work as leaders that enables me to be visible and available for co-workers”. This leadership team identified the need to establish a practice for leading by example to develop a collective leadership that recognizes the diversity between them but works toward the common goals of the company. As well, they need structure in their communication and meetings to help them develop a common understanding and language of their work.

In Company C, leaders indicated almost unanimously a need to develop the communication between themselves as leaders and to work to help co-workers develop a greater sense of responsibility and engagement. As one person shared, “we are also hunting solutions to problems. We never have time to think and develop our communication”. This quote is taken from a larger dialogue in which several of the leaders shared the various ways in which they experience the hunting game. Through the storytelling model we were able to create a space for dialogue that focused on possibilities rather than on weaknesses. We were able to identify the constraints in their leadership in a broader context that invited innovative thinking and a plan for how to create a new approach to proactive leadership.

Chapter 3: storytelling opens the door for dialogue

In one of the companies, we initiated a process to identify the values in the company and the way in which middle managers use the values to support their leadership. Using a survey-dialogue technique, leaders were asked to identify the company’s value; to identify in what ways the values were visible and where they were visible; and to describe how they experience the values. What was evident was a lack of understanding about what is a value. During the workshop focus group, many questions emerged such as “what do you mean by value?” “whose values?” “where are the values?” The leaders articulated that they had “come so far as to identify a lack of understanding among themselves about what is meant by value and what they are”. Further, we observed in the workshop dialogue that they lacked a common view of both what is a value, as well as why they are necessary and how they might be used by leaders.

Upon leaving this workshop, we decided to take a step back and asked the middle managers to conduct a culture analysis within the help of storytelling in which they would listen to the words and stories shared among their workers and co-workers. As well, they would describe the scenarios that they observed with a focus to identify the kind of culture and values that were present. This task took place during a time in which the leadership team was developing a process to launch a new company-wide strategic plan. It was a perfect testing ground to listen in to the culture and understand how ready was the work place for change.

When we returned to the follow-up focus group hidden stories of an historical nature were shared that fostered a deeper dialogue between the leadership. One of the stories that were shared was about what happened the last time the company introduced large scale

change: “*we need to learn from our past mistakes. Last time we introduced a change, we did it so quickly. No one was ready, and we failed*”. Echoes were heard throughout the room as leaders agreed with one another. “*Yeah, but we can’t wait too long to introduce the new strategy. We don’t have time to put all the pieces in to place, we need to move now*”. The room became active as many voices were heard in this deeply rooted historical story were heard, including the concerns and the possibilities that existed at present. As the dialogue between leaders continued, we asked questions to help them make some decisions about how to address the seemingly catch-22. After creating a long list of “to dos”, the group of leaders agreed to go ahead with announcing the strategic plan but to also be clear about expressing why the plan was important. They would go out with a story about what they wanted to achieve and they would be open to feedback from the employees.

One month later, we returned to the company and heard the story of “the launch”. The story was told with pride about how they had shared with the employees the new strategic plan. They even shared with happiness that they got a positive response in general to the plan, with one large exception. This “exception” was revealing: the employees began to ask “where is the individual worker in the strategic plan?” The leaders had worked so hard to present new goals that were grounded in productivity and effectiveness that they forgot to include the values: the people. By missing the people, the employees did not accept the plan for they did not see a place for them in it. This was an important lesson for the leaders who went back to the drawing board and had many dialogues about how to make visible the employees in the strategic plan. The end result was a new component in which that articulated the value of the employee as a necessary for company success. The leaders now have the value base from which to develop their leadership, work culture and quality products and services.

Chapter 4: It’s to story time!

During one of the last workshops, we chose to use storytelling differently: this time we were the storytellers. We told the story of a company (not part of our project) who had spent one year introducing a new strategic plan for development. At the end of the first year, the company had a big celebration, with good Champaign, a feast for the eyes and speeches of jubilee. From the middle of the crowd came a large unexpected sound from one of the workers: “I am not happy at all. This is the worst thing that our company has done and I don’t want to be a part of it”. The shock of hearing this co-worker speak was tremendous. During one year of hard work, the person never uttered a negative word about the process; not until the day of celebration.

When we were done telling the story, we asked the leaders in the room if they recognized themselves in the story. Did they have an employee who had once acted similarly? All at once, the room was bubbling with noise. All the leaders in the room laughed, for this was a familiar scenario. One person said, “I see the face before me” others stated, “absolutely”. And then we began a conversation about the challenges for leaders to identify the red flags among their employees. The difficulty comes when the red flags are silent. The question that the group began to explore was “how can a leader recognize the warning signals before they explode?”. In their dialogue, they told their own stories about owning responsibility and creating space for engagement. “we are good at sharing information and then taking the responsibility for doing what’s needed. How often you hear: “you’re the boss, you do it”. We need to create a space in which we [co-create]. We need to ask questions when people come up with ideas, i.e. that is a great idea, what can you do to contribute to it? When people complain about something we

could actually engage them in change rather than just answering, ‘o.k. I’ll see what I can do about it’. Change happens with how we do things. There is much for us to learn here.

