

# **Study of Oral Narrative Provides Preliminary Evidence of Entrepreneurs' Use of Story Telling**

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*Do entrepreneurs use storytelling to exchange important information? This study reports the analysis of oral histories of 32 entrepreneurs and describes the ways in which entrepreneurs use storytelling to exchange information. The study found evidence that entrepreneurs use storytelling to exchange important information including the processes of: organizing, opportunity identification, sales and financing. Entrepreneurs may find that development of specific skills for the use of storytelling could lead to improved performance in each of the functional areas. Entrepreneurship scholars may find the ability of entrepreneurs to tell stories provides a unique means for differentiating between entrepreneurs and non-entrepreneurs.*

## **INTRODUCTION**

The popular press is full of stories successful entrepreneurs. The recent success of movies such as “The Social Network” (Fincher, 2010) have romanticized the entrepreneur as an agent of societal change. The field of business management has a long history of utilizing storytelling in the form of case studies as a pedagogic tool (Alvarez & Merchan, 1992) and more recent history of utilizing case studies in research (Chetty, 1996; Eisenhardt, 1989; Kanter, 1983). In the past decade, research reporting investigations of the use of storytelling have begun to appear in the entrepreneurship literature (Smith, 2009; Steyaert, 2007).

Storytelling or, more formally, oral narrative is defined as the verbal presentation of a series of events meaningfully connected in a temporal and causal way (Onega Jaén & García Landa, 1996). The collection and analysis of the stories that entrepreneurs tell allows researchers to view the phenomenon of entrepreneurship through the subject’s eyes (Barthes, 1989), rather than from the more limited viewpoint of an outsider (Hansen & Kahnweiler, 1993).

This study reports the collection and analysis of oral histories of self-identified entrepreneurs and describes new understanding of the way that entrepreneurs use storytelling to exchange information. The specific research question of this study is: “Do entrepreneurs use storytelling to exchange important information?”

## **DATA COLLECTION**

Approximately 26.7 hours of interviews with 32 self-identified entrepreneurs were recorded in the course of this research project. Each interview consisted of an entrepreneur recounting his or her life story. The interviews were collected between 2002 and 2004 in the southwest of Canada and the

northwest of the United States, an area chosen because it provided a relatively homogenous cultural heritage. The entrepreneurs interviewed in this study were from a wide variety of industries: clothing, communications, consulting, health care, hospitality, manufacturing, retail, software development, trading and yachting. They ranged in age from 27 years to 76 years. Fifteen of the entrepreneurs were American, thirteen were Canadian and four were immigrants to Canada from other countries. Male entrepreneurs made up 72% of the population of this study. This approximates the finding of the Global Entrepreneurship Monitor study, which found males made up 62% of the total number of entrepreneurs in the US and 67% of the total entrepreneurs in Canada (Reynolds, 1999).

### Data Quality

Data quality is usually measured in terms of validity and reliability. Validity is defined as measurement of the accuracy of information and its generalizability (Creswell, 1994). In qualitative research, the construct of validity is generalized to truthfulness of investigation (Kvale, 1995). Reliability has been defined as a measurement of the likelihood of similar conditions giving rise to similar observations (Aunger, 1995). In qualitative research, the construct of reliability is generalized to craftsmanship on the part of the researcher (Mays & Pope, 1995).

Validity can be broken down into two constructs: internal validity, which concerns the accuracy of information and external validity, which concerns the generalizability of findings. The construct of internal validity in positivist science corresponds to veracity or the degree of correspondence with objective (Kvale, 1995). Postmodern philosophy of science disputes the notion of objective reality (Feyerabend, 1975) and substitutes “spirit of truth” (Ricoeur, 1965) as the measurement of veracity. In this study, veracity has been tested by comparing the events described in the actuality for conformity with printed records (Allen & Montell, 1981). The construct of external validity in positivist science corresponds to generalizability and is generally treated as a sampling issue in interpretive inquiry (Zikmund, 1994).

