CGMA Research Brief

Six rules

to delivering a powerful financial presentation

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When delivering a presentation, are you able to keep the audience engaged and awake? Are you (and your presentation) interesting enough to keep them from looking at their mobile devices? Or is there a danger of being heckled? Bear in mind that heckling can come in many forms — someone falling asleep is just as much heckling as somebody interrupting you. Do you have a fear of standing in front of an audience and delivering a presentation? Do you worry that you won't be seen as a subject-matter expert?

Many people have a fear of public speaking. As Jerry Seinfeld said: "... speaking in front of a crowd is considered the number one fear of the average person." A *Forbes* survey produced a list of the top nine fears:

1. Public speaking
2. Crowds
3. Bridges
4. Enclosed spaces
5. Storms
6. Public transportation
7. Water
8. Heights
9. Creatures (snakes, insects and rodents)

Public speaking was the No. 1 fear, yet the other eight are things that actually could do you harm. Despite the way many speakers might feel, no one has died from public speaking.

The best way to overcome the fear of public speaking is through preparation. The better you prepare, the more confident you will be in delivering your presentation. You want to be prepared in such a way that you feel you're having a conversation with the audience, rather than sounding like a robot giving a memorised presentation.

Many people will say, "Practice until you get it right." With presentations, practice until you can't get it wrong.

Presentations can be boring. Financial presentations are especially prone to being dull, particularly when someone rattles off figure after figure after figure. Think back to your school days: Did you ever have a teacher who read from slides, spoke monotonously and put you to sleep in the first five minutes? If you have seen the movie "Ferris Bueller's Day Off," you probably remember the scene where Ben Stein plays the teacher giving a boring lecture on history and none of the students are paying attention. He asks a question. No one answers, so he says, "anyone, anyone?" and keeps on going. Remember the looks on the students' faces? Are you in danger of getting the same looks?

If you want to engage your audience, present financial information with impact and give an altogether great presentation, you'll need to follow these six rules:

1. It's all about the audience.
2. Let go of the need for perfection.
3. Grab the audience's attention.
4. Tell the story behind the numbers.
5. Use pictures to enhance the data.
6. Simplify.

First rule: It's all about the audience

Do you know your audience? Are they accounting, finance and analytical types? Or are they sales and marketing individuals? Or are they a mixture of both? Let's begin this discussion with a look at the brain. A brain has two hemispheres, left and right. The left hemisphere is responsible for language, logic and analytical thinking. That's the side that drives the accounting and finance people. The right hemisphere is responsible for holistic thought, intuition and creativity. It likes the big picture, not the detail. That's the side favoured by the sales and marketing people.

Why is this important? Because when you're delivering financial information to holistic thinkers, their tendency is to avoid detail in numbers. For them, focusing on the trees makes it hard to see the big picture of the forest.

Even if your audience is made up of a lot of left-hemisphere individuals, they would like to tell you: "Don't overwhelm me with too much information at once." In other words, don't give them too much detail at a rapid-fire pace. That's because even an audience that loves numbers needs time to sift through the data and process what's being said. Ten bullet points on a PowerPoint slide delivered at the same time would be an excellent example of this. PowerPoint doesn't charge on a per slide basis, so use as many as it takes.

A treasurer of a not-for-profit organisation used to give a monthly report to the board. Every month she had the same experience — no one paid any attention to her presentation or any of her carefully crafted recommendations. She said, "I am so frustrated. They ignored almost all of my presentation." She felt she was wasting her time and was about to resign. She was attending a "bored" meeting, not a "board" meeting.

We asked her to think about the audience and what was most important to them. She thought about it and said, "Well, the one time they pay attention is at the end when I tell them the cash balance." We suggested she start her presentation with the cash balance and see what happens. She called us immediately after the next board meeting to say, "The change was incredible. They paid attention to my entire presentation for the first time. They even voted to implement all of my recommendations!"

