

User Guide for Financial Plan for a Business Template

Welcome to your customized ModelSheet Template! We are delighted that you have chosen ModelSheet to get the most out of your spreadsheet models. In order to use your ModelSheet template effectively, we urge you to take a few minutes to read the description of what the template contains and the tips for using the template.

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The introductory webpage for the Financial Plan for a Business template is
<http://templates.modelsheetsoft.com/modelsheettemplates/financial-plan-templates.aspx>

5/17/2010

1 What the Financial Plan for a Business Template Contains

1.1 Financial Statements

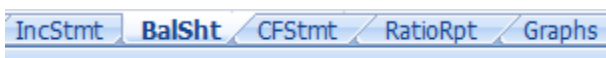
This workbook contains your customized (and customizable!) Financial Plan for a Business. The major outputs of the Model are the following Financial Statements: *Income Statement*, *Balance Sheet*, *Cash Flow Statement*, and *Financial Ratio Report*.

- ✓ **Note:** The “Financial Plan for a Business” will be referred to as the “Business Plan Model” or simply the “Model”.

In addition to these Financial Statements, the Model also generates *Graphs* and detailed reports of the major line item groupings in the Financial Statements: Revenues, Margins, Operating Expenses, Assets, Liabilities, Equity, and Employee Headcount.

Each of these outputs (financial statements, detailed reports and graphs) has a worksheet devoted to it. You access these worksheets by clicking on the appropriately labeled tab at the bottom of the workbook, as shown in Figure 1.

Figure 1: Financial Statements Worksheet Tabs



Clicking on the "**BalSht**" tab opens up the Balance Sheet Worksheet.

1.2 The Business Plan Model Is Made Up of Sub-Models

The Business Plan Model can be viewed as being made up of smaller models ("Sub-Models") that generate the detailed reports (mentioned above) of the major line item groupings of the financial statements: Revenues, Margins, Operating Expenses, Assets, Liabilities, Equity, and so on.

- ✓ **Note:** The Standard version of the Business Plan Model Template has less detailed versions of these line item Sub-Models.

These Sub-Models include the following features.

1.2.1 Sales Sub-Model

The Sales Sub-Model includes revenue and unit sales segmented by products and product families, and by sales channels / geographic locations. It may also have one or more of the following *optional* features:

- *Scenarios:* You can specify three scenarios (typically low, medium, and high) for sales. These scenarios are useful for exploring the impacts of different sales volumes on profitability, cash flow, and financing requirements.
- *Product Support:* You can specify annual support contracts for each product. You have the option to defer revenue and expense and accrue it in all time periods during the annual service term.
- *Sales Funnel:* Includes leads segmented by lead quality, order backlog, sales, and conversion rates between them.
- *Contracts with Deferred Revenue:* You can specify several types of contract sales that are unrelated to products and product support. You can specify contract duration, and several types of direct expenses as a percentage of revenue for each type of contract. You have the option to defer revenue and expense and accrue it in all time periods during the term of the contract.
- *Sales Returns:* Sales returns and associated administrative expenses

1.2.2 Cost of Goods Sold (COGS) Sub-Model

The COGS Sub-Model computes production units and cost of goods based on projected sales and desired inventory levels. The Sub-Model tracks direct material, direct labor, and purchased services. The COGS Sub-Model includes the following *optional* features:

- *Direct Labor Costs*: Includes several types of direct labor, with different costs per hour, and different hours per production unit.
- *Direct Labor Headcount*: Includes direct labor headcount, labor utilization, and overtime. You can set headcount directly, or specify a target labor utilization and let the Sub-Model compute the headcount.
- *Production Learning Curve*: Models the decline of unit costs with cumulative production volume. You can optionally use the learning curve effect on lowering unit costs to lower unit prices, potentially driving greater unit sales, leading to further learning curve cost reductions, leading to yet lower prices driving yet greater unit salesyou get the idea.

1.2.3 Operating Expense Sub-Model

The Operating Expense Sub-Model includes operating expenses like Development, Selling Expense, Marketing Expense, Administrative Expenses (Legal, Human Resources, Accounting, and Treasury), Facilities Expense, and so forth. The wage and salary portion of operating expenses is computed from the Headcount and Employee Salary Sub-Model.