This study utilized a process of theoretical sampling (Glaser & Strauss, 1967) in the determination of the number and types of candidates to be interviewed. Simply stated, theoretical sampling means that the ethnographer chooses the next people to interview when he or she feels the need for data to compare to the data already collected (Agar, 1980). Glaser and Strauss (1967) refer to this point as theoretical saturation. Overall theoretical saturation was tested by comparing the data collected to a typology of eight entrepreneurial archetypes described by William Gartner (1982).

### ANALYSIS OF DATA

The specific research question, which the study investigates, is: “Do entrepreneurs use storytelling to exchange important information?” Statements of entrepreneurs describing their use of narrative were collected from the entrepreneurs’ recorded life stories. Table 1 classifies these statements into a typology based on the ways that the entrepreneurs of this study described their use of storytelling.

**TABLE 1**  
**CLASSIFICATION OF ENTREPRENEURS’ USE OF STORYTELLING**

Use of Storytelling	Frequency	Male %	Female %
Organizing	25	60.0	40.0
Opportunity Identification	27	81.5	18.5
Sales	17	52.9	29.4
Financing	10	60.0	40.0
Other	3	100.0	

It is interesting to note that the female entrepreneurs of this study reported using storytelling as a tool for organizing and as a sales tool more frequently than male entrepreneurs. However, the male entrepreneurs reported using storytelling as a tool for opportunity identification more frequently than the female entrepreneurs.

### **Storytelling as a Tool for Organizing**

Entrepreneurs in this study referenced storytelling 25 times as a tool used for organizing. Management researchers Mills, Boylstein and Lorean (2001) have suggested that storytelling can be seen as “explanatory mythmaking or conceptual construction that interpret and frame organizational situations”. The entrepreneur, Tom Keffer, provided an example of how he used storytelling to create an organizational myth:

I wrote a company history up. And one of the anecdotes I gave in that is how when you were trapped at the phone all day long you couldn't go anywhere. This was before cell phones. So even something simple like taking a shower was a problem. And more than once the phone would ring when I was in the shower. I would take the phone in with me and when it would ring, and I would shut the water off and wait a few seconds for the gurgling noise to stop; pick up the phone and as calmly as I could, I would say: “Rogue Wave Software.” (Keffer & McKenzie, 2002)

This particular myth frames the importance of customer service at Rogue Wave Software. To Keffer, customer service is so important that he would allow a customer to interrupt his bathing. Entrepreneurs in this study used storytelling in organizing in a wide variety of ways: to share best practices amongst organization members, as a way of documenting organizational structure, to learn business practices in a family setting, as a way of articulating the entrepreneur’s vision to organization members, to describe a business model and as a way of explaining complex relationships within the organization. In all of these cases, narrative appeared to have been used as a vehicle for the exchange of complex and rich information.

Organization theorist O’Connor (1997) views organizational decision making as the convergence of oral narratives claiming that the narrative’s power comes from its ability to simultaneously render information and the meaning of that information. Kelly (1985) found that stories were used in high-tech firms to address equality, security and control. Boje (1991) observed that storytelling in organizations has two intertwined components, stories as texts and stories as performance. The majority of references that the entrepreneurs in this study made to storytelling used as a way of organizing referred to stories as text. This would explain the logic of Keffer’s writing down his narrative of the history of Rogue Wave. By solidifying the story, he hoped to create a stable, predictable organizational culture.

### **Storytelling Used to Identify and Communicate Opportunities**

The entrepreneurs in this study reported 27 instances of the use of storytelling for opportunity identification. The entrepreneur, Peter Newman provided an account of how he used storytelling to identify the opportunity associated with the founding of Progressive Plastics:

We were running a campsite, which was a learning experience. We were running a campsite and we were running this fabricating shop in Prince George and doing all the estimating and everything else and Brad was looking after the shop. And, in the meantime, one of our plastics suppliers, one of the guys I knew there well. Him and I went for a beer one night and he was complaining about this company. And I said ‘well why don't we start up our own plastics company?’ So we started up a plastics...an industrial plastics supply company which he ran, and I was the joint partner with him. (Newman & McKenzie, 2002)

Throughout the interviews of this study, it was common for entrepreneurs to place their visions of opportunities into the context of a performance narrative. Often the product or market or combination of product and market that formed the basis of the opportunity did not exist at the time the entrepreneur envisioned the opportunity.