Let's consider a current example of where less is more

Have you ever watched a TED (Technology, Entertainment and Design) talk? The first TED conference started in 1984, and according to TED.com: "TED talks today cover almost all topics — from science to business to global issues — in more than 100 languages."

Here is the fascinating part. In a majority of TED talks, presenters use storytelling supported by some statistics to present highly technical information. They engage the audience just by using PowerPoint to show a picture or a few words to illustrate their point. In doing so, they enhance the concept rather than pack their slides with mind-numbing data and words.

The most viewed TED Talk is Sir Ken Robinson's 19-minute talk called "Do Schools Kill Creativity?" This has been viewed over 45 million times.

In second place is Amy Cuddy's 21-minute TED Talk, "Your Body Language Shapes Who You Are." This has been viewed 41 million times.

Can you explain a highly technical accounting concept wrapped up in a story without using mind-numbing data-packed slides? Yes, you can, but you have to know your audience. And you have to think like Albert Einstein who said: "If you can't explain it simply, you don't understand it well."

The point here is that if you deliver a presentation that's full of data and numbers, most of your audience will be doing the "smartphone prayer." They will be looking at their email or playing Angry Birds — doing anything and everything except paying attention to you. This is the biggest challenge for accounting and finance presentations. How can you share the necessary information but not overwhelm and confuse the audience?

To present financial information effectively and powerfully, you have to know your audience. Give them what they want to know about first. Once you have their attention, you can cover what they need to know about.

Second rule: Let go of the need for perfection

Everyone hates making mistakes, especially in front of others. This sentiment accentuates for accounting and finance professionals who like to be precise. The drive for perfection is what makes you good at your job. The reality of presenting, however, is that you will make mistakes. But remember, most mistakes will be minor, such as:

- The clicker or laser pointer doesn't work
- On the screen, your pictures are stretched
- A video link doesn't play automatically
- You include the same slide twice
- There's a typo in a slide
- Slides are missing
- Your computer freezes
- You stumble over a word
- You don't know the answer to a question

The audience won't even notice most mistakes. Unfortunately, you will — any mistake can make you feel as though there's a spotlight highlighting the error. If you're too tightly wound around being perfect, when you make a mistake, the panic will completely throw you.

It's like trying to find your keys when you're already running late. The keys are usually right where you left them, but your panic state prevents you from seeing them.

When you begin to panic, you tend to forget how to breathe. You become a shallow breather. When this happens, you're not getting enough oxygen to your brain — your inner critic and fear begin to hijack you and your presentation. Just take a deep breath or two. Pause — it is perfectly okay to have a moment of silence. Regain your composure and move forward. We tend to be much harder on ourselves than anyone else. Remember, the audience is on your side — they want you to succeed.

The most efficient way of letting go of the need for perfection, and so becoming a better presenter, is to video your presentations and watch yourself. We know this isn't easy for many people. However, the camera is the best training tool there is for a presenter. It highlights your mistakes, which leads to improved performance the next time.

> *In short, use your mistakes as a learning tool, not as a punching bag.*

Third rule: Grab the audience's attention

Rosemary Smyth's article, "Storytelling — A Must Have Tool for Financial Advisors," explains why stories are so compelling: "Stories communicate facts in a compelling way, wrapping those facts in emotion — which is something that adds a 'human angle' to information that might otherwise quickly be forgotten. Stories take concepts and add relatable context, helping listeners apply technical information to their lives. Good stories have a beginning, a middle and satisfying conclusion, and we're hardwired to want to hear the whole thing. We have no problem tuning out dry facts, but we actively listen to an engaging story."

So give your audience a reason to pay attention to you. Think hard about what you say and how you say it. For example, consider the statement: "Our profit grew by 25% over the last two years." What is the most powerful element of this sentence? That's right, 25%. So why bury it the middle of the statement? It's a bit like a comedian putting the punchline in the middle of a joke. Move the 25% to the end of the sentence. "Over the last two years, profits grew by 25%." That creates impact. It grabs the audience's attention.

