

From numbers to narrative: How CPAs can tell stories with data

“The question is, how do we communicate this complex language to someone who doesn’t have the skill set to understand it?”

Why data storytelling is important

CPAs are recognizing the relevance of data storytelling as they become more data-literate and take on more of an advisory role in their jobs. Accountants who offer client advisory services (CAS) make use of the skill when they analyze clients’ data and interpret it to give them new insights into their businesses. Management accountants and finance professionals use it to move into more strategic roles. As Dan Schmidt, founder of management accounting services and advisory firm EBCFO LLC in Kansas City, Mo., and head of partnerships at Xledger Inc., put it, the profession is shifting away from answering the question, “Is this correct?” and toward answering, “What does this mean and what should we do about it?”

“Financial storytelling isn’t just using stories to make numbers more relatable...at its core, it’s persuasion, explanation, and creating motivation to inspire action and change behavior.”

Schmidt recalled how his firm once helped a client develop its accounting systems to analyze more data and provide greater insights. The client had historically split its revenue — but not expenses — between two operating divisions, he recalled. When his firm examined the client’s data, “what emerged was the story that even though one division — where most of the effort was being focused — produced 300% more revenue, it produced less than half of the net income,” he said. After learning this, the client reallocated resources to the more efficient division, Schmidt said, “and the impact on the bottom line exceeded 200% without incurring any additional expenditures.” These are the kinds of narratives that data can uncover.

Refine your visuals

Finding a narrative throughline is often the most challenging part of data storytelling, but you can’t neglect your visuals either...

During presentations, (use) color to highlight key findings. Avoid adding multiple charts to one slide so that text, titles, and visuals aren’t competing.

We often overestimate how much data is needed to make a decision.

Use headlines for your charts that help tell your story, too. Instead of “Revenue over the last eight quarters,” for instance, use the headline “Revenue has grown 38% over the last eight quarters” to drive your point home.

Get to know the greater context

Liz Barhydt, CPA (inactive), founder of She Speaks Numbers and CFO at Pardon, saw the importance of data storytelling in her career at a time when she was looking for ways to provide more value to the professional services startup where she worked.

When it comes to data storytelling ...Coming out from behind the spreadsheets and software to understand the organization allows you to be more strategic in the way you think about the numbers.

If you put yourself in the shoes of (those) you’re presenting to, you will have a better idea of how to communicate the information they need to know.

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