Not only did the entrepreneurs in this study use storytelling to uncover opportunities, but they also tended to use versions of the narratives they had created to convey the opportunity to others. This is a clear example of storytelling as performance. The entrepreneur, Nathan Rothman, was explicit in describing the importance he placed on exchanging information about new business ideas with other people when he said, "I'm a big advocate about talking to people about your business idea and getting other ideas from people" (Rothman & McKenzie, 2002). The entrepreneur, Tim Vasko, provided a simpler example of how a narrative can contain the interplay of characters, needs and desires and time in the identification of business opportunities:

I've always been interested in the stock market. It's always fascinated me as a kid and everything. So I got my license to sell mutual funds and...I made one sale. And so I was basically as salesman and I made one sale for...and the guy who sponsored me...the sale I made was a \$30,000 bond fund. And so I was expecting to get, the commission was four percent, so I was expecting to get \$1,200 or something less, maybe \$1,000. And I got a cheque for \$600. And I called the guy who had sponsored me to get my license and he goes, "Well half of it is mine". And I said, "You mean, I went out, I found the person, you don't give me an office, you don't give me anything, you don't pay any of my bills, you don't pay for my gas and you're going to keep 50% of my money." And he said, "Yeah, that's the way it works." And I said, "Not for me it doesn't." And so I decided that...I said, "Well, I'll just go and start my own company." And the guy said. "Good luck." (Vasko & McKenzie, 2002)

Contained within this brief oral narrative are a host of details about the operation of the marketplace in 1983, the prevailing attitudes of competitors, and the intentions of the storyteller. These details would be difficult to portray so concisely through a medium other than storytelling.

### **Storytelling as a Sales Tool**

The ability of narrative to carry richness of detail suggests that it is well suited to use as a sales tool. The life stories collected in this study made 17 references to storytelling being used as a tool to exchange information in the process of sales or marketing. Rothman tells this story about how he used oral narrative to sell a number of sailboats before he had built even one:

So I went out and actually pre-sold a couple of boats...And I showed the boat to Bill Black and I said, "Bill, you know, here's the design and thousand bucks holds you a spot in line." And I had another friend, at the time Stan Dabney. Stan and Sylvia Dabney, who are still in the boat business...Stan Dabney ran a printing company, later became our sales manager. But ran a printing company, but he was a good friend of mine. And I said, "Stanley, before I can go to Bill Black, I need to have somebody on the list, you know I need to have sold a boat to somebody else. So put your name on the list. You bought hull number three and we'll go to Bill and we'll go to other people and we'll tell them look three are sold already you'd better get on the line you better get on the list, or you know you're not going to get one, you know." And so we went to Bill, and Bill Black wrote a cheque for a thousand bucks. And we went to a fellow by the name of Sever Murphy who ran the Indoor Sun Shop, which was a florist and plant shop in the University District. And he wanted one, and we put him on the list, and we got a thousand bucks from him so we sold four or five boats. (Rothman & McKenzie, 2002)

Rothman's narrative builds tension within the prospective purchaser's mind that replaces their concern over not being able to see a boat with a new concern that the boats might all be gone by the time they actually get to see one. This tension could not have been built with facts and figures, since no boats actually existed nor had any actually had been sold. This tension could not have been created using print media, since the delay caused by writing a report, delivering it and then waiting for it to be read takes too much time for the deft interplay between the characters that Rothman was manipulating. Rothman's use of narrative in sales took advantage of the difficulty the purchaser had in searching for accurate information. Geertz (1992) described the process of information search in the primarily oral bazaar

economy as being “laborious, uncertain, complex and irregular”. Weinstein’s (1999) account of the used book trade in Gardena, California reveals similar characteristics in a North American setting. Rothman’s clients were intent upon the purchase of a safe, reliable, fast and stylish sailboat, characteristics that were not necessarily mutually compatible. Rothman’s narrative, like the bazaar’s multidimensional bargaining, allowed each client to feel he was getting the best deal possible.