Fourth rule: Tell the story behind the numbers

> *Facts, figures, charts and variances are merely data. The real value in a presentation is first in translating the data into information, and then transforming this into knowledge. This is the transition from "what" to "so what" to "now what."*

The "what" is the facts and figures. On their own, facts and figures are like trivia — interesting, maybe, but not particularly useful. Understanding what the numbers mean and what action you should take as a result is where you find the greatest value. This is the knowledge in the numbers.

Now that you have the audience's attention, you are about to lose them if you don't have a story. The story is the reason behind the numbers. It is about WHY revenue grew by 25%. Find out why and be prepared to explain it. The story behind the 25% profit increase might sound something like this: The majority of the profit growth was due to landing a FTSE 100 account.

The 25% increase in profit is data. The reason behind the growth is the beginning of the story.

Now we can take the story to another level, by adding a human element. It might sound something like this: The majority of the profit growth was due to the success of our salesperson Marilyn. Marilyn has been building a relationship with a FTSE 100 company over the past two years, and it paid off because this is now our newest and most profitable client.

By adding the human element to the story, you've really moved it on. It started as raw data that defined a "what" — that 25% profit increase. Now, with the Marilyn element, it's become a "now what." It tells us that if we want to continue growing our profits, all our salespeople need to learn from her and focus on landing larger, prestigious client accounts. Now that's a story worth paying attention to and motivating to the audience.

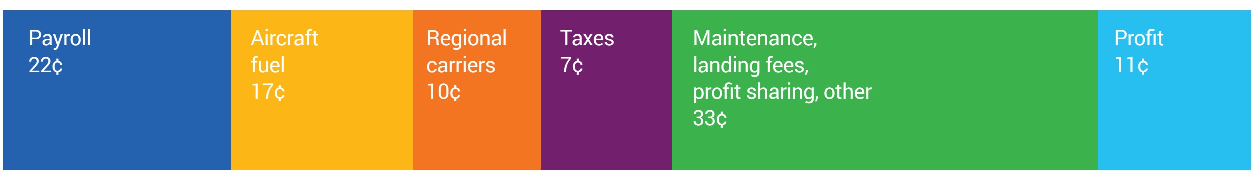
Fifth rule: Use pictures to enhance the data

Another way of holding the audience's attention is to present your information with visuals. Put your content in a context that everyone can understand. Make it relatable. Think about TV commercials: They avoid facts and figures and never present a table of information. Instead, they capture your imagination with pictures.

For example, when presenting the income statement, you could put the whole thing onto a single slide and talk about millions of dollars, pounds or euros. Unfortunately, rather than listening to you, your audience will be focused on trying to read and interpret the numbers for themselves. And while most of your audience can't relate to the concept of "millions," they can understand a single piece of currency. We all can.

So instead of a boring slide about the income statement, you could try a different approach. Get a single note and blow it up to be three feet wide. You might start your presentation by saying: "For every dollar we receive from our customers, 22 cents goes to payroll." Then flip over a sheet of paper that covers 22% of the note. Continue until all expenses are flipped over. If any part of the note is still showing, that is profit, which could represent 2 cents. Then you could state: "For every dollar our customers give us, we keep two cents." Then add, "This might seem like a small amount. However, it equates to our company profit of 11 million dollars." You can then show a stack of 11 million one dollar bills. This gives you an opportunity to extend the conversation onto ways of controlling costs that would increase profits and potentially lead to higher salaries.

Income statement — visual presentation

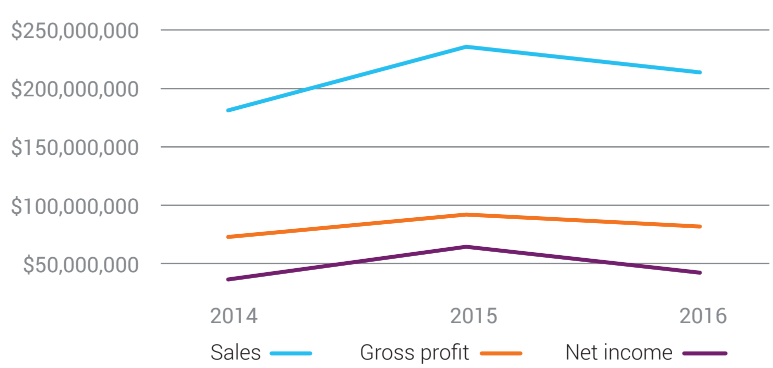


Apple Inc.