1.2.4 Headcount and Employee Salary Sub-Model

The Headcount and Employee Salary Sub-Model includes indirect employee headcount and salaries and wages specified by department, job level and time period. In the early time periods, you can specify headcount directly. In later periods you can specify headcount as a function of revenue—a percent of revenue formulation. You can also include scale effects using the *optional* Scale Formula:

- *Scale Formula for Headcount*:

$$\text{Headcount} = \text{Constant1} + \text{Constant2} * \text{Revenue} ^ \text{Exponent}$$

You can specify headcount directly for earlier time periods and switch over to the Scale Formula, or you can use the Scale Formula for the entire Model time range. The rationale for the Scale Formula is that some operating expenses tend to increase more slowly than revenue as firms increase in size. This tendency is what is referred to as “scale effects” or “economies of scale”.

- ✓ **Note:** In order to capture scale effects, you normally set the exponent in the Scale Formula to be less than 1. To take an extreme example, an exponent of 0.5 indicates that headcount is proportional to the *square root* of revenue--a very sizeable scale effect. When the exponent equals 1, we have no scale effects and we are back to the percent of revenue formulation.

1.2.5 Interest Income/Expense and Income Tax Sub-Model

This Sub-Model computes interest expense on short and long-term debt, interest earned on cash balances, bad debt expense, income taxes, and tax losses carried forward.

1.2.6 Asset and Depreciation Sub-Model

The Asset Sub-Model computes cash, accounts receivable, inventory units and value by product (LIFO accounting), long-term assets like property, plant, and equipment, and office furniture, along with depreciation and amortization. Long-term assets can include *tagged* assets with various depreciation schedules (for major assets like plant and equipment), and *untagged* assets (for numerous small assets such as desks and PCs). Long-term assets optionally include capitalized product development expenses, which are amortized over the lifetime unit sales of the product.

1.2.7 Liabilities Sub-Model

The Liabilities Sub-Model includes accounts payable, short-term debt, capital leases, long-term debt, and bonds. Bonds are treated as annuity bonds with sale date, face value, interest rate, and balloon payments.

1.2.8 Equity Sub-Model

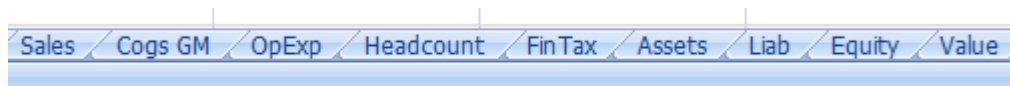
The Equity Sub-Model includes paid-in capital, retained earnings, dividends and dividend yields. It also calculates the internal rate of return (IRR) of the business.

1.2.9 Valuation Sub-Model

This Sub-Model values the business based on the present value of the business's cash flow to equity holders. You can specify whether to use the Capital Asset Pricing Model (CAPM) framework to estimate the discount rate, or you can specify directly the discount rate(s) to be used. The Sub-Model also computes the present value of cash flows occurring after the end of the Business Plan Model's time horizon using a simple net income-based model.

Each of these Sub-Models has a worksheet devoted to the reports it produces. You access these worksheets by clicking on the appropriately labeled tab (the names correspond to the names of the Sub-Models) at the bottom of the workbook, as shown in the Figure 2.

Figure 2: Sub-Model Output Reports Worksheet Tabs

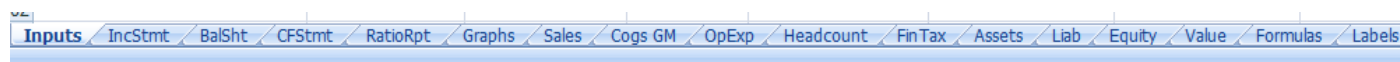


2 How to Use the Financial Plan for a Business Template

2.1 How to Use the Worksheets

The Financial Plan for a Business Template is organized as a series of worksheets, with each worksheet containing a set of output reports generated by the Business Plan Model or one of its Sub-Models. You access any of these worksheets by clicking on the appropriately labeled tab at the bottom of the workbook as illustrated in Figure 3.

Figure 3: Financial Plan for a Business Template Worksheet Tabs



Clicking on the "OpExp" tab, for example, opens up the "Operating Expense" Worksheet, a portion of which is shown in Figure 4.

