



Gartner for Communications Leaders

How to Activate a Corporate Narrative

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A corporate narrative is a key tool in driving audiences' understanding of your organization, but it's not enough to just create a corporate narrative. CCOs must focus on promoting the consistent use of the corporate narrative to realize the benefits.



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Overview

Key findings

- Many companies are amid complex business evolutions, shifting their identity (e.g., brand, culture) and strategic direction to achieve future growth and success. Corporate narratives are a critical tool to ensure that internal and external stakeholders' understanding of the organization is current and correct, helping drive long-term success.
- But many leaders and employees don't use the corporate narratives in their own communications about the company. Infrequent use of narrative materials can hinder audience understanding of the business evolution and reduce the likelihood of exceeding enterprise performance goals by 38%.
- Organizations report stronger performance when leadership is disproportionately involved in activating the corporate narrative by building awareness of it internally and externally, compared to merely developing the narrative. Leadership's emphasis on activation helps audiences, and in particular employees, understand how the narrative is relevant to their own context and how they can use it to achieve their own objectives.

Recommendations

- Build your and your organization's understanding of the components and value of corporate narrative as a foundation for driving consistent messaging that helps the business achieve its goals.
- Concentrate leaders' narrative efforts on activities such as communicating the narrative externally and building employees' understanding of the narrative and how to adapt it to their context.
- Develop narrative materials and tools (including templates, messaging and experiences) that help employees achieve their own goals, such as aligning, persuading and connecting others.

Audience understanding of business evolution drives results

Nearly all companies are evolving in some way, driven by business imperatives such as targeting new audiences, shifting capabilities or offerings, or forging a more cohesive culture and operating model after mergers and acquisitions (M&A). These changes often require that elements of the organization's identity, including the mission, brand and culture, must also change. In fact, 84% of leaders agreed that their company's identity must completely or significantly change to achieve their five-year strategic goals.

As organizations evolve, they risk that outdated audience understanding of their identity and direction will hinder future success. For example:

- Employees' understanding of a previous iteration of strategy may inhibit them from behaving in accordance with the company's new goals.
- Prospective customers' lack of awareness of a new company direction or product line may inhibit desired purchasing behaviors.

Many organizations have room to improve when it comes to updating audience perceptions: three-quarters (75%) of leaders and employees agree that their company must do a better job at aligning external audiences' views with the company identity and direction. Companies that do achieve high levels of audience understanding reap the rewards: they are 1.4x more likely to exceed performance goals.

High levels of audience understanding of a business's evolution are associated with a 1.4x increased likelihood of exceeding performance goals, including year-over-year revenue and profit goals.

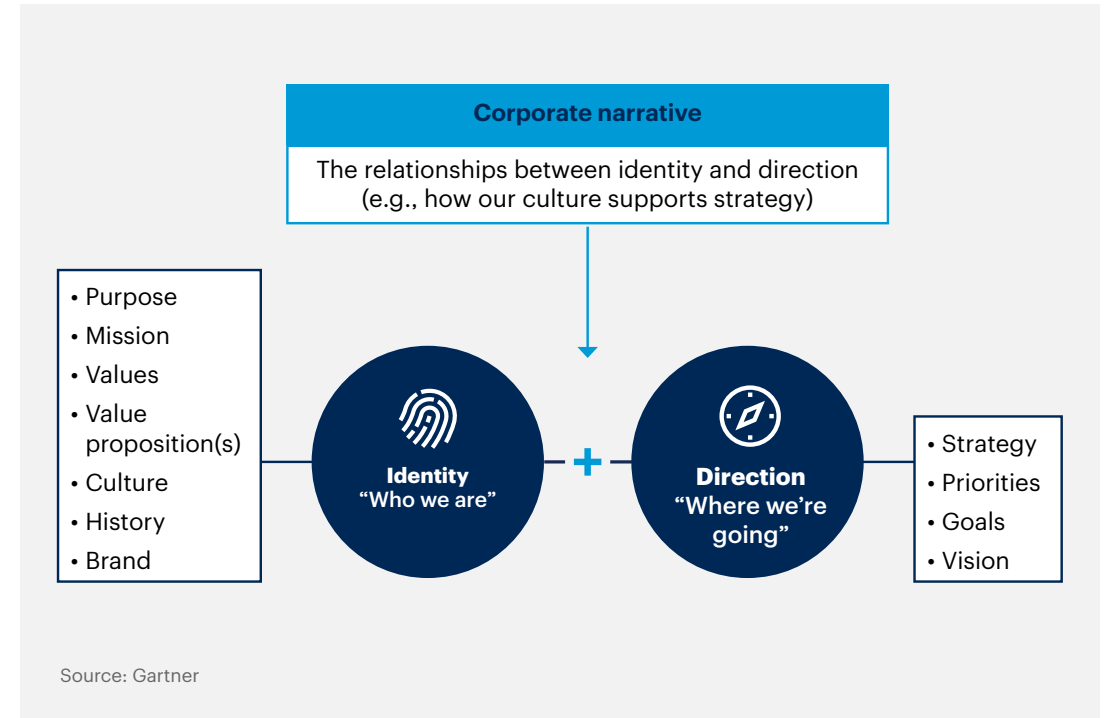
Corporate narratives tell the story of the relationship between “who we are” and “where we’re going”