This example involves looking at the company's sales, gross profit and net income, presented in the table to the right. While the information is accurate, it doesn't really allow us to interpret much without doing a lot of calculations.

Now we can do some analysis without picking up a calculator: Apple's sales have decreased in 2016. While gross profit has fallen, it has not gone down in the same ratio as sales (the angle of the sales line is steeper than the angle of the gross profit line). And finally, net income has gone down at a rate equivalent to that of gross profit (the angle of the lines is similar).

	2014	2015	2016
Sales	$182,795,000	$233,715,000	$215,639,000
Gross profit	$70,537,000	$93,626,000	$84,263,000
Net income	$39,510,000	$53,394,000	$45,687,000



Source: Apple Inc. Earnings Releases and 10-K Annual Report, 2016.

Sixth rule: Simplify

As we've already suggested, one of the most difficult aspects of making a financial presentation is figuring out how to make it understandable to everyone in the room — accountants and non-accountants alike.

Did you ever see the movie, "The Big Short"? It is about the credit and U.S. housing bubble collapse of 2008. This was created by mortgage-backed bonds that should have been stable investments, but instead included highly risky subprime loans. This is a very complex and confusing situation, even for finance experts. And yet the makers delivered a successful movie out of it. So how did they do it?

In the movie, rather than explain collateralised debt obligations (CDOs) in technical terms, they used chef Anthony Bourdain to explain them in a way that anyone could understand. Here is an excerpt from his explanation:

> *"Okay, I'm a chef on a Sunday afternoon setting the menu at a big restaurant. I ordered my fish on Friday, which is the mortgage bond that Michael Burry shorted. But some of the fresh fish doesn't sell. I don't know why. Maybe it just came out halibut has the intelligence of a dolphin. So, what am I going to do? Throw all of this unsold fish, which is the triple B level of the bond, in the garbage and take the loss? No way. Being that crafty and morally onerous chef that I am, whatever crappy levels of the bond I don't sell, I throw into a seafood stew. See, it's not old fish. It's a whole new thing. And the best part is they're eating three-day-old halibut. That is a CDO."*[1]
>
> *- Anthony Bourdain*

This was a very creative approach to explaining one of the components of the housing crisis that led to the great recession. Now, you might be thinking, "They had Hollywood creative writers come up with that idea. I am an accountant, and I worked very hard to master the language of accounting." As far as the rest of the world, you speak a foreign language.

> *To grab and keep your audience's attention, you need to find a way first to translate accounting jargon into plain, simple English and then to put it into a context that everyone can understand.*

For example, when you hear the word "depreciation," you think "the allocation of the cost of an asset over its useful life." A non-accountant hears meaningless noise. However, you could say, "Depreciation is the value you lose when you drive your new car out of the showroom." And the audience gets it straightaway.

So how can you learn to simplify technical information? Take the advice of Warren Buffett, the investor and business magnate worth $75 billion, written in the preface of his book, *A Plain English Handbook: How to Create Clear SEC Disclosure Documents:*

> *"One unoriginal but useful tip: write with a specific person in mind. When writing Berkshire Hathaway's annual report, I pretend that I'm talking to my sisters. I have no trouble picturing them: though highly intelligent, they are not experts in accounting or finance. They will understand plain English, but jargon may puzzle them."*[2]
>
> *- Warren Buffett*