Figure 4: Operating Expense Worksheet--Collapsed View

		Operating Expense				
Summary by Department		Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009
7	Operating Expense					
8	<i>Sales</i>	\$250	\$215	\$221	\$230	\$916
9	<i>Marketing</i>	\$406	\$281	\$282	\$283	\$1,252
10	<i>Engineering</i>	\$277	\$159	\$258	\$203	\$896
11	<i>Operations</i>	\$237	\$222	\$240	\$237	\$937
12	<i>Admin</i>	\$440	\$245	\$246	\$248	\$1,179
13	Total	\$1,610	\$1,122	\$1,248	\$1,200	\$5,179
14						
+	15 Detail by Cost Type					
+	69 Marketing Expense					
+	83 Engineering Spending and Capitalized Development					
+	100 Facilities Expense					
+	120 Other Operating Expense					
	205					

You will note that the worksheet displays an overview, or summary, report. This is the worksheet's "collapsed view". Underneath the summary report is a list of titles of more detailed reports. These titles indicate how the contents of the Operating Expense worksheet are organized. Clicking on any of the "+" signs to the left of each title causes a more detailed report to appear, with contents corresponding to the title. For example, clicking the "+" sign next to Facilities Expense causes the Facilities Expense report to appear, as shown in Figure 5.

Figure 5: Operating Expense Worksheet--Facilities Expense Report Opened

13	Total	\$1,610	\$1,122	\$1,248	\$1,200	\$5,179
14						
+ 15	<u>Detail by Cost Type</u>					
+ 69	<u>Marketing Expense</u>					
+ 83	<u>Engineering Spending and Capitalized Development</u>					
- 100	<u>Facilities Expense</u>					
101						
102		Q1 2009	Q2 2009	Q3 2009	Q4 2009	2009
103	Facilities & Utilities Exp					
104	Sales	\$1.80	\$2.70	\$2.70	\$2.70	\$9.90
105	Marketing	\$2.70	\$3.60	\$3.60	\$3.60	\$13.50
106	Engineering	\$2.70	\$3.60	\$4.50	\$4.50	\$15.30
107	Operations	\$2.70	\$5.40	\$6.30	\$6.30	\$20.70
108	Admin	\$3.60	\$4.50	\$4.50	\$4.50	\$17.10
109	Total	\$13.50	\$19.80	\$21.60	\$21.60	\$76.50
110						
111	Office Space (Ksqf/Person)	0.250	0.250	0.250	0.250	0.250
112						
113	Office Rent (\$K/Ksqf/Yr)	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
114						
115	Office Utilities (\$K/Ksqf/Yr)	\$1.200	\$1.200	\$1.200	\$1.200	\$1.200
116						
117	Office Maint (\$K/Ksqf/Yr)	\$1.200	\$1.200	\$1.200	\$1.200	\$1.200
118						
119						
+ 120	<u>Other Operating Expense</u>					

Note that the "+" sign next to the underlined Facilities Expense title is now a "-" sign, indicating that the Facilities Expense report has been opened. Clicking on the "-" sign will close the report and return the worksheet to its "collapsed" state.

Most (though not all) of the worksheets in the Financial Plan for a Business Template are set up in this manner: collapsed view with detailed reports that can be opened up. We recommend you open no more than one or two detailed reports at any given time. Opening up too many detailed reports at once can give you the sense of drowning in a sea of information.

2.2 Understanding How the Model Works: Variables and Formulas Relating Variables

The Model underlying the Financial Plan for a Business Template is powerful and flexible because it is built in terms of named variables and formulas that relate those variables. In this context, a "named variable" is simply the name of any particular business concept: "Product Revenue" for example. A "Formula" is simply a way of defining the business concept by relating it to other business concepts. "Product Revenue" can be defined through the formula "Sales Price of a Product" times the number of "Product Units" sold. "Sales Price of a Product" in turn is defined as "List Price of a Product" less "Sales Discount". If these examples sound obvious, that is precisely the point. We usually think in terms of concepts and formulas that relate those concepts, and not in terms of cell locations ("H23") and cell location-based computational formulas ("H23 = F23*E18"). You can save a lot of time and effort and get the greatest benefit from your template by understanding how the Business Plan Model is driven by variables and the formulas that define those variables through other variables, rather than by cell locations and formulas based on cell locations.

This template has a number of features to help you understand how the Business Plan Model works: "floating" Excel Comments, a "Formulas Worksheet", and a "Labels Worksheet".

