

Chapter 1: THIS BOOK IS NOT ABOUT NUMBERS. HONEST.

“The way you present says a lot about the way you think.”

– Irwin Federman, well-known venture capitalist

This book is not about numbers. This book is about *presenting* numbers, and doing it clearly, concisely, elegantly, and, most of all, effectively. This distinction between numbers and presenting numbers is critical, and to give you a glimpse of what’s to come, let me ask you some questions. When doing *quantation*,¹ have you ever experienced any of the following:

- Your audience simply didn’t “get it”?
- You spent too much time just explaining how to read your tables, charts, or slides, instead of discussing the actual contents of your reports?
- You depended on people to read your materials *before* the meeting or presentation, and when they didn’t do it, you couldn’t achieve what you wanted?
- You caught some dumb mistakes, but only after it was too late to fix them? Or even worse, *your audience* caught your dumb mistakes?
- Your report/presentation had too much detail for your audience to zero in on the really important stuff? Or even worse, they simply gave up trying to understand?

If your answer is yes to any of these questions, then you’ve felt the agony and frustration of poor quantation. If you’ve been one of the “victims” in the audience,² then you’ve known the sinking feeling of watching a presenter’s time and credibility painfully slip away.

¹ Quantation (kwōn-tā’-shən) *n.* [English, c. 2008, from QUANTitative + communicATIOn]. The act of presenting numbers, such as financial results, electronically or in written form for the purpose of informing an audience. Note: Quantation is the word I use to describe the subject of this book. Perhaps it will end up in Wikipedia, or even become an actual word.

² By “audience”, we don’t just mean a live audience at an oral presentation. Your audience could be reading hardcopy printouts, receiving e-mail messages, or looking at smoke signals from a nearby hilltop.

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Being “Literate”

Presenting numbers is the same as presenting any other information. If your audience can't follow what you are presenting well enough to understand it, then *you* haven't communicated. It doesn't matter if your numbers are well-researched, organized with great effort, or *correct*. If no one understands what you're trying to say, the problem is yours to fix.

Put another way, to do effective quantation, you need to “be literate.” I don't mean the more widely understood definition of “be able to read” -- being literate means much more than being able to read. Being literate is not just about understanding *words*, but about comprehending *any* information presented to you – images, numbers, charts. It's not just about *comprehending* information, but about *how you present it*. And it's not just about what you *know*, but about *people's perceptions* of what you know. In this way, being literate is about your knowledge, and your ability to present it so others perceive you as knowledgeable.

It's What *They* Think That Matters

That last point deserves some extra emphasis; an important part of being literate comes from other people's perceptions of what you know. To help you understand how this works in real life, let me ask you a few questions:

- When you see someone confuse “its” and “it's”, do you form a general conclusion about the writer's literacy or even about his or her intellect?
- Do you – like many, many other people in business – routinely reject job applicants who have even one typo in their résumé or cover letter?
- Do you form distracting and negative conclusions about people from their unintentionally hilarious errors? ³

Perception is important, and *based on little things, people form global, and sometimes harsh, conclusions about you* – about your intelligence, your literacy, your grasp of the

³ The list of “favorites” is very long. For example, there is the ever-popular, and occasionally career-limiting omission of the letter “l” from “public administration” on many résumés. My own all-time favorite: a chopstick wrapper advertising a restaurant's specialization in “Mandarin and Human Cuisine,” although perhaps that was some sort of regional delicacy.

subject matter, your professionalism, your ethical standards, and your respect for your audience (to name a few traits you probably value).

There's just one more thing about these little errors and embarrassments: the more important and influential people are, the more likely they are to form these snap judgments, and form them quickly. Not only are these people very busy, but they're the kind of people who take pride in their speed and decisiveness. And the saddest part about these harsh conclusions is that *people will rarely tell you*. It's like that little piece of spinach stuck between your teeth all night at the annual company holiday party. No one mentioned it to *you*, but it sure was amusing conversation the next day in the hallways and the break room.⁴

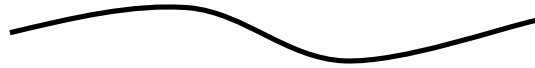
So how do you avoid these negative perceptions and make sure that you are received as professionally as possible? If you're communicating in *words*, you have lots of tools to guide you: there's vocabulary, grammar, diction, sentence structure, and paragraph organization. And if you use these tools well, your audience will consider you to be thoughtful and careful. But what about *quantation*? Are there rules and guidelines with numbers? Of course there are, and that's what this book is about.

What You Were Never Taught

The rules and practices that help you present numbers are similar to the rules and practices that make people effective writers and oral presenters. Unfortunately, a much smaller percentage of your education was probably devoted to developing these skills of quantation, and they are important to all of us, because typically when numbers are presented, significant decisions need to be made. These skills are important even if you don't present numbers very often, because in the event that you *do* have to present numbers, it's likely that the stakes are very high.

⁴ With these types of reaction in mind, if you don't know whether "its" or "it's" is appropriate in any given situation, do yourself a favor: *Find out. Right now*. It's a mistake that rarely makes a sentence hard to understand, but even so it might be the English grammar mistake most likely to make you look stupid and illiterate. A close second to the *its/it's* error is the *there/their/they're* three-way conundrum. Moreover, if you're relying on the built-in error-checking features in today's word processing software to protect you from boneheaded mistakes, guess again – all of the mistakes I've cited are *very* unlikely to be caught by built-in software.

