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# Communicate Church Financial Information with Impact and Ease

## Part II: Choosing Visuals to Communicate Financial Understanding

By Michael J. Castrilli

*This is Part II of the series "Communicate Church Financial Information with Impact and Ease." A substantive church financial report will both engage and empower parishioners to understand their parish finances. Explore best practices in choosing the most compelling visuals (e.g. pie charts, column/bar charts, line graphs etc.).*

To complement a church financial report's narrative, a variety of visuals can help enhance a report's readability and accessibility. I will define the term "visuals" broadly, including any graphs, charts, pictures, tables, even art that displays data to accompany a concept, topic, or method. The Chinese proverb, *a picture is worth a thousand words*, speaks well for the impact visuals can have on virtually any report. Alternatively, I also like to say in fun, when you put together a visual and the picture is not worth at least 250 words, consider not including it!

Open up any word processing, spreadsheet, or presentation software and you will find an endless list of visuals that you can use. However, remember that beautiful colors or stylish charts or graphs may make a report "look" good, but **does the visual add value to the information being conveyed?** Other questions to consider include, "What are you trying to say or highlight that words are more difficult to use to explain the concept?" "What is the goal of including a particular visual?"

**Opportunities for Visuals are Endless - Choose Well**
Once the questions above are answered, there a variety of visuals you can choose. Without the time in this article to describe every visual available, I will discuss a few of the most common used in church financial reports. After a brief description, I will discuss the advantages, as well as any cautions/recommendations when to using a particular visual.

As you can imagine, the choice of which visual to include for your particular situation will be subjective based on a variety of circumstances. The discussion below is not to offer one-size-fits-all solutions, but provide some general parameters for your consideration.

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## Pie Charts

Pie charts are useful when your goal is to present data on a category/topic as a percentage of the whole. Pie pieces can be easily arranged by color, shape, and highlighted to emphasize information.

*Advantages*

- The pie chart is easy to read, understand, and people are familiar with this visual.
- The pie chart is particularly useful to show relative proportions, or percentages of information.
- The use of colors and pie shapes display well any differentiation among categories.

*Cautions:*

- Pie charts are often overused without regard to whether these charts are the best choice for displaying certain types of data. For example, a pie chart that offers no distinction between the data (unless this is a goal of your visual) does not add value to the report. If you have more than one data set, it can be difficult for people to look at multiple pie charts and make comparisons.
- The recommendation is to use a pie chart when you have between three and seven categories, otherwise the pie chart may become messy and confusing.
- Avoid "miscellaneous" or "other" categories. These terms are confusing and can be misleading. If they are included, ensure that the definitions are clear.

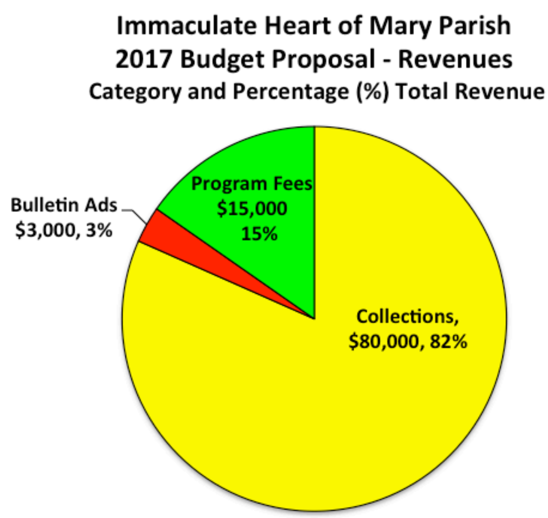


**Figure 1: Sample Pie Chart**

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## Bar/Column Charts

One of the most common visuals in reports is a bar/column chart. Using *bars* or other *shapes*, the visual displays discrete data in separate columns. These charts can be used to show one data set, or compare two or more data sets by lining them up in the same graphic.

*Advantages*

- The chart offers readers a simple way to visualize data highs and lows at a glance
- The bar/column chart can help readers visualize *trends*, *bumpiness* or *patterns* in data. Trends occur when information moves in a general direction, or data can look *bumpy* meaning that the information is erratically up and down. The graph can also show *patterns* where data moves in a repeating fashion.
- The use of colors and shapes offer an easy to read and appealing visually.
- Comparing bars one against the other can quickly show progress or differentiation.

*Cautions*

- If using a variety of colors to display more than two categories of data, ensure that the data can be easily recognized. For example, a black and white report may not show the subtle differences between columns.
- Label the horizontal (X) and vertical (Y) axes.
- Be careful not to overwhelm readers with so much data that the chart looks messy and then becomes difficult to read.

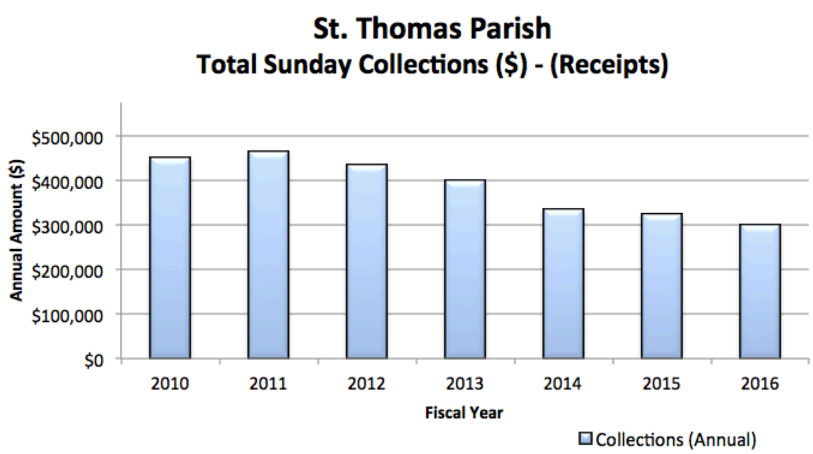


**Figure 2: Sample Bar/Column Chart**

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## Line Graphs

Line graphs connect individual data points and then connect the points with a line. These graphs are primarily used to display trends in data.

