

Chapter 1: ARE YOU LITERATE? ARE YOU REALLY

“The way you present say a lot about the way you think.” – *Irwin Federman, well-known venture capitalist*

“I can’t believe that you knew more about what was going on than I did.” That was the last thing Ken Lay said to Lynn Brewer, in their last conversation. Lay was Enron’s founder and long-time CEO, and Brewer was a former Enron executive who, though she was one of the principal Enron whistleblowers, continued to be friends with Lay. At the time, Lay was awaiting sentencing for several counts of securities fraud, conspiracy, and bank fraud related to the Enron mess.

How could this be? How could a well-respected, intelligent, and by most accounts conscientious founder and CEO of a giant corporation *not have known what was going on?* Was Lay being honest with Brewer? We’ll never know for sure, since a few weeks later Lay was dead from a heart attack. But let’s just take Lay’s comment at face value; after all, some members of Enron’s board of directors have made similar admissions, and securities analysts were quoted as acknowledging that they didn’t understand Enron’s financial statements, but that their financial results so far deserved continued “buy” recommendations.

Again, *how could this be?* Perhaps they were just concerned that if they raised their hand and said, “Huh?” they would no longer be considered among “the smartest guys in the room.” Regardless, there is a word for people who can’t understand what they’re reading: *illiterate*. If all these people weren’t “literate,” then perhaps *you* should also ask yourself the question that is the title of this chapter.

The answer is “yes.” Yes, of course you’re literate. After all, you bought this book. Or maybe you’re just standing in a bookstore reading this. But at least it’s a *bookstore* you’re standing in, and at least you’re *reading*. And anyway, this book isn’t about *reading*, it’s about *numbers*. Or is it?

This “literacy” thing bears a closer look. When we hear the word “illiterate” – “literate’s” ugly sibling – we usually think of what’s typically the first dictionary definition – “unable to read.” But you’ll find others, including:

- Unable to read *and write*¹
- Having little or no formal education
- Marked by inferiority to an *expected standard of familiarity* with language and literature
- Ignorant of the fundamentals of a *given area or branch of knowledge*

These definitions say more about “illiteracy” in three important ways:

1. It’s not just about understanding *words*, but about comprehending *any information* presented to you. That would include visual images, numbers, etc.
2. It’s not just about *comprehending* information, but about *how you present yourself to others*.
3. It’s not just about what you actually know, but about what people *think* you know.

This book is about presenting numbers clearly, concisely, elegantly, and most of all *effectively*. Well, it had better be, since that idea is right in this book’s title. The *title*, for goodness sake. So ask yourself this: when performing *quantation*², have you ever experienced the following:

- Your audience³ simply “didn’t get it”?
- You spent too much time just explaining how to read and understand your tables, charts, or slides, before you ever got to discussing the actual content?
- You were depending on people to read your stuff *before* the meeting or presentation, and when that didn’t happen it really slowed things down?
- You caught some dumb mistakes, but only after it was too late to fix them? Or even worse, *your audience* caught your dumb mistakes?
- The information presented had too much detail? As a result, the audience wasn’t able to home in on the really important stuff or, even worse, they were too daunted to wade into it in the first place.

OK, OK, so maybe this didn’t happen to *you*, it happened to “a friend”, or “a co-worker”, or “your employee” (but how different is that from *you*?). Or maybe you were one of the “victims” in the audience. Regardless, you know it’s an agonizing experience, because you can just see the presenter’s time, the audience’s attention, and the presenter’s credibility just slipping away.

¹ In fact, the usage note in *The American Heritage Dictionary* (the source for these definitions) suggests that “literacy” has only come to refer to the basic ability to read and write in the last 100 years or so.

² **Quantation** (kwŏn-tā’-shŭn) *n.* 1. The act of providing numbers, such as financial results, in written form using hardcopy or electronic media, or visually on slides in an oral presentation (English, c. 2008, from QUANTitative + communicATIOn).

OK, this might not be an actual word, but don’t worry, it will probably be in Wikipedia soon anyway.

³ 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.