To improve audience understanding of their business evolution, many Communications leaders are investing in a corporate narrative — a succinct description of the relationship between organizational identity and direction. Narratives are made up of identity elements like mission, values and culture, and directional elements like vision, strategy and priorities. By demonstrating the relationship between these different elements, the corporate narrative tells the story of “who we are” and “where we’re going” (see Figure 1).

Almost all brand leaders (90%) report either having a corporate narrative or being in the process of developing one.

Corporate narratives can vary in format, length and degree of specificity. All effective corporate narratives, however, contain the three essential components of identity, direction, and the relationship between the two.

Figure 1: The corporate narrative framework



The business impact of corporate narrative depends on consistent use

Even the most robust and clearly articulated corporate narratives won't support business outcomes if they are not used consistently — and driving use is a common challenge. Among those aware of corporate narrative materials, the narrative is only used about 30% of the time.

Repeatedly missing opportunities to use the narrative compromises stakeholders' ability to understand and articulate the organization's identity and direction. Organizations with less frequent narrative use may fail to ensure their audiences understand the evolution of their business, and they are nearly half as likely to exceed their business performance goals compared to those who use the narrative more frequently.

To shift perceptions of the organization and drive business evolution, Communications leaders must drive emphasis on the activation of the narrative with key audiences, including leaders and employees.

Corporate narrative activation is more critical than development

Business and cross-functional leaders are key participants in corporate narrative initiatives. Their perspective and buy-in are invaluable to creating a narrative that resonates across the organization.

Their voices carry weight when they use the narrative in their own messaging and help employees understand how it relates to their own context. Leaders across the business report being involved in various activities to develop and activate the corporate narrative (see Table 1).