### **Storytelling Used in Financing Ventures**

The entrepreneurs in this study referenced storytelling 10 times as a tool used for financing their ventures. O’Connor (2002) has described the use of narrative by entrepreneurs seeking venture capital financing as the creation of generic stories. Generic stories tend to be easy to tell and make intuitive sense with prospective investors. Keffer described his experience touring the US to meet with investment professionals prior to Rogue Wave Software’s Initial Public Offering in these words.

It’s the road show that’s the got this mythic vision. But I don’t know, I found the road show kind of boring. Because you have this presentation that you fix up and tune so that it’s just...Oh...perfect. And you go out on the road and I gave that damn presentation 65 times in a row over two weeks. That’s pretty dull, I’ll tell you. It’s not exciting or anything like that. It’s just dull. (Keffer & McKenzie, 2002)

Keffer offered the only example of this level of financing sophistication amongst the entrepreneurs interviewed in this study. However, other entrepreneurs used less heavily scripted narratives for the same purpose. We have already seen how Rothman (Rothman & McKenzie, 2002) pre-sold boats so he could attract investors to Valiant.

### **Other Uses of Storytelling by Entrepreneurs**

The entrepreneurs in this study have also referenced storytelling three times as a form of recreational socializing. However, there is no evidence within any of these references differentiating them from the normal use of storytelling by non-entrepreneurs in recreational socializing.

## **IMPLICATIONS**

This study has provided preliminary evidence that entrepreneurs use storytelling to exchange important information. This evidence suggests an important role for future study of the stories that entrepreneurs tell. Further empirical investigation of the use of storytelling by entrepreneurs could provide evidence, useful both to entrepreneurs and to entrepreneurship scholars.

Entrepreneurs are likely to gain confidence from the realization that their storytelling ability is vital to their profession. The development of specific skills for the use of storytelling for organizing, opportunity identification, sales and financing could lead to improved performance in each of these functional areas. Entrepreneurship educators could integrate storytelling into their curriculum both as a way of passing along the heuristics of entrepreneurial expertise and as an entrepreneurial skill.

Entrepreneurship scholars may find the ability of entrepreneurs to tell stories provides a means for differentiating between entrepreneurs and non-entrepreneurs. Media scholars such as McLuhan (1964) and Ong (1977) have differentiated between oral cultures and literate cultures. It is possible that an individual’s ability to communicate using storytelling is related to his or her ability to identify opportunities, to create organizations and to make sales; all key entrepreneurial activities. McLuhan describes oral communication as a cool medium because the listener must fill much of the information passed in oral communication. On the other hand, he describes print as a hot medium because the author, impacts one single sense of the reader with densely packed information. While all of the entrepreneurs examined in this study were extremely proficient in oral narrative, only 7 of the 32 entrepreneurs of this study appeared to have the same proficiency in written narrative.

## CONCLUSIONS

This study has found evidence that entrepreneurs use storytelling to exchange important information. All the entrepreneurs whose life stories were collected in this study made some use of storytelling to exchange important information. The analysis of the 32 oral histories contained in this study has found that the entrepreneurs interviewed used storytelling both as a text and as a performance as suggested by Boje (1991). Storytelling was used in the identification of opportunities, in the development of new organizations, in the arrangement of financing and in the process of making sales.

The evidence of entrepreneurs using storytelling to exchange important information presented in this study is preliminary in nature. It must be noted that the unstructured interview process used in the study limits the ability to generalize this finding to larger populations. Participants were asked to tell their life stories and questions were intended only to add clarification or to enhance the conversation that the memoirist had initiated. None of the participants were specifically asked if they used storytelling to exchange important information or what kind of information they exchanged using storytelling. Further research into the use of storytelling by entrepreneurs will be required to substantiate our understanding of the links between storytelling and the creative processes of organizing, opportunity identification, sales and financing.

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