If we return to the above definition of “illiteracy”, it’s clear that these, how shall I put this, “negative *quantation* experiences” are examples of illiteracy on *someone’s* part. But whose? Yours? Or your audience’s? The answer, as any competent psychotherapist will tell you, is: *It’s really, really hard to tell*. But before you render a final judgment, or even call it a tie, ask yourself:

- In a subjective, ambiguous area like poor communications, who is *anyone* likely to blame? Why, the other guy, of course. The actual truth is beside the point. Is this an argument you want to get into?
- Who has the most at stake: you? or your audience? It’s almost always the author (or presenter) – he or she is the one with a point to be made, a sale to be closed, a position to be lobbied for, or simply a reputation to establish or enhance. And the one with the most at stake is the one who *should* care the most about getting it right.
- Just playing the odds, which is more likely: *one* illiterate author (or presenter)? or an audience in which *everyone* is illiterate?
- Even if it *is* the audience that’s illiterate, and not you, what are you going to do about it? Neither finding another audience, nor teaching them all to read, is very practical.

By now, we hope you’re appreciating the importance of being “literate”, and of avoiding being “illiterate”. That goes for everything you communicate, *including numbers*. But just as important is *appearing* “literate”, and avoiding the *appearance* of “illiteracy”. For example, ask yourself these questions?

- When a person doesn’t appear to know whether the correct usage is “its” or “it’s” – especially on slides in a presentation, or in important memos, where hurried typing shouldn’t be the excuse – do you form a general conclusion about that person’s literacy or even about his intellect?
- Do you routinely reject job applicants who have even one typo in their résumé or cover letter? For some employers, that’s company policy.
- Do you form distracting and negative conclusions about a person from unintentionally hilarious errors?⁴

If your answer to any of the above is “yes”, you are just like many, many other people. There is an important point here: *based on little things, people form global, and sometimes harsh, conclusions about you* – about your intelligence, your literacy, your grasp of the subject matter, your professionalism, your ethical standards, and your respect for your audience, to name a few traits you probably value greatly. And the busier they are – i.e., how important they are, and

⁴ We all have our favorites. For example, there is the ever-popular omission of the letter “l” from “public administration” on many résumés, or the vaguely editorial substitution of a “J” for the “N” in “New York” and “New Jersey”. 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.

therefore how important it is for you to impress and convince them – the more likely they are to reach these snap conclusions. In short, presenting yourself well is critical to your *credibility*.

There's just one more thing about all these silly little mistakes than can make you look "illiterate" – *no one will ever tell you*. It's like that little piece of spinach stuck between your teeth all night at the annual company holiday party: no one told *you*, but it sure was amusing conversation the next day in the hallways and the lunchroom. Then everyone just files it away in their minds.⁵ The only real defense is devoting care, skill, and time to making sure these little embarrassments don't happen in the first place.

Anytime you are communicating formally, especially in a business setting, you are likely to be trying to:

- Advocate an action or a decision
- Tell a story
- Explain something complicated
- Provide a status report
- Defend yourself
- Criticize others

Regardless of your objective, you need to be "literate", in the broad sense of the word. And that's true whether you're communicating in words, in numbers, in visual images, or in all three.

If you're communicating in *words*, you have lots to guide you – there's vocabulary, grammar, diction, sentence structure, paragraph organization – and if you do them well at least your audience will consider you to be thoughtful and careful. For most of us, a large percentage of our time spent in school, especially up through high school, was focused on developing these communications skills.

With numbers – that is, with *quantitation* – there are rules and practices very analogous to the tools that make people effective verbal communicators. Unfortunately, a much smaller percentage of your education was probably devoted to developing these skills⁶, *and that's what this book is about*. It's important for all of us: when numbers are involved, it's typically because

⁵ With this type of reaction in mind, if you really 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.

⁶ Remember those word problems most of us hated? That's one of the few exceptions to this point.

significant decisions are about to be made. And if you don't present numbers very often, it's even more likely that when you *do* have to present numbers, the stakes are really high.