Table 1: Corporate narrative development and activation activities

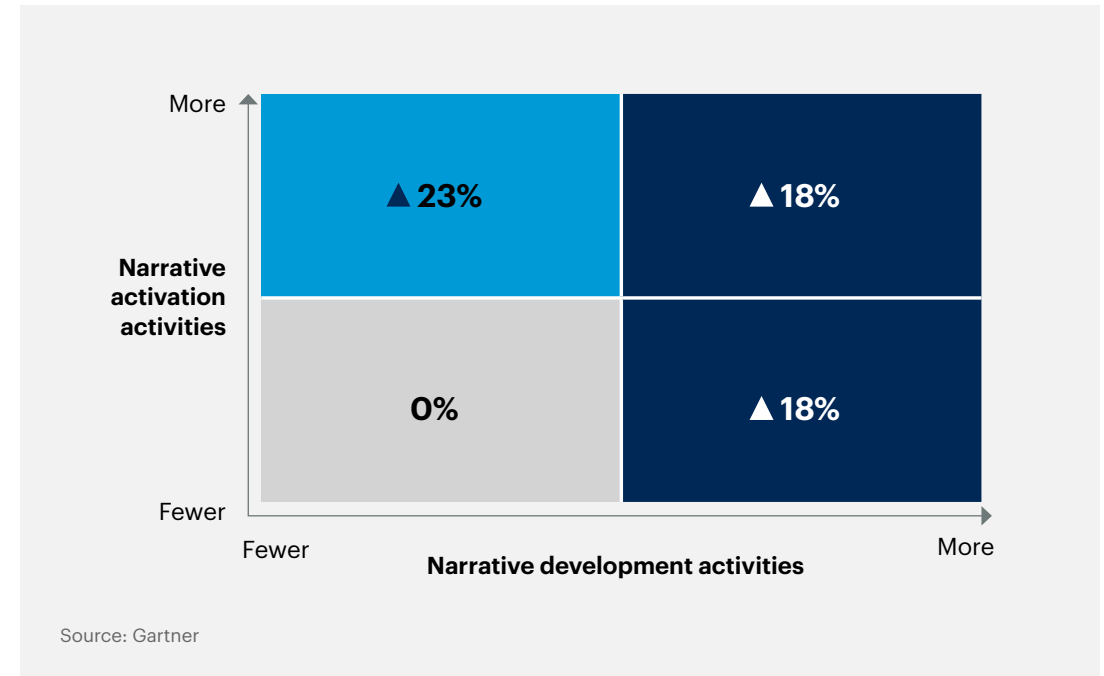
Development activities	Activation activities
Facilitating or guiding discussion about how corporate narrative materials need to evolve.	Activating the narrative externally through campaigns.
Facilitating or participating in narrative development sessions.	Sourcing content that reinforces the narrative (e.g., stories or data).
Distilling key themes or ideas about business evolution.	Building employees' awareness and understanding.
Finalizing the narrative framework or storyline.	Strengthening employees' personal connection to business evolution.
Producing copy or graphical elements for the narrative.	Creating communications resources that support the corporate narrative.
Testing the corporate narrative with key stakeholders.	Teaching employees how to adapt materials for different situations.
	Organizing corporate narrative materials such that they are easy to find and use.
	Monitoring utilization of and adherence to corporate narrative materials.

Source: Gartner

But with leaders' time at a premium, it is important to understand how CCOs can best direct organizational leaders' efforts to drive business results with the narrative. Figure 2 demonstrates the business impact of leadership participation in corporate narrative development activities (on the x-axis) and activation activities (on the y-axis). One might expect that greater leadership involvement in both narrative development and activation would have the biggest impact on business performance. Skewing leadership efforts toward activation, however, increases the likelihood of exceeding revenue goals by 23%.

Heavy leadership involvement in development activities risks yielding a narrative too polished for employees to make their own. While leaders do need to be involved to some extent in narrative development, their involvement should be skewed toward narrative activation.