2.2.1 How to Use Excel Comments

Each variable in the Model has an Excel Comment attached to the worksheet cell that displays the name of that variable. Each Comment explains what the variable is and often tells you how it is used in the Model. At the end, each Comment displays the "formula name" of that variable, if the formula name differs from the displayed name.¹ The

¹ Display names are set to whatever is most helpful in the Excel workbook. The formula names must be unique, descriptive, and contain no spaces. Therefore each variable in the Model has a display name that appears in Excel, and a formula name that appears in the underlying ModelSheet formulas.

presence of an Excel Comment is indicated by a small red triangle in the upper right corner of the cell containing the variable display name. For example, the Facilities Expense Report shown in Figure 5 shows these red triangles in the cells in leftmost column showing the variable display names “Office Space”, “Office Rent”, “Office Utilities”, and “Office Maint”.

Moving the mouse cursor over the cell, or left-clicking on the cell, causes the Excel Comment to appear. An example of an Excel Comment is shown in Figure 6 for the variable display name "Product List Price".

Figure 6: Excel Comment for the Variable Display Name "Product List Price"

288	Prices				
289					
290		Q1 2009	Q2 2009	Q3 2009	Q4
291	Product List Price				
292	ProdFamily 1				
293	Platform 1				\$1.492
294	Platform 2				\$1.991
295	Subtotal				\$1.662
296	ProdFamily 2				

List price of products, by time period. You should enter price data for the first time period, and for any time period and product for which the list price changes.
(variable Price_List_Prod)

In this example, the variable is explained in the Comment and you are told how it is computed—in this case, through direct data entry. The actual variable name, called the “Formula name” (“Price_List_Prod”), is given in parenthesis at the end of the Comment.

- ✓ **Note:** Each variable has a “Formula Name” (such as "Price_List_Prod") which the Model actually uses in its calculations and a “Display Name” (such as "Product List Price") which is the more "user-friendly" name that appears throughout the workbook. See Section 2.2.2 *How to Use the Formulas Worksheet* for more information about how the Model uses formula names of variables in its calculations rather than cell addresses. See Section 3.2 *How to Edit Display Names, Model Start Date and Comments in the “Labels Worksheet”* for instruction on how to change variable display names.

2.2.2 How to Use the Formulas Worksheet to Understand Variables in the Model

This worksheet displays the formula for each variable, arranged alphabetically by the Formula Names of the variables. A small portion of the top of the “Formulas Worksheet” is depicted in Figure 7.

Figure 7: A Small Portion of the "Formulas Worksheet"

Variable	Display As	Dimension Index	Formula / Data
Accts_Pay_Days	Accts Payable Days	Accts_Pay_Type	Roll-up: if(Purchases_Short_Term=0, 0, Accts_Payable/periods_per("day")/Purchases_Short_Term)
Accts_Pay_Targ_Days	Accts Pay Targ Days	Accts_Pay_Type	Data: preve(30)
Accts_Payable	Accts Payable	Accts_Pay_Type	Data: ifm(Time<0.001, Accts_Payable_Initial, Accts_Pay_Targ_Days*periods_per("day")*Purchases_Short_Term)
Accts_Payable_Initial	Initial Accts Payable		The estimated amount of accounts receivable at the end of a time period, expressed as a number of days of revenue. Used to compute accounts receivable. (variable Accts_Rec_Days)
Accts_Rec_Days	Accts Receivable Days	Global	
Accts_Receivable	Accounts Receivable	Global	Data: ifm(Time<0.01, Accts_Receivable_Initial, Accts_Rec_Days*periods_per("day")*Revenue)
Accts_Receivable_Initial	Initial Accts Receivable		

For each variable:

- The first column shows the variable's Formula Name.
- The second column shows the variable’s Display Name. If the meaning of a variable is unclear, you can mouse over its display name and view the Excel Comment which defines it, as in the case of "Accts Receivable Days," shown in Figure 7.
- The third column shows the "Dimension Index" that defines in what parts of the domain of the variable the formula applies.
- ✓ **Note:** Dimensions in ModelSheet can best be understood as a way of segmenting and organizing variables. Revenue, for example, can be aggregated along the dimensions of product, geographic area, and time. See

Section 2.2.3 *How to Use the Labels Worksheet to Understand Variables and Dimensions in the Model* for more information on the use of dimensions in the Model.

