

Sloppy Spreadsheets: Readers Speak Out

Readers make some pointed additions to CFO.com's "worst practices" list.

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The recent detailing of "Spreadsheet Worst Practices" on CFO.com clearly tapped deep-seated emotions among our readers, who shared their reactions in dozens of comments and E-mail messages and offered their own pet peeves from the world of finance.

Today we present a "best of the worst" selection from readers, from formatting faux pas to basic ignorance of good spreadsheet mechanics. The authors of our original article agreed to provide commentary on reader observations, and to suggest some possible corrections. Shahid Ansari is a professor of management accounting at Babson College, while Richard Block is a Babson adjunct professor of management accounting, as well a CFO Leadership partner at Tatum LLC. Also adding her thoughts is accounting professor Janice Bell, who holds the Weiner Family Term Chair at Babson.

"We highlighted six major areas where spreadsheet problems arise," said Block with a laugh as he reviewed the reader contributions. "Guess what: There are many more."

We continue to welcome feedback of all kinds: stay tuned for our next article, based on reader tips for better spreadsheet use. —The Editors

Everyone Knows How to Use Excel for Budgeting?

To CFO.com:

The worst overall use of a spreadsheet I have seen is when a new college graduate is asked to add two numbers together. Instead of using a ten-key, they spend three minutes on the task using a spreadsheet. —Phil Medler

From Richard Block: Phil, I laughed out loud when I read your comment. At least the new grad knew that you could add two numbers within a spreadsheet. I once asked a new director of marketing for a budget. A week later, after no budget was submitted, she reluctantly admitted that the delay was caused by her not knowing how to use a spreadsheet. Feeling a bit guilty, I created a template for her, labeling the columns in months and quarters, and the rows with specific marketing expenditure categories. When another week went by without a budget submission, I went to find the cause of that delay. I observed her typing numbers into the January, February, and March columns, and then using a calculator to add up the first quarter results in the Q1 column. When I explained how the spreadsheet could do this, she looked at me as if I had performed a great magic trick.

Miscellaneous Miscues

To CFO.com:

In a nutshell, [a big problem is] hard-coding numbers in formulas that should be assumptions. The only time you should do this is if a) you don't have a calculator other than Excel, or b) you or someone else will never be using the spreadsheet again.

Some people try to "fix" the problem by adding comments to cells. This helps a little, but still doesn't allow for the changing of assumptions. When creating a spreadsheet plan to have all figures used in the calculation as clearly labeled

assumptions. A second common inefficiency is having to type in new amounts monthly into a spreadsheet. Spend 30 minutes learning the lookup function and then dump financial data out of your ERP onto a data tab. —Paul Marvin

From Richard Block: I agree with your first comments 100 percent. Hard-coding numbers and formulas into cells is a formula for disaster.

You also bring up a good suggestion for when spreadsheets are used to receive and report monthly data. Downloading monthly data from another system is common. What isn't common is downloading the data in a consistent format, or storing it in a separate, well-designed tab within the spreadsheet. (Say you want a tab with 12 months of data so reporting and analysis can be performed.) Most ERP systems allow you to do this. For users at smaller companies, when downloading monthly from QuickBooks to Excel, for example, a new tab within the existing spreadsheet automatically will be created. Once downloaded, the monthly data can be copied into a monthly column, so by the end of the year all 12 months of data can exist in one tab. If all the data is now formatted consistently, then using Excel's lookup features (vertical or horizontal lookups) can be an efficient way to report or analyze monthly trends.

Note from Shahid Ansari: In my class, I just finished teaching a case in which my students had to come up with a new production plan, and to try several other what-if assumptions, including labor mix, increase in quality, and decrease in inventory. All were graduate students who work for major U.S. corporations and have at least 12 years of work experience.

It became painfully obvious that the team members I asked to lead the discussion had followed all the worst spreadsheet practices in our first article. They had numbers in the formulae; they had fonts and labels that were hard to follow; there were no data sheet links to allow what-ifs, and on and on.

I stopped the class and asked everyone to go the CFO.com site and read the article.

Obviously, there is something about spreadsheets that tempts everyone to be lazy. And that suggests one more tip for spreadsheet users: To go fast you must go slow.

Printing Pratfalls & Formatting Flops

To CFO.com:

One of the most annoying issues is the numbers not being in a common format, which makes the reading of numbers on the screen or on a printout very difficult. The numbers can be formatted to a single decimal or no decimals, but if there is no format and there is a table to read through, it's an annoying situation. —Prashant Agarwal

Comments from Richard Block: The lack of printability is far too common in the world of spreadsheets, and will be added to our growing list of worst practices.

Your comments viscerally touched me, Dale and Prashant. I teach a graduate-school evening class in which the students submit spreadsheets as answers to case studies. I give no specific instructions on labeling, formatting, or other submission requirements, assuming I will receive spreadsheet answers that are well formatted, easy to read, and easy to grade. Yet, even from these mature graduate students, holding significant corporate positions, I receive spreadsheets with tons of numbers in a variety of fonts, in columns and rows that are without labels, in multiple tabs without names other than the default names, such as Sheet 1 and Sheet 2, and with a non-descript file name that forces me to rename the file in the student's name as I download it.

This fall, I am preparing a set of spreadsheet requirements to reverse this trend.

In addition to properly naming the spreadsheet file, giving each tab a descriptive header and footer, ensuring descriptive labels are placed on key rows and columns, the two additional best practices here are a) to print/preview the spreadsheet before sending it, adjusting page breaks so it paginates well, and b) to ensure that column and row headers appear on each page if the tab is to print over multiple pages. Getting column and rows to appear on multiple pages is performed in "Page Layout/Print Titles" commands on the top of an Excel spreadsheet.

Heading Horrors & Labeling Lapses

To CFO.com:

[Misuse of] hidden columns/rows and hidden sheets. These can contain confidential information that should not be sent to certain parties. Users may not realize that there are hidden columns/rows containing important information; columns and rows should be grouped, not hidden. —Bill Myer

From Janice Bell: I was once on a committee (not at my current employer) that was to analyze the way merit pay was awarded, and to make a report to all employees. Obviously, employees' names, social security numbers, and exact compensation were confidential. Human Resources provided my committee with a spreadsheet containing employee names and social security numbers hidden, but not protected. The information was transmitted all across the organization. A firestorm followed, but the damage was done.