This story generated a lot of dialogue in which the leaders identified constraints and possibilities in their own work culture. Moreover, the dialogue went deeper than when we asked direct questions. From our experience, the story became the object of conversation, lifting the burden of blame from individuals. As well, the story confirmed and affirmed that the experiences of the leaders were common.

Analysis and discussion

The snapshots of stories presented in this article reveal common constraints to developing value-based leadership to support quality and sustainability in manufacturing. Among the constraints were a lack of clarity about the role and mandate of the middle managers. As well, there was a lack understanding about why decisions were made and what were the implications. A lack of opportunity to develop their own sense of buy-in made it difficult for them to motivate the employees to accept decisions to which they had become accountable. This finding reiterates many other research studies that report a lack of understanding about the role of values in shaping innovation and sustainable development (Henderson and Larco, 1999). It also echoes the claims of Sinek (2009) who found that good leaders focus on the “why” behind decisions and reserved the “what” and “how” for a later phase. The leaders in our project demonstrated intuitively the need to be able to explain “why” behind decisions but lacked routines and a leadership strategy for how to communicate this with employees.

The strongest finding was the extent to which leaders in manufacturing succumb to a crisis leadership model that results from the heavy emphasis on productivity and bottom-line effectiveness. Leaders in each of the companies repeatedly expressed the need to develop structures and systems of leadership that would free them to become proactive, a discussion that is often missed by companies who instead focus on cost-reduction and productivity (Peter and Lanza, 2011). Participants also recognized a positive side effect they believed would result in the form of employee engagement and shared decision making if they had the opportunity to focus on long-term development. This supports Spear (2004) claim that “improving actual operations was not the job [of the middle manager]—it was the job of the workers themselves. His role was to help them understand that responsibility and enable them to carry it out” (p. 80). Critical for leaders then is to understand how to work with culture to create conditions for employee engagement.

Helping leaders develop co-creative processes that foster innovation requires an understanding of work culture and the importance of connecting leadership to company values (Liker, 2004). This is not something that happens overnight, and it begins with changing behaviors (Shook, 2010). The co-creative process also includes and understanding about the role of the past as a shaper of the future to give meaning to events. Stories often reflect events that happened previously. As they are told in the present, they become a co-creative partner in shaping the future (Ann and Carr, 2011). For example, every company has an historic and cultural evolution. A sedimentation process can illustrate this development. When new ideas and values are added to the mix, the old and abandoned concepts slowly sink to the bottom. But the prior existing elements (e.g. abandoned regulations, planning systems, procedures, payment models, management ideas, values and stories) will have an impact for a long time; what happens in the future is dependent on the history of the system. To successfully change values, it is important to understand the past as well as dream for the future (Snyder *et al.*, 2008).

Findings also illustrate the power of storytelling as a method and tool to foster dialogue, reveal culture and create a shared vision for leaders. Among the lessons we learned are:

- Storytelling makes complex situations and phenomena accessible and provides details that can be used to build action plans for change and improvement.
- Stories reveal values and principles embedded in a culture that are often hidden from the naked eye.
- Stories make visible driving forces for change that are not revealed when direct questions are asked.
- Stories provide a platform for understanding different perspectives that are important in co-creation.
- Stories highlight turning points that can be used to facilitate innovation and change.

The literature on the power of storytelling has existed since well before the 1990s. Studies have demonstrated its use as a tool to communicate ideas, norms and values (Sole and Wilson, 2002). Stories have also been used as a way to reframe ideas, helping organizational members release thought patterns and create space for innovative thinking (Auvinen *et al.*, 2012). This is critical as Cooperider and Srivastva (1987) and others suggest if leaders want to build cultures that foster innovation and sustainable development. Senge (1990) was paramount in setting focus on the need for organizational leaders to develop dialogue among workers and other leaders to benefit from the insurmountable internal development resource harbored with the employees themselves. Storytelling is one way to open space for the dialogue (Sole and Wilson, 2002) given that stories motivate, inspire and provide an external event through which one can relate to their own reality. In the space of storytelling the listeners and the storytellers engage in an active process of co-creation (Auvinen *et al.*, 2012).

We witnessed this during the first year of our project. When we used direct questioning techniques common to interviews and focus groups, we received little information and the kind of information that was shared was superficial. It was not until we began to engage in the use of narrative and cultural analysis that doors began to open to the inner workings of leaders in the participating companies. The more we asked them to describe scenarios and events, the more we witnessed a development in the dialogue between workers and leaders.