- The fourth column shows the formulas that compute the values of the variable in *relation to other variables*, rather than in terms of cell addresses.

It is worthwhile to take a moment to ponder and decipher one of these formulas. In general, the formulas are less formidable than they appear, and far easier to understand and grasp than formulas based on cell addresses. To take the formula for calculating Accounts Receivable as an illustration, you can see that Accounts Receivable is expressed as a function of Initial Accounts Receivable, Accounts Receivable Days, and Revenue:²

`ifm(Time<0.01, Accts_Receivable_Initial, Accts_Rec_Days*periods_per("day")*Revenue)`

If you mouse on the Display Name “Initial Accounts Receivable”, the Excel Comment gives the following definition: “Initial value of accounts receivable at the beginning of Model time.” Note that the “Formula/Data” column is blank for this variable, as well as for the variable “Accts Receivable Days”, indicating that you have to enter the values directly into the “Inputs Worksheet” for both of these variables as shown in Figure 8.

Figure 8: Inputting Accounts Receivable Data into the “Inputs Worksheet”

	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Accts Receivable Days	60.0	60.0	60.0	60.0	60.0
Initial Accts Receivable	\$0.00				

- ✓ **Note:** The areas of the Worksheet in which you can enter data are shaded **blue**. See Section 3,
- ✓ *How to Enter and Edit Data in* the Business Plan Template, for instructions on how to input data into the Model.)

We can now decode the Accounts Receivable formula into English:

If, in the Model, elapsed time [in quarters in this Model] is less than 0.01, then

Accounts Receivable = Initial Accounts Receivable (0 in this case but usually not); otherwise

Accounts Receivable = Accounts Receivable Days [60 in this case]*(1/days per quarter = 90)*Revenue, or

Accounts receivable = (60 days/90 days)*Revenue.

Expressing variable calculations in terms of other variables, and making the meaning of these variables transparent through the use of Excel Comments, help to make the workings of the Model more accessible and understandable, notwithstanding its size and complexity.

2.2.3 How to Use the Labels Worksheet to Understand Variables and Dimensions in the Model

The Labels Worksheet is divided into two parts: top and bottom. The top portion displays the Model's *variables* arranged alphabetically by the variables' Formula Names; the bottom portion displays the Model's *dimensions* arranged alphabetically by the dimensions' Formula Names.

In the top portion of the worksheet, the first column lists the variables alphabetically by Formula Name; the second column shows the corresponding variable Display Name, and the third column shows the variables' definitions (the same definitions as in the Excel Comments). This tabular presentation of variables and their definitions provides the quickest way to get an overview of the Model's contents. Figure 9 shows part of the top portion of the "Labels Worksheet".

² The function “ifm” in ModelSheet is a version of “if” that assumes its conditional never changes in Excel, so Excel shows only the result. For example, ifm(A, B, C) shows up in Excel as either B or C depending on whether A is true for false.

Figure 9: Top (Variables) Portion of the “Labels Worksheet”

ABC Corp.				
1/1/2009 to 12/31/2013, Scenario 2				
Variable	Display Label			Comment
Accts_Pay_Days	Accts Payable Days			The amount of accounts payables at the end of a time period measured as a number of days of revenue
Accts_Pay_Targ_Days	Accts Pay Targ Days			The amount of accounts payables at the end of a time period expressed as a target number of days of revenue. Used to compute payables.
Accts_Payable	Accts Payable			The amount of accounts payable balance at the end of a time period. Purchases of raw inventory are assumed purchased on a cash basis.
Accts_Payable_Initial	Initial Accts Payable			Value of accounts payable at the start of model time, segmented by payables type
Accts_Rec_Days	Accts Receivable Days			The estimated amount of accounts receivable at the end of a time period, expressed as a number of days of revenue. Used to compute accounts receivable.
Accts_Receivable	Accounts Receivable			The estimated amount of accounts receivable at the end of a time period
Accts_Receivable_Initial	Initial Accts Receivable			Initial value of accounts receivable at the beginning of model time

The bottom Portion of the “Labels Worksheet” shows the *dimensions* used in the Business Plan Model. Dimensions are a way of segmenting and organizing variables. For example, you can segment revenue by product sold and by geographic area. This segmentation is illustrated in Figure 10, which displays a small part of the Dimensions section of the “Labels Worksheet”. It shows how the variable Revenue is aggregated in the Model along the dimensions of **Products** and **Sales Locations**. Going from top to bottom, Products Revenue is aggregated according to the hierarchy *Products > Product Family* (ProdFamily 1, ProdFamily 2 . . . ProdFamily n) > *Product* (Platform 1, Platform 2 . . . Platform n). Territorial Revenue is similarly aggregated according to the hierarchy *World > Sales Location* (West, East . . . Location n). The result is a matrix (actually a cube, if you include the dimension of time), in which revenue is broken out by sales location and product.