Lastly, let us touch on two closely related concepts that every MBA learns: the "80/20 rule" and "bang per buck"⁷. They apply in one way or another to everything you do, including presenting information: 80% of the impact the information you present comes from only 20% of the effort you expended to produce the information. In this case, that high-value 20% is the *last* 20% of the time you spent – that's the time you spend organizing, laying out, and actually presenting that information you went to so much trouble to collect. This book is about spending that 20% of the project's time to your best advantage. My own personal goal is *to help you be a better communicator*, and to make this book worth its price.

So let's recap the key points so far:

1. "Literacy" isn't just about how you *receive* information, it's about how you *present* information.
2. "Literacy" isn't just about *words*, it's about numbers, visual images, and anything else you being communicated.
3. "Literacy" isn't just about *literature*, it can be about *any* subject area.
4. Small, innocent mistakes have a disproportionately, and sometimes downright unfairly, negative impact on how your skills, your professionalism, and your intellect are perceived by others.
5. The more important someone's good opinion is to you, the more likely he/she is to reach the snap conclusions described in point (4) above.
6. All of the above apply to *numbers*, but unfortunately most of us haven't been formally taught the skills to do effective *quantation*.
7. When you are presenting *numbers*, and not just words or pictures, it's typically in a situation where the stakes are high.
8. If your job requires a lot of *quantation* – in accounting, or finance, or marketing analysis, for example – how you present numbers is a big part of your professional image. ***So you need this book!***
9. If your job *doesn't* require much *quantation* – so you haven't focused much on those skills – when you *do* have to present numbers, the stakes are probably *really* high. ***So you need this book!***
10. In any project that requires collecting, organizing, summarizing, laying out and presenting financials and other numbers, the *quantation* task – the one that involves actually communicating the numbers – is often the least time-consuming. If it's done well, it's the most important and valuable task in the project. If it's not, all of the other good work will go to waste.

⁷ The author's MBA diploma requires him to use these and other MBA-speak terms occasionally, or it will be revoked. Sorry, but it can't be helped.

11. *Quantation* is a skill that can be taught, and learned. It's not about *numbers*, it's about *communicating*. And you don't have to be the resident "numbers guy". ***That's what this book is about.***

Perhaps by now you can see why Irwin Federman's comment – "The way you present says a lot about the way you think" – is the epigraph for this chapter. Now, Federman may have been specifically referring to standing up and giving an oral presentation, but we choose to believe this is apt for *any* information you present. When you present numbers, you are exposing every aspect of your thought process – or lack thereof – to your audience.

We hope you're not alarmed by our "lack thereof" remark in the previous paragraph. But we hope you've also come to understand that seemingly little errors can say more than you ever want or deserve about those same thought processes. To that end, sprinkled throughout the *Technique* section is a metaphor we hope will really drive some points home: the *Deadly Sins*. These are information presentation errors – and we really believe that most of the time you should view them as *errors* – that you should avoid at all costs. If you are as picky as we are, it's not hard to find things in our or other people's work that could be improved. But in order to earn recognition as a *Deadly Sin*, an error needs to meet the following criteria:

- It must be a relatively common error.
- It must be the kind that is distracting, defocusing, or annoying to your audience – not just something they recognize as a goof and then move on.
- It must be easily avoidable.
- *And most important*, it must be an error that speaks to the central tenets of this book – what presenting numbers is really about, what your audience needs or is looking for, implicit statements about your respect for your audience (or lack thereof), etc.

With all this off our chest, we're now ready to move on to the chapters in the "Technique" section of this book. In these chapters, we discuss all those rules and practices that can help you be "literate" when you're doing *quantation* – much the same way understanding grammar helps you be "literate" when you write or speak. We also believe it's critically important to understand *why* these rules and practices are effective, so we'll discuss that as well, and give examples. The topics we cover in this section are:

Chapter 2 – Numerals – using the Arabic numeral system not just correctly, but to your advantage.

Chapter 3 – Visual appearance – conveying information just by how the information is laid out on the page, and visual effects that can 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 – understanding how people in general, and your particular audience specifically, process information is critical to effective *quantation*. Also, *how* you present information and how hard you make your audience work send loud signals about your respect for your audience.

Chapter 6 – Key indicators – using 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 or use in place of 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 – developing skills to make you a *faster* user of Excel, so that being under time pressure is less of a hindrance to effective *quantation*.