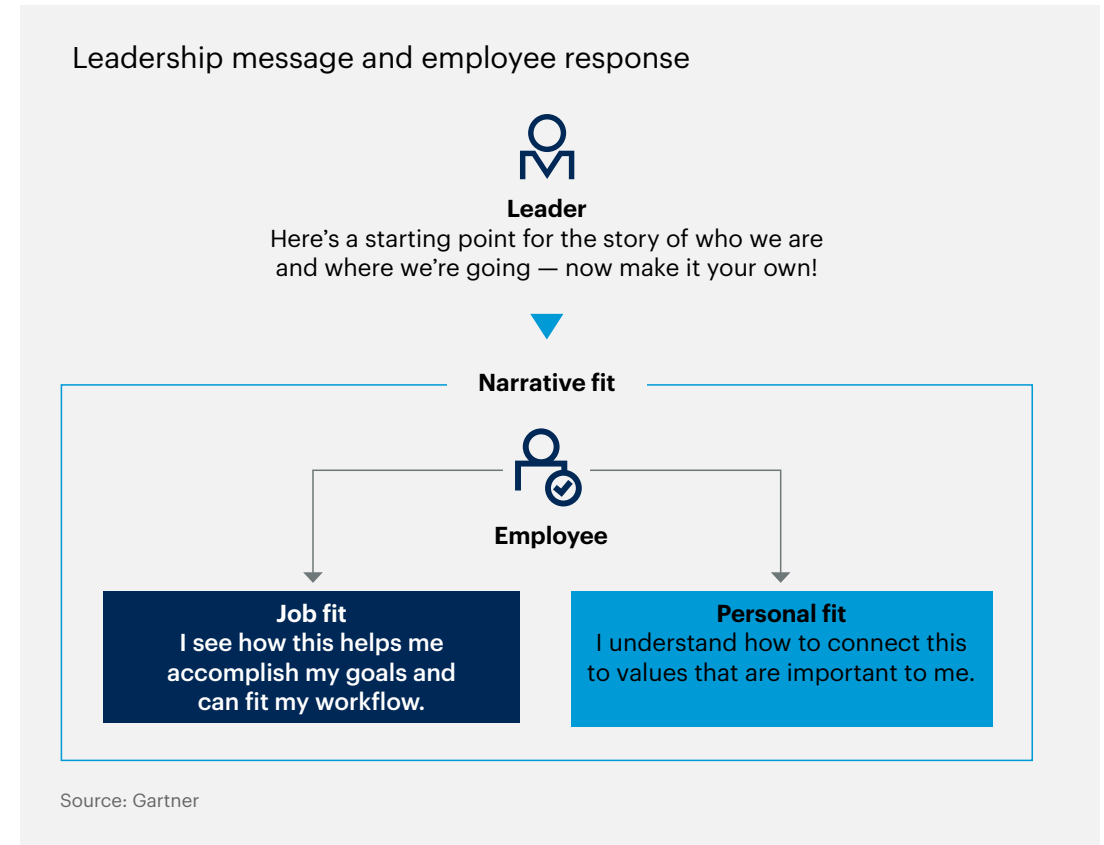
Figure 2: Business impact of leadership involvement in narrative activation and development



Engaging leaders in the activation of the narrative helps employees contextualize it for themselves. This strengthens employees’ sense of “narrative fit,” or belief that the narrative helps them achieve both their personal goals (“personal fit”) and job goals (“job fit”) (see Figure 3). Narrative fit drives positive outcomes for the organization, including improved audience understanding of business evolution, more frequent behaviors aligned with the business evolution and improved business performance against objectives.

The extent to which employees feel that the corporate narrative supports their personal and job-related goals drives more frequent behaviors aligned to the business evolution and ultimately business performance.

Figure 3: Communicating an activation-driven narrative



To secure the benefits of the corporate narrative, Communications leaders should:

- Emphasize the importance of leadership involvement in corporate narrative activation
- Develop content and resources that support audiences' communications needs to drive a sense of "fit"

1. Emphasize leadership involvement in corporate narrative activation

Effective narrative activation starts with business leaders and extends to all employees who communicate about the company's identity and direction. Leaders must apply their business expertise, influence and authority to ensure the narrative is communicated in ways that help audiences understand and drive the evolution of the business.

Position the narrative as the central DNA of the organization's communications that future messaging must incorporate. For example, leaders can use the corporate narrative to support the communication of a new business strategy. ANZ Australia Retail — a division of the Australian financial services company ANZ Bank — provides a powerful example of strategic narrative activation at the leader level.



Case in point: Executive sponsors drive narrative activation

ANZ Australia Retail's Corporate Communications team partnered with division executives to develop a new narrative following a merger, which required an updated and unifying way to communicate about the Division's changing identity and direction. The new narrative centers ANZ Australia Retail's shared impact ("improving the financial well-being of our customers") as central to the overall corporate identity ("to shape a world where people and communities thrive"). Four strategic pillars express commitments to delivering that shared impact.

ANZ Australia Retail's leadership team selected one senior leader to be an "executive sponsor" for each strategic pillar based on their level of involvement in and relevance to the pillar. The Communications team then coordinated collaboration with other executives to include details and actions for other communication channels.

Communications executives in each business unit were responsible for their respective communication channels. At the end of the year, each strategic pillar's communication strategy of internal communications, which focused on employee engagement, was implemented.

Figure 4: Development of subnarratives for communications



Contact us to see the complete guidance for corporate narrative activation

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