Figure 10: Bottom (Dimensions) Portion of the “Labels Worksheet”

Dimension (item)	Display Item As	Total As	Level As	Comment
Products	Products	Total	Products	A hierarchical list of products offered by the company. Each product has a SKU for software license, support service, and SaaS service.
ProdFamily_1	ProdFamily 1	Subtotal	Product Family	
Platform_1	Platform 1		Product	
Platform_2	Platform 2			
ProdFamily_2	ProdFamily 2	Subtotal		
Tool_1	Tool 1			
Tool_2	Tool 2			
Sales_Locations	Sales Locations	Total	World	Sales channels or geographic locations that segment sales revenue and sales units.
West	West		Location	
East	East			

The product and geographical dimensions shown in Figure 10 partition the variable Revenue into segments and at the same time arrange those segments into a hierarchy that can be rolled up to various levels. If looking at the Variables portion of the “Labels Worksheet” is the best way to get an overview of the Model’s variables and what they mean, examining the Dimensions portion of the “Labels Worksheet” is the best way to get an overview of how those variables are conceptually organized.

3 How to Enter and Edit Data in the Business Plan Template

The Business Plan Template allows you to enter your own data into the Model in order to further tailor the Model to your requirements or simply to adapt it to changing circumstances. In order to minimize confusion (so you don’t have to spend hours searching the entire workbook to find a particular cell), the template allows you to enter data in two worksheets only: “Inputs” and “Labels”. In all cases, the cells that allow data entry are shaded *blue*, as shown in the top portion of the “Inputs Worksheet” shown in Figure 11.

Figure 11: Top Portion of the "Inputs Worksheet"

4					
5	Shaded cells are input cells. You can enter data in them.				
6	Excel formulas in shaded cells are starting suggestions. You can overwrite them.				
7	Company Name				ABC Corp.
8					
9	Scenario (1,2,3)				2
10					
11					
12	Sales Input Data				
149					
150	Cost of Goods Input Data				
220					

An integer value that specifies which of the scenarios should be used in the model. User can change this value and switch to alternative scenarios. (variable Scenario)

You can enter (or override) data in the cells showing the Company Name or Scenario number. You could change ABC to Acme, for instance, or change the scenario number to 3.

3.1 How to Enter Data in the "Inputs Worksheet": Data Entry Tips

Figure 12 shows the collapsed view of the "Inputs Worksheet", which lists the categories of Input Data. These Input categories correspond to the various categories of reports generated by the Business Plan Model's Sub-Model worksheets which are accessed through the workbook tabs at the bottom of each worksheet. (See Section 1.1, *The Business Plan Model Is Made Up of Sub-Models*, for information on these Sub-Models.)

Figure 12: "Inputs Worksheet": Collapsed View

A19		fx =Labels!B233					
1	2	3	A	B	C	D	E
1							
2							
3							
4							
5	Shaded cells are input cells. You can enter data in them.						
6	Excel formulas in shaded cells are starting suggestions. You can overwrite them.						
7	Company Name						ABC Corp.
8							
9	Scenario (1,2,3)						2
10							
11							
12	Sales Input Data						
149							
150	Cost of Goods Input Data						
220							
221	Employment Input Data						
354							
355	Other Operating Expense Input Data						
430							
431	Financial and Tax Input Data						
452							
453	Asset Input Data						
524							
525	Liability Input Data						
551							
552	Equity Input Data						
561							
562	Valuation Input Data						
573							

Clicking on the "+" sign in the left margin next to a given Input Data category opens up that category, allowing data to be entered for the values of specific variables. Since an Input Data category may contain over 100 rows of data, you need to exercise care in opening these categories, as it is easy to be overwhelmed by information. In general you should only open one category at a time.