Steve Forbes is another well-known and knowledgeable person who understands Einstein's concept "if you can't explain it simply, you don't know it." He spoke at the National Speakers Association Annual Convention. The main stage speakers are usually theatrical and wildly entertaining. Forbes was there to present an economic update to an audience of 3,000 people who couldn't be any less technical or more non-accountant. Not the best audience for an economic update. If there were ever a situation ripe for failure, this was it. And yet Forbes had done his homework; he knew his audience. Here's a brief snippet of what he had to say:

> *"The thing about money, the thing to remember about money, which the Federal Reserve (our central bank) does not realise, is that money is simply a means to make it easier to buy and sell with each other. It makes transactions easier.*
>
> *"In the old days we had barter … let's say I wanted to buy an iPad 2,000 years ago. So I go to the Apple store with my herd of goats and the store owner says he doesn't want goats — he wants sheep. I try to figure out how to swap goats for sheep and our sheep herder makes sure wolves don't eat the sheep. The sheep herder wants to be paid in red wine. I have white wine so it just becomes very cumbersome. [Laughs.] Imagine that we had barter today. Imagine trying to deposit a cow in an ATM."[3]*
>
> *- Steve Forbes*

He nailed it and got a standing ovation. AND he didn't use a single slide. He understood his audience. He knew that "monetary policy" would not be something that the majority of the audience would understand, so he created an example that the audience could follow.

Lastly, how could you take a topic like "consolidation of variable interest entities" and present it in a context to which a majority of your audience can relate? Start by thinking about what the Financial Accounting Standards Board (FASB) is ultimately trying to do: take something off-balance sheet and include it on the balance sheet. They want variable interest entities to move onto the balance sheet, but the preparers don't want that to happen. Could we put it into a context like this? Your spouse wants their parents to move into your house, but you don't want your in-laws to live with you?

It might go something like this:

> *Think of your in-laws as a variable interest entity and your spouse wants them to move into your house. Let me rephrase that: your spouse wants their parents to consolidate onto your balance sheet, but you don't want that to happen. Your parents-in-law get money from Social Security, they have a nest egg, and they like the slots. They're funded by their six children. Now, your family provides the most on a percentage basis, but the other five do also contribute (as agents) to their parents' well-being. And your spouse is a principal of a high school who loves control. Your spouse wants their parents to consolidate and move into your house, and that's the last thing you want to do because you want them to spend two months with each of the six children, so nobody has control over them.*

This shows what can be done if we take complex information and think of an analogy that provides a non-technical explanation of the same essential issues.

Conclusion

Financial storytelling takes a lot of work, but your goal is to connect with the audience so they have a better understanding of the financial health. In the article "Perfecting the Art of Financial Storytelling: Beyond the Numbers," Geoffrey Mogilner explained:

> *"The goal of financial storytelling is to break through the noise and connect with your audience, and by doing this, you then maintain their focus and present complex information in a way that your audience can better comprehend."[4]*
>
> *- Geoffrey Mogilner*

To be a better presenter, one that the audience pays attention and listens to, remember (and practise) the six rules of great financial presentations:

1. It's all about the audience.
2. Let go of the need for perfection.
3. Grab the audience's attention.
4. Tell the story behind the numbers.
5. Use pictures to enhance the data.
6. Simplify.

Reduce the "white noise" by telling more stories. Use less data and fewer numbers so you can empower, inform and connect with your audience. Remember, it isn't about sharing what you know — it's about what the audience hears.

Endnotes

1. The big short, IMDb, 2015
2. Preface by Warren E. Buffett, Security and Exchange Commission, A Plain English Handbook, 1998
3. Economic Update Speech, National Speakers Association Annual Convention 2013, San Diego, CA
4. Financial Storytelling: Keeping Your Audience Awake, Peter Margaritis, 2016

Further reading

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- MBAexpress: Powerful Presentation Skills
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- Podcast: How to communicate financial information to non-financial staff
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- Presentation skills — HarvardManageMentor (Free to CGMAs)
  cgma.org/hmm/presentation_skills/topic_landing.html
- Resilience: How to perform better under pressure
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