All **change**

An increasing number of spreadsheet users are changing from DOS versions to Windows-based. Stephen Wells offers advice and comments on how to achieve a smooth changeover.

One of the gratifying things as a result of writing this column, is the mail I receive. The hardest part is trying to decide whether a reader's problem is unique to that reader or common to all.

Lately, there have been more questions about the spreadsheet module of Microsoft Works: probably because at the moment it is so frequently packaged with new PCs. As Excel and its competitors grow bigger, Microsoft too has recognised Works' suitability for family and small business use by making it one of the first applications revised for Windows 95.

Print Works

Dr E. Noy Trouson of Southam, Warwickshire, writes:

"I use the spreadsheet in MS Works simply to maintain a list of stocks and shares. It updates prices and values in successive columns. But Works does not seem to select an area for printing and the print command results in many pages of obsolete material."

You don't say which version you have. The earliest one I've got is MS Works for Windows 2.0 — in that, you just highlight the block you want to print, then choose File, Set Print Area. To change it later, choose Select, All, File, Set Print Area. Alternatively, when you click the Print button on the Toolbar, you can choose the page you want to print after the Number of Copies box.

If your version doesn't offer those options, you could always highlight the area you want, Copy it to the Clipboard, open a new file and Paste. The new file doesn't have to be in the spreadsheet module as well — you can open a new Works database file and select View, List, Edit, Paste. Then you can use the database report building features.

Excel fix

Here's a question I received via the Internet just signed "Nikos, Greece":

"I use Excel 4.0 and didn't upgrade to 5.0 because I don't have time to learn its extra features, and it would only take more disk space. My problem is that when I write something like 2/4 in a cell, Excel automatically transforms it into a date. How can I avoid that?"

One quick way is to precede it with an "equals" sign if you want a decimal entry; or a zero and a space to display your entry as a fraction.

Changing spreadsheets

Several readers have asked me to comment on moving from a DOS spreadsheet to another publisher's Windows-based one. A common application is for a club, parish, or home budget, or small business book-keeping system.

For many years there was a bias towards DOS-based accounting systems as many people thought that a graphical interface was unnecessary and just slowed things down. But the times they are a-changin'. They do say that the successor to Windows 95 (probably to be code-named Memphis) may be the last Microsoft operating system which will recognise DOS software without special translation.

But let's concentrate on the present. A typical move would be to go from, say, SuperCalc to Excel. If your financial year coincides with the calendar year, then this is a good time to consider making the change. You can't easily carry forward formulae but you can export and import labels (your account names) and values (last year's totals).

The file to translate might be called TOTAL95.CAL. For safety, I'd copy it into a directory like C:\windows\temp. Then, in SuperCalc 5.1 you just enter

```
//Export,DIF,c:\windows\temp\total95,
  Colwise,All
```

Open Excel. In the search box, select Data Interchange Format and c:\windows\temp. Now you can open your file and it will be headed TOTAL95.DIF. Choose File, Save As, and select the file type Normal. The extension will change from DIF to XLS. Now you can save it as a properly-named Excel file. You may now wish to choose Options, Display, and uncheck Zero Values.

When changing accounting software, it is a good idea to run both old and new versions until you're utterly confident in the new system. In Windows 95, you can do this by creating an icon for your SuperCalc file and running it (with SuperCalc) in a desktop window.

A typical SuperCalc setup might have five files: one for each quarter and another for the year. Each quarterly file has four pages: three of them have accounts down the rows, and days across the columns. The fourth page shows monthly totals for each category and totals for the quarter. The file for the year, which is completely comprised of linked formulae, shows the totals for every category for all four quarters, and annual totals.

In Excel this can best be arranged all in one workbook, with one worksheet for each month and another for the year's totals.

One advantage of Excel is that you can perform a Group Edit. Any changes to the January worksheet can (optionally) apply to every other month's worksheet, automatically.

