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Chapters 7 and 11

Advanced Conditional Formatting

Let's take a look at some Advanced Conditional Formatting. We're going to look at some of the new features in Excel 2007 and 2010, as well as some of the Conditional Formatting that you can use in your older version as well.

If you had a data table for example that looks like this, if you're using the later version of Excel you can go in and put in some colour scales; it looks really nice. All of this stuff is new to 2007. These data bars are really handy, for example, if you're actually showing data graphically. Quite often when you're showing the output of your financial modelling you're trying to decide should I show it as a chart, should I show it as a table? You can actually use these data bars, which look very nice. You can see the gradual change; like that. In that case they're changing gradually and you can really show what the outcome looks like.

Alternatively, you can also use icon sets which are the little traffic lights; I use these quite a lot in dashboards for example. It basically splits everything into quartiles or thread, depending on how many you have. Most of them split it into the top 33% will be green, the middle 33% will be orange and the bottom 33% will be red. If you're doing variance analysis, for example, you can just throw this over the top and you can see the traffic lights, which does look very nice. And the great thing about these is that it's all automatically calculating so if you change any of the inputs it'll all

just change automatically; it'll split it into thirds and show it like that. Then if I change any of those, if I say that's actually a 10, it'll just automatically recalculate everything else. Those are really quite useful.

You can change those. You can actually go in and manage rules. You can go in and edit the rule and you can change it so you can say I only want to have the top 10% or the bottom 10%, for example. You can change all of the options there.

You can also get rid of the numbers, you can just show the icons if you prefer. You can have it looking like that as well if you like.

Let's take a look at spark lines. Spark lines are something that are only available in Excel 2010. It shows the instructions of how to do this in your book and because they're only available in 2010 you must be working in an XLSX version, if you're using XLS it won't work.

Just for an example, it might be easier if you just open up a new sheet. You need to be using Excel 2010; if you're not, that's fine, you can just follow along with us.

If you hit Control N, it'll take you to a new worksheet. You can see there, we're not working in Compatibility Mode. Also bear in mind that if you then give this to someone who's running a previous version, 2003 for example, the spark lines are not going to show up. If you're wondering, they'll just wonder where they've all disappeared to.

If you have some data that looks like that, highlight it, go to Insert. If you're using a Compatibility version, that'll be greyed out so if yours are greyed out that'll be why.

Just say that's my data, this is my location range and that will give me a little miniature chart which shows the trend and that's really useful if you just want to synthesize what your history or your trend is in your financial model. Similarly, you can just go into the column and say that's my range and so that'll be some columns instead.

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It's really useful for dashboards or just summarising, showing something visually and it's quite trendy at the moment to show these little mini charts and your executives are going to love it; your managers will like seeing your reports that look like that. Those are some useful tools using some of the new features of Conditional Formatting in the later version of Excel.

Let's go next and take a look at doing some Advanced Conditional Formatting. I imagine you're okay with Conditional Formatting and how it works ordinarily, which is changing the format of the cell; let's look next at using a formula to calculate some Conditional Formatting. Let's take a look at that now.

In this example here we've got a data table that is showing some sensitivity analysis. In our model we've got 7.5% at 25 years, and it's quite useful to show which scenario has been selected at the time. When you're doing scenario analysis it's quite nice to know which one has been selected and you can use some Advanced Conditional Formatting to do that.

For example, if 7.5% has been selected we want that entire row to change colour; like that, but automatically and similarly, 25 years has been selected. We want that whole column to change colour as well so let's put in some Conditional Formatting that will do that. It shows you how to do this all in Chapter 11 of the book.

Go into Conditional Formatting, go to New Rule. Ordinarily you just go into Format All Cells based on their values; what we want to do here is to use a formula to determine which cells to format. In this case we want to say if this cell here is equal to the interest rate, for example. What you're saying is if that cell in the corner, which is E6, is the same as the interest rate, we want it to change colour. The problem is that we actually want it to copy down but we want the row to remain the same, we need to do something clever with our dollar signs. In this case you need to take away the $ sign from the 6. We want the row to copy down but we want the

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column to be anchored. Take the $ sign away from the 6 and tell it that you want the format to be, say, orange. There we go.

Let's just test that and make sure it's working. If I change that to a 7, it'll automatically change.

Now let's do exactly the same thing except on the column next; we're just going to put another rule over the top. Go into Conditional Formatting, New Rule, again use a formula; exactly the same thing. So E6 is equal to the term of the loan except this time we want to anchor the row but not the column. We'll take the $ sign away from the 6 but leave it anchoring the column. We'll say orange again, and okay. And this way if I change that to a 30, it will change; if I change that to 6%, that will change. And that way as you're changing the inputs of your model it just helps you see visually which scenario you selected at a time.

That's just a few examples of how Conditional Formatting can help you to make your models just clearer and easier for the user to interact with.

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