

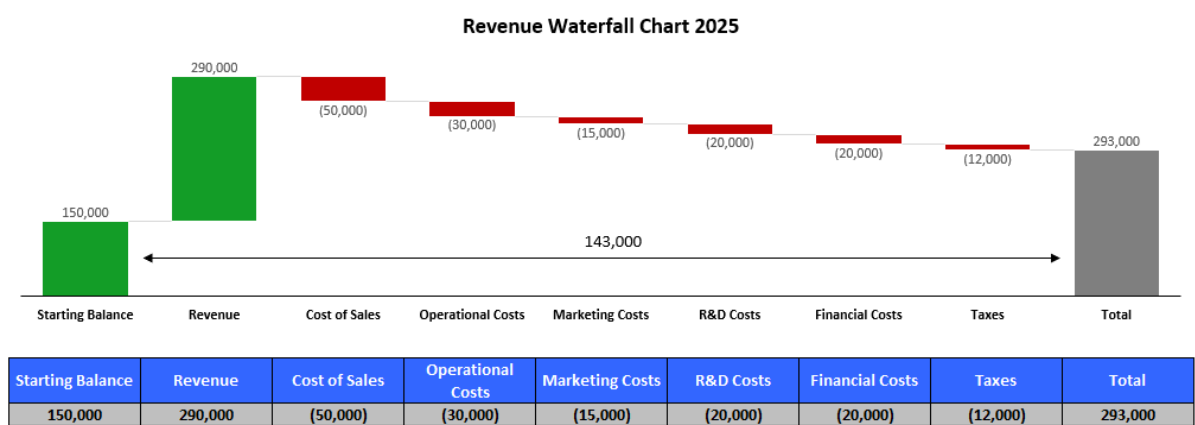
Master Excel for Finance and FP&A By Christian Martinez

Welcome to Day 2: Creating a Waterfall Chart

Today, we are focusing on one of the most powerful visual tools in finance – the **Waterfall Chart**. This chart visually represents how values increase or decrease over time between different categories. By the end of this lesson, you'll be able to create a Waterfall Chart in Excel in just a few minutes.

📌 What is a Waterfall Chart?

A **Waterfall Chart** is used to show how an initial value is affected by a series of positive or negative changes, leading to a final value. It is particularly useful in financial analysis for understanding revenue breakdowns, profit margins, and cost structures.



1. Setting Up Your Data

We will organize our data in the following format:

	A	B	C	D	E
1	Category	Type	Type 2	Amount	
2	Balance from Prev	Starting Balance	N/A	150,000	
3	Revenue Activity A	Revenue	Main Revenue	130,000	
4	Product A Sales	Revenue	Product	30,000	
5	Product B Sales	Revenue	Product	25,000	
6	Product C Sales	Revenue	Product	25,000	
7	Service Revenue	Revenue	Other revenue	40,000	
8	Consulting	Revenue	Other revenue	15,000	
9	Support	Revenue	Other revenue	15,000	
10	Training	Revenue	Other revenue	10,000	
11	Cost of Goods Sold	Cost of Sales	COGS	(20,000)	
12	Other Costs A	Cost of Sales	Other Costs	(20,000)	
13	Other Costs B	Cost of Sales	Other Costs	(10,000)	
14	Salaries	Operational Costs	Operational Costs	(15,000)	
15	Rent	Operational Costs	Operational Costs	(10,000)	
16	Utilities	Operational Costs	Operational Costs	(5,000)	
17	Digital Ads	Marketing Costs	Marketing Costs	(8,000)	
18	Print Ads	Marketing Costs	Marketing Costs	(4,000)	
19	Sponsorships	Marketing Costs	Marketing Costs	(3,000)	
20	Product Development	R&D Costs	R&D Costs	(10,000)	
21	Testing	R&D Costs	R&D Costs	(5,000)	
22	Prototyping	R&D Costs	R&D Costs	(5,000)	
23	Financial Costs	Financial Costs	Financial Costs	(10,000)	
24	Loan Interest	Financial Costs	Financial Costs	(6,000)	
25	Credit Line Interest	Financial Costs	Financial Costs	(4,000)	
26	Tax 1	Taxes	Taxes	(8,000)	
27	Tax 2	Taxes	Taxes	(4,000)	
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- Copy the data and paste it into a new sheet.
- Remove duplicates by selecting the column, then pressing **Alt + A + M**, and confirming removal.
- Transpose data by pasting as values (**Ctrl + Alt + V**, then select **Transpose**).

2. Applying SUMIFS for Calculations

Use **SUMIFS** to calculate the total amounts dynamically:

=SUMIFS(D:D, B:B, G30)

- This formula sums values in **Column D** based on the condition in **Column B**.
- Copy the formula across all categories.
- Format the numbers using the shortcut **Alt + 1**.

3. Inserting the Waterfall Chart

- Select the formatted data range.
- Use the shortcut **Alt + N + R** to insert a **Recommended Chart**.
- Choose the **Waterfall Chart** (third option) and click **OK**.

4. Customizing the Chart

- Remove unnecessary gridlines by clicking on them and pressing **Delete**.

- Adjust the spacing by dragging data labels.
- Change colors in **Page Layout > Colors > Customize Colors**.
- To change the Total bar color:
 - Double-click the total bar.
 - Navigate to **Series Options** and select **Set as Total**.
 - Apply a solid fill color (e.g., gray) to highlight totals.

5. Formatting for Readability

- Add a title: "**Waterfall Chart: Financial Breakdown**".
- Adjust fonts using **Alt + H + F C** to set to black.
- Highlight key data points, such as **Revenue**, in a different color.

Homework Assignment

Before the next lesson, try to:

1. Add a **Total Arrow Indicator** in the graph.
2. Display the **Delta (Change) Value** in the final step.
3. Integrate the **Type 2 Category** into the Waterfall Chart.

Tomorrow, we'll discuss **Power Query** and automation techniques to enhance your financial models

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