And with Excel being Windows-based, you can outline levels to be displayed or printed. It is on the worksheet of annual

EXCELlent shortcuts and longshots

- **SKIP 'EM**   To make a list of dates which skip the weekends, enter a date in cell D1, then enter this formula in cell D2:
  `=D1+(MOD(D1,7)=6)*2+(MOD(D1,7)=0)+1`
  Now drag the fill handle down the column.
- **MARK 'EM**   Highlight a range with Ctrl+Shift+appropriate Arrow keys.
- **ADD 'EM**   Highlight a range as above. Then press Shift+F8. Then highlight a second range. Press Shift+F8. Highlight a third range. And so on.
- **COLOUR 'EM**   Highlight as many areas of your worksheet as you like, as above. Then press Alt+T P Tab Alt+Down Arrow Up Arrow to colour of your choice.
- **HIDE 'EM**   Hide columns quickly by highlighting them and pressing Ctrl+0. Restore them with Ctrl+Shift+0 when the columns either side are highlighted. Use Ctrl+9 to hide rows. Ctrl+Shift+9 restores them when the rows above and below are highlighted.
- **EXPLAIN 'EM**   To switch from displaying values to displaying formulae (and back) press Ctrl+` (the key to the left of the top row numeral 1).

totals that this is most useful. You might have an account for each car expense like petrol, insurance and maintenance. Expanded, all this detail would be shown. Collapse the outline and only the subtotal Car Expenses would appear.

Similarly, you can outline across the columns: expanded, every month would be shown; collapsed, only the quarterly and year's totals would appear.

Times total

Geoff Dickinson of Wickford, Essex says he wants to total a list of times. These are entered in the range B1:B6 with colons, like this: 4:24, 12:18, 15:23, 1:06, 18:18, 6:36.

Geoff asks for a formula which will give him a total which reads: 2D 10H 05M.

All leading spreadsheets convert dates and times into a number. It is this number which the program stores. What is displayed or printed depends on the formatting you apply.

With Excel, a new worksheet uses the General number format as the default. But if you enter a number with a "/" in it, Excel initially displays it as a date, as Nikos discovered (see "Excel fix", opposite). If there

is a colon in it, Excel displays it as a time. If you add a bunch of times, like Geoff wants to, you would think the program (actually working in the underlying large numbers) would get confused. But Excel doesn't. So, Geoff, the only formula you need in cell B7 is

`=SUM(B1:B6)`

That will immediately display 10 05. But you'll get the result you want if you enter the custom format for the cell:

`d"D"  h"H"  mm"M"`

Financial analysis

Going back to the August issue, we ran out of space so there wasn't room for anything on financial analysis — readers who are entering the template from the listings (rather than receiving them on disk) will be interested in *Fig 1* which is carried over from then. It's the balance of the definitions of the Names on the template.

Also intended for that column were the formulae for rows 24, 27, 30, 31 and 32. These are now provided at the top of the listing in *Fig 2.*

The second part of *Fig 2* gives the listing for this month's subject: rows 53 to 58. These calculate the Activity Ratios which are usually recorded as percentages. Rows 52 and 59 are blank. The same Names in column B are copied across to columns C through F. Column G, as before, is for the company's industry averages if available. The first two ratios are collected for service businesses only. Salaries and staff benefits is the major expense for a service company. In the advertising agency example (which we have been using in this series) it has hovered between 60 and 65 percent of the company's income *(see Figs 3 and 4).* This is about normal for large advertising agencies, but because it outweighs any other item of expense it can directly affect

Fig 1

Listing of remaining names in the service template

```
Ave._Accounts_Receivable =$B$32:$G$32
Billings                 =$B$21:$G$21
Commission___Fees        =$B$22:$G$22
Compensation             =$B$23:$G$23
Income_taxes             =$B$27:$G$27
Interest_Expense         =$B$26:$G$26
Net_Income               =$B$28:$G$28
Net_Worth                =$B$31:$G$31
Operating_Profit         =$B$25:$G$25
Overhead                 =$B$24:$G$24
Working_Capital          =$B$30:$G$30
```

Fig 2 Financial analysis template listing

```
A24 Overhead
B24 =Commission___Fees-Compensation-Operating_Profit
A27 Income taxes
B27 =Operating_Profit-Net_Income-Interest_Expense
A30 Working Capital
B30 =Current_Assets-Current_Liabilities
A31 Net Worth
B31 =Stockholders__Equity
A32 Ave. Accounts Receivable
B32 =(Accounts_Receivable+C4)/2

A53 ACTIVITY RATIOS (%)
A54 Compensation/Commission & Fees
B54 =Compensation/Commission & Fees*100
A55 Overhead/Commission & Fees
B55 =Overhead/Commission & Fees*100
A56 Fixed Assets to Net Worth
B56 =Net_Plant_Equipment/Net Worth*100
A57 Asset Turnover
B57 =Total_Assets/Commission & Fees*100
A58 Accounts Payable to Billings
B58 =Accounts_Payable/Billings*100
```

an agency's profitability so agency managements watch it very carefully.

