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Conditional Formatting

Let's go in and talk about some conditional formatting now. Conditional formatting is quite simple but it can make your model look fantastic. There are some really handy tools and features that can make your financial models look a million bucks. The great thing about them is that they are dynamic so as the values change, the formats or colours will automatically change as well.

Let's go through a couple of techniques of conditional formatting.

Let's open up the file called Conditional Formatting. The first one we've got is a P & L actual versus budget variance analysis so there's some fairly wild looking numbers and we can see the variance is quite big. What we want to do is make it so that any large variances will automatically pop out and we will be able to see them straightaway. The beauty of this is that we can automatically set this up in our variance column so that they'll automatically change as the numbers change.

Let's go in and apply them. You need to highlight the cells. Do resist the temptation to select the whole column as I am actually highlighting a million cells here and you're actually making your model work much harder than it really needs to. The same goes for formulas by the way so if you're creating formulas and then highlighting an entire column then you're actually making your formula work a lot harder than it needs to and that can really add to the size, the memory and the way that your model is working, so I don't recommend doing that.

When we go to highlight, just highlight the range that we need. What we need to do is say, is anything within minus 30% and positive 30% that's okay, that's an acceptable variance but anything outside that I want to highlight in red. What I'm going to do is go into conditional

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formatting and the easiest way of doing this is to go straight into highlight cells rule and now there one's for between in conditional formatting so that's quite handy. We can go straight to that one.

You can go in and manually create the rule which is the longhand way of doing it. I'm going to do this one. It's actually not between that I want. I want to do outside the range, I don't want to colour what's between. I'm going to do a bit of a cheat's way, I'm going to highlight the colours that are in between and I'll just go in and edit it. I'll say it's between -30% and +30% and that's going to automatically put it into light red fill with dark red text. We'll say okay. That's not what I want, I've actually highlighted the values that are okay. I'll go into conditional formatting, manage rules and edit rule and I can change from between to not between. Just have a play around until you get what you want. You can see there, that if the numbers change, if this then becomes 310 which is an acceptable amount so my conditional format will automatically change.

When we were in conditional formatting, you might have noticed a couple of other things. Let's have a look at data bars, colour scales and all of the really useful stuff particularly for dashboards. Go to the next tab over which is data bars. Highlight and I just want to compare those and we'll use a data bar for that. Quite often you're trying to decide should I show my data as a chart or a table, well by putting a data bar over the top it kind of gives you an idea of the magnitude. That one, you know, 400,000 is such a large amount. You can see there that it's really changing everything so if I take a zero off there, just to demonstrate, you can see that it automatically changes like that.

All of the conditional formatting adds a little bit of extra meaning into your financial model. Now let's go onto colour scales. You could put in icon sets which is quite useful. I don't recommend using traffic lights as they don't print out very well and don't work very well for people who are colour blind either. Using the up/down or the tick across is quite useful. In this kind of situation I find it a little bit busy, a bit too much information on the page, I'd probably prefer to have a colour scale. Using these is quite a good way of demonstrating the differences between your different data points especially with data that looks like this.

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Let's say you had two scales, go into here, manage rules and you go in and edit and you can change your colours. You say I want to mix with my colour scheme. You can play around and make it fit with your colour scheme.

Lastly we can go into this one here. Unfortunately it doesn't work with the colour scales because colour scales and data bars only work with numbers. It won't work with text so you would need to convert them into numbers but what you can do is go in and manually change the colours which will really give a bit of meaning to what you're trying to show in your financial model. It will convey your point or what you're trying to get across better. An example here is we want to say if it's equal to okay, then we'll change the colour to green. Green is a good colour so let's go ahead.

Let's go in now and do "too cold". We'll say if it is equal to "too cold". I think blue is a good colour for this one. There isn't a blue, only a couple of pre-set options. We need to manually have to go in and define it. So the background in that colour and the font a navy blue and okay. That provides a little bit more meaning and then if the chart changes, then the colours will change and provide a bit more meaning to the outcome of our model.

Conditional formatting is very easy to use and it can really add an extra element of depth and meaning to your financial model.