Storytelling has a clear role in addressing this constraint, as it can facilitate co-creation and articulate clearly the values that lie beneath actions and decisions (Auvinen *et al.*, 2012). Moreover, storytelling has been shown to breakdown hierarchical barriers and bridges of trust and shared ownership in an organization: two key elements that participants in this study dreamed of in their vision of good leadership. What was also apparent from our work with storytelling was the importance for leaders to develop skills in listening, a finding that is echoed in other studies as well (Ann and Carr, 2011; Morgan and Dennehy, 1997). Many of the leaders in our study told stories, but few demonstrated skills in working with the story content to be innovative. This is one of the key next steps to develop the use of storytelling as a co-creative tool to foster innovation and sustainability. It is conceivable that this will also require building more trust between leaders, both trust in themselves and their own stories and trust in their identity as leaders.

Implications and conclusions

Through storytelling and dialog, we identified three key dimensions in a company that are important to address for developing value-based leadership to support sustainable quality innovation: structure, identity, culture. In each of the companies, stories revealed the dominant focus on structure. In some cases, structure was lacking or unclear and left leaders unsure, wanting more structure. At other times, structure was the primary focus, leaving leaders blind from seeing the complexities of leading that were hidden in the work culture.

In the second dimension, identity as a leader or lack thereof was significant. Most middle managers struggled to make sense of their role and their new relationship to their co-workers. And the third dimension, culture, was an unidentified factor that became the hidden treasure chest of possibilities when the leaders began to tell tales from the field.

Figure 1 depicts the balance between these three dimensions that was present in the three companies. Structure was the dominant dimension and identity and culture were submerged below the depths of visibility. We labeled this the “leadership paradox” in which the companies were driven by rule and regulations that formed the structure, yet lacked strategy and routines for achieving quality. Also, there lacked an identity about leadership and understanding about values, behaviors, norms and the impact of culture on quality and innovation.

The challenge for leaders is to create an integrated balance between the three as depicted in Figure 2. Earlier research has demonstrated that many quality initiatives fail because leaders do not develop a work culture that supports principles and practice. Instead, they focus on structure, tools and processes, ignoring the valuable dimension of workers in achieving quality and meeting customer needs. As a co-creative process, storytelling helped the leaders in our study gain insights into these three dimensions and begin to understand the need to balance identity and culture with structure to support sustainable quality innovation. Through storytelling, leaders were able to identify possibilities that existed within the current culture that could be used to foster sustainability. For example, some of the leaders had already developed effective communication systems with their employees that could be expanded to the rest of the leadership team. Models for innovation and product development existed within pockets of the companies that could serve as role models for large scale innovation. Some of the middle managers had already experience leadership training programs and had skills that could be used to teach the rest of the leaders in process and tools to foster leadership.

Turning storytelling into a true co-creative process requires of leaders that they develop forums for dialogue and skills in using the stories to transform culture. This study has provided evidence about what can happen when leaders begin to use storytelling and create

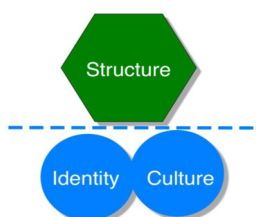


Figure 1.
The divide between
structure, identity
and culture (Snyder)

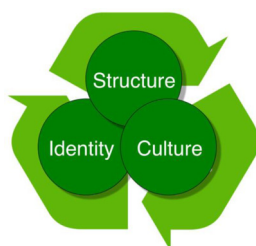


Figure 2.
The integration of
structure, identity
and culture (Snyder)

forums for dialogue to examine their existing practices and vision improvements. By opening space for dialogue and listening to stories that reflect not only productivity outcomes but also process and work culture, leaders can gain insights into changes that are necessary to foster innovation and sustainable quality development. As well, applying storytelling as a co-creative tool engages leaders and co-workers and makes visible different perspectives and sources of knowledge that are key to sustainable innovation.

The next step in our project is to develop a coaching model that will help middle managers and top leaders expand their leadership to focus on a system of work in which values serve as the anchor and driving force for decision making. An important component of this work will be to help leaders integrate structures, culture and identity to facilitate sustainable innovation through the use of storytelling. Dimensions that will be addressed in the coaching model are derived from year one data collection and include processes and systems to:

- develop clearly articulated goals, strategies and processes and share understanding about why they exist;
- improve communication that creates space for engagement, shared decision making and creativity among co-workers;
- develop a proactive leadership that is not dictated by problems, but is rather driven by vision and goals; and, finally; and
- create a culture of leading by good example.

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