Clients want to see the best available talent working on their accounts, and top talent costs money. At the same time, some of the most creative advertising agencies often have a slightly lower ratio (compensation/commission and fees) than other companies in the industry — whose strength lies in, say, marketing — because younger creative people will often work for less money at an agency which will allow them to do their best work. That's because creative people, who get the largest piece of the salary pie, are measured by their portfolios and awards. They rise to the top of their profession by being recognised in their trade papers and shows, and by being able to present proof of their published work at interviews.

The next ratio compares overheads with commissions and fees. Service companies must also take firm control of their other expenses. The days are over when advertising agencies would buy houses adjacent to prospective clients, so that an account executive would become a neighbour. But office rents, phone bills, client entertainment and travel expenses soon mount up. In the example shown in *Fig 3*, it's running between 20 to 25 percent of real income. That's why this is a ratio which is carefully monitored by the experienced managements in profitable companies.

The Fixed Assets to Net Worth ratio measures the extent to which stockholders' funds are being used to buy plant and equipment. If these investments exceed the company owners' equity, it can restrict flexibility. That's why many companies prefer to lease facilities and hardware.

To summarise: if this ratio is higher than desirable, a company can sometimes work its way out of the situation by speeding up collections, thus generating a higher profit and allowing it to carry the excess capacity.

A declining ratio, or a ratio lower than comparable businesses, is desirable. More funds are available for working capital. Depreciation charges are reduced, thereby enabling competitive fees and higher profits.

An Asset Turnover ratio of a higher percentage than the industry, or increasing percentages for the company, suggest poor sales management so a more aggressive sales policy is necessary.

Significantly lower percentages than the industry can indicate over-trading, which can lead to financial difficulties.

To summarise: ideally, this ratio will stay fairly constant over the years, trending neither up nor down, and remaining in line with the industry.

If the Accounts Payable to Billings ratio is high for the industry, it indicates that the company may be using suppliers to help finance operations. This might be positive for a time but negative for short-term creditors, who would be concerned about the company's potential problems in paying suppliers. A low ratio indicates that the company is in a good position to pay its suppliers.

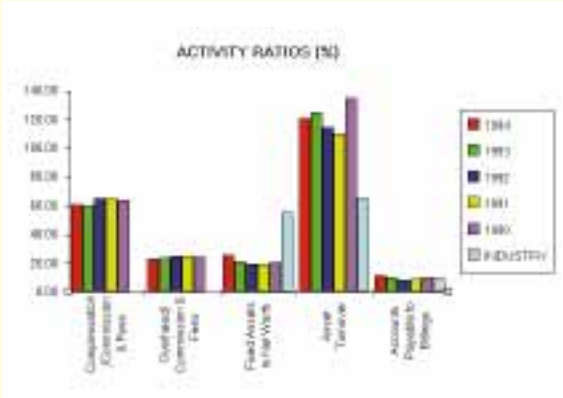In the case of an advertising agency, the agency is liable for all of its clients' media bills. Naturally, it invoices its clients in advance of the month and pays the media after the end of the month. If all goes well, the agency can earn short-term interest on the money. If their clients are slow payers then the agency won't be in a position to pay the media and can get a bad reputation.

To summarise: This ratio is simply a restatement of the Payables Turnover. That ratio is expressed in days. The Accounts Payable to Billings ratio gives the same result as a percentage. Both ratios measure how the company is paying its suppliers in relation to the volume transacted. Some industries use one version, some use the other. Service companies differ from stock companies here. Stock companies compare Accounts Payable with Purchases of stock for their Payables Turnover, and with Net Sales for the other ratio.

Next month, in the last instalment of the series, we'll consider the four most commonly monitored Profitability ratios.

PCW *Contacts*