

The Narrative Fallacy

Hasnaê Kerach explores the mind's ability to create stories that have no grounding in reality

From the earliest cave paintings in France to Egyptian Hieroglyphics, storytelling has been used as an effective and compelling way to communicate.

The same applies in business, where most of us have realised that storytelling is an essential part of persuasion.¹ Research has shown that effective storytelling can be a powerful tool for influencing your audience, and that engaging others at an emotional level is far more impactful than stating mere facts.² Your clients are more likely to remember the story you told them during a pitch than the numbers or statistics.

However, the storytelling I am referring to in this article is not the sort we create to convey a specific message, nor is it the type that is consciously used to change your client's perspective. Instead, what I will be exploring are the stories we tell *ourselves* about ourselves and our environment, including our actions and interactions with other people and situations.

We tell ourselves such stories all day every day; we analyse various events in our lives, and we attribute meaning to them. Without even necessarily realising it, we create a web of inter-relationships that help to explain our understanding of reality.

For example, take a minute to cast your mind back to a time where you or your team lost a pitch. Reflect on the relationships you created between the various variables of that event, where you analysed some of the data available and concluded that you lost a pitch because, for example, your competitor's prices were lower than yours. In doing this, you have created a cause and effect link between two variables that did not exist before: 'Our

competitor is cheaper than us; we lost a pitch to our competitor; this means we lost a pitch because we are more expensive than our competitor.'

This tendency to connect events and impose linear interpretations on them is known as the 'narrative fallacy'.³ Nassim Taleb, the author of *The Black Swan: The Impact of the Highly Probable*, and a distinguished Professor of Risk Engineering at the New York University Tandon School of Engineering, explains this further: 'The narrative fallacy addresses our limited ability to look at sequences of facts without weaving an explanation into them, or, equivalently, forcing a logical link, an arrow of relationships upon them. Explanations bind facts together. They make them all the more easily remembered; they help them make more sense.'⁴

Constructing a narrative by building a story is one way that brains make sense of the world around us. Manufacturing a story is therefore an important function that helps us process information. The danger, however, is that although at first glance, the cause and effect links we attribute to events might seem very logical, most of the time they are not actually true.

Going back to my earlier example, after creating a connection between losing the pitch and your competitor's price, it is quite possible that you might believe this narrative to be true. You might therefore use this to make a prediction about your next pitch: 'We will lose our next pitch if our prices are higher than our competitor.' Nevertheless, jumping to this conclusion will potentially result in you feeling less confident about your next presentation, possibly even leading you to lower your prices. Consequently, you are at risk of

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The Narrative Fallacy contd.

altering your whole business strategy based on a false narrative, a story you created about two distinct variables that don't actually correlate.

It is possible that every aspect of the way you communicate and behave might be governed and driven by the narrative you have created about yourself, other people, past events, your career, and many other factors. For example, it would be easy to assume that some academic and professional achievements are thanks to the way their parents raised them: if their parents were strict, they therefore had to work hard, and this resulted in them having the success they have. In reality,

however, if these cause and effect links were true, it would mean that everyone with strict parents would be a high achiever, when this is not the case. In fact, there are multiple variables, some of them uncontrollable, that affect one's success: while the way someone is raised contributes to this, it is not the whole picture.

So, what can you do to avoid the trap of the narrative fallacy?

The first step is to understand this fallacy and to accept that, as a human being, you are subject to this way of thinking. Just because you decided to create a story about a series of events and label it as real doesn't mean that the story has any inherent truth.

Once you subject yourself to critical analysis, you will recognise the storytelling pattern in your thinking, and you'll be able to determine whether you are assigning linkage where there should be none. For example, the fact that you lost the

pitch might have nothing at all to do with the prices of your competitor. In fact, our post-pitch analysis demonstrates that price is *rarely* the reason why a pitch was lost; in reality, there might be other, more significant factors in play that you did not previously consider, such as the timing of the pitch, your lesser communication skills, or the low cohesion of your team.

It is also important to understand that everyone can build different stories

around the same set of variables. For example, you might believe that your colleague who stays long hours is hardworking and eager to learn, while an outsider might believe that they are

overworked or have time management issues: here, two different narratives have been created from the same observations.

The secret is to become aware of your mind's story-producing ability and to use it wisely. It is best to consider all available data without designating meaning to a selected few at the exclusion of others. Realise that much of the time you just don't know, accept it, and be comfortable with uncertainty. As Nassim Taleb himself explains, 'when searching for real truth, favor experimentation over storytelling, favor experience over history, and favor clinical knowledge over grand theories.'⁵

1. Baldoni, J. (2011, March 24), 'Using Stories to Persuade,' *Harvard Business Review*.
2. Paul, A. M. (2012, March 17), 'Your Brain on Fiction,' *The New York Times*.
3. Taleb, N. N. (2008), *The Black Swan: The Impacts of the Highly Improbable*, London: Penguin Group.
4. Ibid.
5. Ibid.



Don't make assumptions about losing a pitch: remember that lots of factors are important, including teamwork.

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