*Advantages*

- Line graphs can quickly shows data ranges, minimums, gaps, clusters or outliers.
- Similar to the bar/column chart, the line graph can help readers visualize trends, bumpiness or patterns in data.
- The graph is useful when data contains evenly spaced values such as months, quarters, or fiscal years.

*Cautions*

- The line graph is less appealing to the reader than other visuals that can be used (i.e. bar/column charts) to display similar data.
- Be sure to create a "Key" that distinguishes the various *lines* in the graph.
- Ensure that the horizontal and vertical axes scales are right-sized given the range of data that is presented.

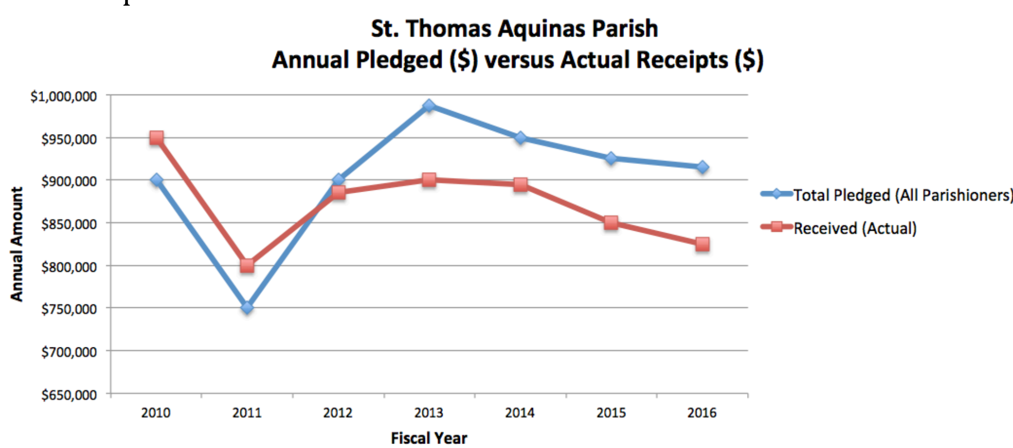


**Figure 3: Sample Line Graph**

## Tables

Tables display information into columns and rows, offering a structured format for presenting information.

*Advantages*

- Visually appealing and familiar for reviewing financial data.
- Tables are great for displaying data that includes math equations including sums, averages, ranges, and multiple units of measure.

*Cautions*

- Double-check numbers contained within the table to safeguard against careless errors.

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- Ensure that the table includes the right level of data and does not include extraneous information that makes the table complicated to read.

| 2017 Faith Formation Budget Proposal - 3% Increase | | | | |
|---|---|---|---|---|
| | A | B | C | D |
| **Program** | **Prior Year Budget** | **% Change** | **Amount Change (A x B)** | **FY 2016 Proposed Budget (A+C)** |
| RCIA | $12,000 | 3% | $360 | $12,360 |
| CCD | $10,000 | 3% | $300 | $10,300 |
| Adult Faith Formation | $10,000 | 3% | $300 | $10,300 |
| Young Adults | $1,500 | 3% | $45 | $1,545 |
| Vacation Bible School | $4,000 | 3% | $120 | $4,120 |
| **Faith Formation Budget Total** | **$37,500** | | **$1,125** | **$38,625** |

**Table 1: Sample Financial Table**

## Concluding Tips

### Clarity Matters

As you develop your report, ask yourself the question, "Is this clear?" A helpful technique may include seeking the counsel of a colleague or member of the Finance Council. Ask the question, "As you look at this report, what do you think are the key takeaways that I am trying to convey?" If your reader struggles or offers a lengthy, convoluted message, you have your answer. Ask parishioners to weigh in, allow others to assist you, seek input from staff.

### Offer Context

When creating a financial report, a common mistake is to forget to include the overall picture, providing context to what is being reported. For example, if I report that our savings account has $200,000. Is this number good, bad, or indifferent? The answer is, "It depends." The figure needs context. It might help to include the savings amount from the last three years. Has it been on a slow decline, increase, or up and down over these years? Additional historical data can provide context to the reader.

### Practice, Practice, Practice

Remember, writing these reports takes practice. The first time you compile a new type of report and offer it to parishioners, it may not be perfect. Share the report with others, get feedback, and revise. Creating something is better than producing nothing. You are not alone in this process. Every member of the parish has a stake in understanding the finances of their parish.

As you lead efforts to create accessible, empowering, and transparent financial reporting, remember that the methods and techniques discussed are not only good management practices, but also speak to the values that we share as a Christian community. The clearer we are in our communication of church finances, the stronger we become as a community.

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Questions/Comments? Feel free to contact Michael Castrilli at mjcastrilli@gmail.com.

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