When you open a category, you will see a list of subcategories that can also be opened as shown in Figure 13 for the "Sales Input Data" Category.

Figure 13: "Inputs Worksheet": Sales Input Data Subcategories

7	Company Name	ABC Corp.
8		
9	Scenario (1,2,3)	2
10		
11		
12	Sales Input Data	
13		
14	Sales Funnel Input Data	
84	Sales Units Input Data	
154	Sales Returns	
168	Price Input Data	
204	Installed Base Input Data	
218		
219		
220	Cost of Goods Input Data	

Clicking on the "+" sign next to a particular subcategory opens up that subcategory, as shown in Figure 14 for the "Sales Units Input Data" subcategory.

Figure 14: Sales Units Input Data Subcategory

9	Scenario (1,2,3)	2						
10								
11								
12	Sales Input Data							
13								
14	Sales Funnel Input Data							
84	Sales Units Input Data							
85								
86	Round Sales Units?	TRUE						
87								
88								
97				Q1 2009	Q2 2009	Q3 2009		
98	Sales Units, Products, Scenario 2	ProdFamily 1	Platform 1	West	900	961	1,026	1,096
99				East	900	963	1,030	1,102
100			Platform 2	West	465	497	530	566
101				East	465	497	532	569
102		ProdFamily 2	Tool 1	West	0	0	0	0
103				East	0	0	0	0
104			Tool 2	West	0	0	0	0
105				East	0	0	0	0
106								
125	Product Sales Unit Gr Yr, Sc2	ProdFamily 1	Platform 1	West	30.0%	30.0%	30.0%	30.0%
126				East	31.0%	31.0%	31.0%	31.0%
127			Platform 2	West	30.0%	30.0%	30.0%	30.0%
128				East	31.0%	31.0%	31.0%	31.0%
129		ProdFamily 2	Tool 1	West	7.5%	7.5%	7.5%	7.5%
130				East	8.5%	8.5%	8.5%	8.5%
131			Tool 2	West	10.5%	10.5%	10.5%	10.5%
132				East	9.5%	9.5%	9.5%	9.5%

✓ **Note:** In Figure 14, the worksheet rows pertaining to Sales Units Products for /Scenarios 1 and 3, and Product Sales Unit Growth for Scenario 1, have been hidden for the sake of clarity.

Figure 14 shows the Input Data for Sales Units broken out along the dimensions of Products and Sales Locations.

- ✓ **Note:** Most of the Input Categories break out Input Data along various dimensions. See Section 2.2.3, *How to Use the Labels Worksheet to Understand Variables and Dimensions in the Model*, for an explanation of the concept of dimensions. See the bottom portion of the “Labels Worksheet” for a listing of the dimensions used in the model.

In general, you don't have to enter data in input cells that *already* contain Excel formulas, because the template computes default (calculated) values for these cells. You just enter your own values in cells when you want to *change things going forward* and the model will automatically propagate the changes. You don't have to change every cell.

Note that the Excel Comments often give specific pointers for entering data for a given variable. For example, in the case of “Sales Units, Products, Scenario 2”, the Excel Comment suggests the direct entry of a number in the first period for which units of that particular product in a given sales location are greater than zero. Since subsequent values of unit sales for this product are a function of previous units multiplied by a specific growth rate, making one entry is all you have to do, *provided you assume a constant growth rate*.

If you want to vary the growth rate, you simply input a new value in the time period when you want the rate to change for the variable “Product Sales Unit Gr Yr, Sc2”. The new growth rate will propagate forward and the unit sales of that product will change accordingly.

Bear in mind that these tips are recommendations only. If you want to, you can manually input what you think are appropriate product unit volumes for each period.

3.2 How to Edit Display Names, Model Start Date and Comments in the “Labels Worksheet”

You can change or edit the contents of any of the shaded cells in the “Labels Worksheet” to facilitate the overall readability of the Model’s worksheets and enhance the understandability and accessibility of the Model and its reports.

- The display name of any variable, dimension or dimension item: These changes will propagate through the workbook automatically.
- The model start date, located at the top of the worksheet. The new start date propagates through the model, including formulas and date labels. This feature greatly extends the useful life of your template.