Moreover, much of the value you reap from presenting numbers does not result from the time you spend compiling and generating the information, but from the time you take designing, organizing, and laying out the reports compiling what you've worked so hard to collect. The time that it takes to design, organize, and lay out your reports typically only takes 20% (or less) of your time. But then there's the "80/20 Rule" every MBA learns: 80% of the impact of any effort comes from only 20% of the time you spend on that effort. In a nutshell, this book is about spending that 20% of your time to your very best advantage so you can become a better communicator of numbers.



So let's recap the key points so far:

1. When you present numbers, you will be held responsible for making sure your audience comprehends the information.
2. If your audience fails to understand the information, *your* professionalism, and credibility will suffer. Moreover, you will waste time explaining what your information means instead of addressing your original goals.
3. Small, innocent mistakes (in language *and* numbers) have a disproportionately negative impact on how your skills, professionalism, and intellect are perceived by others.
4. The more important someone is, the more likely he or she is to reach these negative conclusions (about your presentation skills, professionalism and/or intellect). And the more important someone is, the faster he/she will reach that conclusion.
5. All of the above apply to presenting *numbers* as surely as they apply to any other communications, but unfortunately most of us haven't been formally taught the skills to do effective quantation. Quantation is a skill that can be taught and learned.
6. When you are presenting numbers, the stakes are usually high.

7. If your job requires a lot of quantation – accounting, finance, or marketing analysis, for example – how you present numbers is a big part of your professional image.
8. If your job *doesn't* require much quantation, when you do have to present numbers, the stakes are probably *very* high. So you need to read this book!
9. The quantation task is the least time-consuming task in the collection, summarizing, and organization of numbers. If quantation is done well, it becomes the most important and valuable task in the project. If it's done poorly, all of your other good work goes to waste.
10. Quantation is not about *numbers*, it's about *communicating* to an audience (and you don't have to be the resident “numbers guy”).
11. Effective, clear quantation is what this book is about.

“The way you present says a lot about the way you think” is the epigraph for this chapter because it relates to the eleven reasons listed above. Perhaps Mr. Federman was specifically referring to standing up and giving an oral presentation, but I choose to believe it is apt for *any* way you present information. When you present numbers, you expose every aspect of your thought process (or lack thereof) to your audience.

To that end, sprinkled throughout this book are the *Deadly Sins*, a metaphor to drive home the notion that seemingly small errors can say more than you ever want (or deserve) about your thought process. The Deadly Sins are quantation errors that you should avoid at all costs, because they are:

- Distracting, defocusing, or annoying to your audience – not just something people recognize as a goof and then move on,
- Relatively common,
- Easily avoided, and
- Indications that you don't respect your audience, don't understand what they are looking for, or don't have any idea how to help them understand your information.

The Ultimate Goal

As any good artist or teacher will tell you, you don't create a great painting because you went to the best art schools, used *all* the colors, or knew the latest brushstroke techniques. The test of a great painting lies more in the answers to questions like: Does the painting tell a story? Is the viewer led to *care* about the story? Has the artist revealed the essential nature of the subject, regardless of how big or small the canvas is? My goal in *Painting with Numbers* is to give you all you need to know to communicate financials and other numbers so that you can tell your story in a way that is clear, comprehensible, concise, elegant, and – most of all – effective.

The Organization of This Book

Painting with Numbers covers what you need to know to do quantation effectively. It's divided into three sections: The Basics, Some Examples, and Wrap-Up.

The Basics discusses the rules and practices that can help you be “literate” when you're doing quantation – much the same way understanding grammar and using it effectively help you communicate and be “literate” when you write or speak. I believe it's critically important for you to understand *why* these rules and practices work, so I'll discuss that as well. The topics covered in this section are:

- **Chapter 2 – Numerals** – how to use the Arabic numeral system not just correctly, but to your advantage.
- **Chapter 3 – Visual appearance** – how to convey information just by how you lay out the information on the page, and how to use visual effects to enhance the effectiveness of your report.
- **Chapter 4 – Words** – the importance of getting the *words* right, and not just the numbers
- **Chapter 5 – The Audience** – how people in general, and your audience in particular, process information, and what that means for the way you do quantation. Also, how the way you present information sends loud signals about your respect for your audience.

- **Chapter 6 – Key indicators** – how to use ratios and other metrics together with the raw information to add even more meaning to your quantation, and to make the information easier for your audience to understand.
- **Chapter 7 – Charts** – how, and when, to use visual information to supplement tabular information.
- **Chapter 8 – Oral presentations** – special factors to consider when you’re presenting to a live audience, especially using PowerPoint or other presentation software.
- **Chapter 9 – Excel tips** – skills to help you to be a *faster* user of Excel, so that being under time pressure is less of a hindrance to effective quantation.

Some Examples is just that – these chapters provide examples of widely-used reports, with particular emphasis on applying the rules and techniques from the chapters in *The Basics*. Chapter 10 discusses the perspective you want to bring when you actually sit down to develop your own reports. Chapters 11-14 comprise an overview of management financial reporting in a business, starting with the basic and most widely-used report, and concluding with creating a complete enterprise reporting package. The remaining chapters in this section give examples from other walks of life – personal financial planning, public policy, etc. I want to stress that *nothing in this book is intended to be used as a “cookbook.”* My goal is to give you the tools to enable *you* to design reports yourself that meet *your* quantation needs.

Wrap-Up recaps the main points of *Painting with Numbers*, and offers some additional thoughts on the overall approach to quantation. Chapter 17 is a playful romp, revisiting the Deadly Sins and discussing when a carefully thought-out commission of a “sin” is the right thing to do. Chapter 18 includes my thoughts on ethics, honesty, character, and other cosmic issues, and the role that quantation plays in that cosmos. Chapter 19 finally wraps it up – honest! And it includes a discussion of how good quantation *starts*.