Factfulness Hans Rosling

Idea In Short

Most people hold a dramatically negative and biased view of the world. Practice factfulness by questioning averages, tracking direction over level, getting proportions right, seeking slow change and resisting the urge to find scapegoats. Consultants get paid to be factful.

A Book That Corrects Our Worldview

Many people have seen Hans Rosling's famous TED talk, where he describes 200-plus years of economic history using animated bubble charts and a very big stick. Factfulness is the book behind that talk. Written by Hans Rosling, Ola Rosling and Anna Rosling Ronnlund, it is simply written, thought-provoking, educational and fact-based. 1

The book opens with a humbling exercise. Take the 13-question quiz on Gapminder. Most people get roughly 30 percent right, which scores worse than a chimpanzee guessing at random. We hold a dramatically and negatively biased view of the world. We need a more fact-based worldview, and the Bill Gates quote on the cover sums it up. He calls it one of the most important books he has ever read, an indispensable guide to thinking clearly about the world.

Control Your Drama Intake

The first lesson is that we need to learn to control our drama intake. The news cycle feeds our negativity instinct with shark attacks, random violence and rare disasters. The media rarely announce every successful plane arrival and takeoff. This distortion shapes how executives and citizens alike perceive risk and progress. 2

For consultants, the implication is direct. When you walk into a client engagement, the room is often primed by drama. Stakeholders remember the one project that failed, the one quarter that missed and the one competitor that surprised them. Your job is to replace that drama with proportion and trend.

Divide the World Into Four Income Levels

Too often, we mentally divide the world into us and them. In the United States, the split might be developed, industrialized countries, also called the North, versus the developing ones, also called the South. Rosling argues that a better way to describe income distribution is into four buckets. Level one is less than $2 per day per person, level two is $2 to $8, level three is $8 to $32 and level four is more than $32 per day.

Some reasons to be grateful follow. If you are reading this and earn more than $12,000 a year, you are probably level four, the richest one-seventh of the world. In 1800, 85 percent of the world's population lived at level one. British children started work at age 10 because they had to feed themselves. The shift since then is staggering.

Comparing 1994 with 2018 income distribution reveals massive improvement. In 1994, just 25 years ago, more than 35 percent of the world's population lived in extreme poverty on less than $2 a day. By 2018, the mean per capita income had shifted dramatically to the right, and only about 10 percent of people lived in extreme poverty. That is progress on a historic scale, yet most people believe the opposite.

DollarStreet Shows We Are Surprisingly Similar

DollarStreet is a project that imagines the world as a street ordered by income. It offers photo collages of how people live across the world at different income levels. Look at what $3,000 to $4,000 of income looks like around the world. Spoiler alert, it does not matter whether you live in Ukraine, France, India or Sweden. The homes look kind of the same. 3

The takeaway is that we need to stop stereotyping and vilifying people who are not like ourselves. The way we live is surprisingly similar once you control for income. This insight matters for consultants who analyze global markets and must separate cultural caricature from economic reality.

Population Will Top Off Around 11 Billion

Where is population headed? Global population in 1800 was 1 billion. At the time, Malthus predicted the world would run out of food. He was wrong on two counts. First, agriculture productivity soared thanks to fertilizers, improved seeds and tractors. Second, families grew smaller as income rose.

Population grew from 1 to 7 billion in 220 years, a curve that looks like a growth stock. Forecasts show it will likely level off at around 11 billion. Either way, Malthus is still wrong. The combination of innovation and demographic transition defused the catastrophe he feared.

Practice Factfulness as a Consultant

As logical as we think we are, the model of homo economicus, we are pretty emotional, biased and lizard-brain-driven. It is important to actually practice factfulness. As management consultants, we get paid for our structured thinking and the rigor we apply to data. Basically, we get paid to be factful. Several rules from the book translate directly into consulting practice.

Beware Averages and Extremes

Tell this to students and junior consultants all the time. Average is a four-letter word. Averages can be massively misleading, so be smart and nuanced when you describe a distribution. Be careful of extremes, because 24-hour news cycles focus on rare events to capture attention.

Include standard deviation when you show an average. If you take outliers from the data set, document what you removed and why. Always keep a backup copy of the original raw data. These habits protect your analysis from the very distortion Factfulness warns against.

Distinguish Level From Direction

What is the trend? If net margin is 2 percent, is that good or bad, getting better or worse? As one professor used to say, point estimates are for suckers. If it is a new process or business, look at leading indicators and the direction, not just the level. Companies often evaluate a new venture with the same metrics they use for established businesses, which is a mistake.

Look for inflection points and changes in direction. Examine the rate of acceleration or deceleration. Think calculus. The consultant who reads the slope, not just the point, sees the future before competitors do.

Get Things in Proportion

A random number, such as $57 million in sales, general and administrative (SG&A) costs, means nothing without context. You need to understand the magnitude of the problem or the fix. Compare the number to an external or internal benchmark to evaluate its relative value. Divide the number by something else, such as customers acquired, to judge whether customer acquisition cost is high or low.

Think in orders of magnitude. Is this a $100,000, a $1 million or a $10 million solution? Continuously drive toward an 80/20 principle. Identify the inputs driving the majority of outputs. Proportion turns raw numbers into decisions.

Slow Change Is Still Change

This is easy to forget. Clients hire consultants to get results, so document progress. Manage up and get client executives on the hook to break down barriers and own part of the change. Create a governance drum beat of report-outs and hold people's feet to the fire.

Celebrate the small wins and changes you make. Insist on getting the data. Slow change compounds, and the consultant who tracks it earns credibility that the one chasing drama never will.

Get a Toolbox, Not a Hammer

It is easy to fall into a single perspective, namely your own. Create an approach to the problem that outlines how you will get to the answer, then hold yourself accountable to the process. Do the work. Do not fast-track to the answer you already think. Use a red team to stress test your assumptions. It is better to kick around your recommendation before the client does.

Look for best practices, innovation and use cases from outside the industry. Numbers are important but they are not everything. Combine quantitative with qualitative. Beware of simple ideas and simple solutions, because they are probably wrong.

Resist Finding the Scapegoat

This is deep. A lot of what ails modern society is the effort to place blame on someone other than ourselves. Look for the root cause, not the villain. Look for systems, not heroes. People are messy and the client is not perfect. As a previous manager often said, no one comes to work planning to do a bad job.

When crafting organizational design, focus on the tasks and activities, not just putting heroes in boxes. Often there are many root causes and dependencies, and it is not a simple one-cut Gordian-knot answer. The consultant who replaces blame with systems thinking solves problems that stick.

- 1Hans Rosling's 200 countries, 200 years in 4 minutes
- 2Gapminder's Factfulness resources and quiz
- 3Factfulness Quiz companion site

Summary

Factfulness teaches that our instincts exaggerate and distort reality. Consultants who apply its rules, question averages, track trends, keep proportions and resist scapegoats, deliver sharper analysis and better decisions. The world is better than we think, and the data proves it.