We recommend that you change the model start date by a whole number of the largest time periods in your model. For example, if the basic time grain of your model is quarters, then change the model start date by a whole number of quarters. If your model contains annual sums, then change the model start date by a whole number of years, so the annual sums continue to function correctly.

- The text of a comment associated with any variable or dimension: These new changes will NOT propagate through the workbook, so the “floating” Excel Comments in the worksheets will remain the same as before. HOWEVER, you can submit the edited “Labels Worksheet” to ModelSheet and receive a new template in which the altered comments ARE reflected in the Excel Comments. (The changes in the display names will be reflected in the new template as well.)

Some examples:

- *Changing a variable display name:* Consider the variable display name “**Product Sales Unit Gr Yr, Sc2**”, which refers to the annual growth rate of sales of product units in scenario 2. You might want to change the display name to “**Product Unit Sales Growth-Scenario 2**” to make the meaning more apparent, as shown in Figure 15. (Of course, you would want to change the display name for all three scenarios.)

Figure 15: “Labels Worksheet”: Variable Display Label Change

Variable	Display Label		Comment
Sales_Unit_Gr_Prod_Yr_Sc2	Product Unit Sales Growth-Scenario 2		Assumed annual growth rate of product sales units in scenario 2, by time period. The model tries to express all input growth rates in annual terms.

Result: The display name changes throughout the workbook, as is shown in Figure 16 for a portion of the “Sales Units Input Data Worksheet”.

Figure 16: Sales Units Inputs Data Worksheet

Product Unit Sales Growth-Scenario 2	ProdFamily 1	Platform 1	West	30.0%
			East	31.0%
		Platform 2	West	30.0%
			East	31.0%
	ProdFamily 2	Tool 1	West	7.5%
			East	8.5%
		Tool 2	West	10.5%
			East	9.5%
Product Sales Unit Gr Yr, Sc3	ProdFamily 1	Platform 1	West	40.0%

- ✓ **Note:** The display name for Scenario 3 is deliberately unchanged to highlight the difference.
- *Changing a dimension display name:* Suppose you decide that the job level dimensional display name “Pres VP” is ambiguous and change it to “President or VP” as shown in Figure 17.

Figure 17: “Labels Worksheet”: Dimension Display Label Change

Job Levels	Job Levels	Total	Job Level	Job levels that are tracked separately in the plan
Pres_VP	President or VP		Job Level2	
Manager_II	Manager II			
Manager_I	Manager I			

Result: The dimension display name changes throughout the workbook, as is shown in Figure 18 for a portion of the “Employment Input Data Worksheet”.

Figure 18: Employment Inputs Data Worksheet

Employee Count				Q1 2009
Employee Count Early	Sales	President or VP		0.0
		Manager II		1.0
		Manager I		0.0
		Professional II		0.0
		Professional I		0.0
		Operations II		0.0
		Operations I		0.0
	Marketing	Clerk		1.0
		President or VP		1.0
		Manager II		1.0

- *Changing a variable display name to more closely match the variable formula name:* Often, you might want to change the display name of a variable to more closely resemble its formula name. For example, you might change the display name “Balloon Payment” to “Bond Balloon Payment” in order to more closely match the formula name “Bond_Balloon_Pay”. The rationale for the change is simple: provided the sacrifice in readability and intuitiveness is small, the greater the congruence between the display and the formula names, the easier it is to understand the model. It is easier to locate formulas on the Formula Worksheet and far easier to understand how the variables relate to and interact with each other.

Being able to change the display names in one place and have the changes propagate throughout the Model is a very useful and desirable capability because it facilitates and enhances the understandability and usability of the model.

3.3 Note on Times to Open Excel Workbooks

The first time you open a large Excel workbook generated by ModelSheet, it may take a few minutes. If you save the workbook in the native file format for your version of Excel (xls for Excel 2003,xlsx for Excel 2007 and 2010), then the second time you open it, it usually opens much faster.

3.4 Note on Excel Error Codes in Templates without Data

New Excel templates with blank or zero input values often display Excel error codes in some cells that are due to the blank or zero values in input cells. Entering reasonable nonzero data into the template input cells will usually make these error codes disappear. If you have entered reasonable data into your template, and the Excel error codes persist, then there could be a problem with your input data, or you may have encountered a bug in the template. If this occurs, please check your data for obvious problem; if the problem persists, please contact us at customerservice@modelsheetsoft.com.

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