



## Easy Peer Benchmarking with XBRL

By Ariel Markelevich and Alex Rapp

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A great company is always pushing to keep ahead of its competition. To aid in this effort, a top-tier finance team should collect and analyze available data, not just to measure how the company is doing in comparison to its peers but also to see what insights can be learned by examining competitors' strong and weak points. Until recently, this kind of data-driven *peer benchmarking* was a slow, tedious, error-filled process, involving hours wasted digging data points out of SEC filings. For this reason, many finance professionals avoided doing it altogether, but thanks to XBRL, the situation is changing fast.

With an XBRL data analysis platform such as [Calcbench's](#)—which, for example, allows easy access to a vast array of public financial information filed by companies of all sizes—digging for data points is now obsolete. This article illustrates the process with a straightforward benchmarking example that once took hours to complete but now takes just minutes, thanks to the XBRL tagging of public financial statements.

### Why benchmarking matters

First, here are a few situations in which benchmarking by evaluating XBRL data is so useful:

- **Financial planning and analysis.** How do you stack up in terms of profitability, leverage, inventory management, cash management, or other metrics? You can identify areas that need more work before you fall too far behind.
- **Mergers and acquisitions.** How do you analyze an acquisition target beyond just kicking the tires? If your target does not stack up positively within its peer group, it may be a bad fit.
- **Risk analysis.** Are your major customers or important members of your supply chain in strong financial positions? If not, you could be left with unpaid bills or unfilled orders. It pays to take a closer look.
- **Market trends.** Revenue, margins, capital investments, debt ... are they growing? By how much? Enough to warrant stronger investment? Or is it wiser to keep cash reserves strong for now? Amazingly, many CFOs rely on newspaper articles and other secondary sources for data about their own industry.
- **Bonuses and compensation.** Is your compensation appropriate? Many companies find it very effective to structure bonuses around performance relative to peers.

## How to benchmark

For our simple benchmarking exercise, we will quickly take a look at a few basic metrics that work with the XBRL data, and then do a little more detailed dive into inventory. For this example, Campbell Soup Company (NYSE: CPB) will be the focus.

### Step 1: Define your peer group

The choice of peer group is crucial for a meaningful analysis. However, for this simple example, let's take a fairly basic approach to building a peer group. Start with every company that identifies itself in the same SIC group (Food and Kindred Products) as Campbell's, 110 companies in all. Next, filter for size, to hone in on a group that is more similar to CPB. In this case, given that CPB has reported Revenues of \$8 billion, the filter is set to companies between \$3 billion and \$15 billion in Revenues, reducing our group to 19 companies. Further customize the peer group by manually removing a few companies that are not close peers, such as Molson Coors and Pilgrim's Pride. This leaves a peer group of 16 companies). See Fig. 1.

### Step 2: Collect and standardize the data

Once the peer group is defined, with one click you can compute from the XBRL data a page full of analytics for the target company, as compared to its peers.

To start the analysis, focus on CPB's performance and financial position as compared to the peer group, beginning with an analysis of the Income Statement, then its Balance Sheet, and finally, key financial ratios.

A few immediate points to note from the table shown in Fig. 2: The company ranks near the bottom third for Gross Profit; its R&D cost seems high relative to the peer group (the 80th percentile rank); and its Net Income is low compared to the peer group (ranking near the bottom).

Reviewing the balance sheet shows that the company's cash levels are stable and that they compare favorably to the peer group. Note the relatively high level of short-term debt and a large increase in that account. Observe as well a large increase in Inventory (almost 30%), although inventory levels are relatively low compared to the peer group, as shown in Fig. 3.

Looking at: **2000 Food And Kindred Products** Filter Results: add or edit Clear filter  
revenue > 3,000,000,000 and revenue <= 15,000,000,000

Show 100 entries

Company	Add Prev Period For All Cols	Revenue	Operating Income
		Year 2013 - prev .all .all	Year 2013 - prev .all .all
		\$103,169,259,000	\$22,770,307,000
		avg: \$6,448,078,688	avg: \$1,423,144,188
BEAM INC (BEAM)	SEC X	\$3,148,400,000	\$1,479,400,000
BROWN FORMAN CORP (BFB)	SEC X	\$3,946,000,000	\$971,000,000
CAMPBELL SOUP CO (cpb)	SEC X	\$8,052,000,000	\$1,080,000,000
COCA-COLA ENTERPRISES, INC. (cce)	SEC X	\$8,212,000,000	\$914,000,000
CONSTELLATION BRANDS, INC. (stz)	SEC X	\$5,411,000,000	\$1,991,700,000
DEAN FOODS CO (DF)	SEC X	\$9,016,321,000	\$130,796,000
Dr Pepper Snapple Group, Inc. (dps)	SEC X	\$5,997,000,000	\$1,046,000,000
FLOWERS FOODS INC (FLO)	SEC X	\$3,751,005,000	\$335,233,000
HERSHEY CO (hsy)	SEC X	\$7,146,079,000	\$1,339,675,000
HORMEL FOODS CORP (HFI)	SEC X	\$8,751,654,000	\$785,476,000
Ingredion Inc (ingr)	SEC X	\$6,663,000,000	\$6,653,000,000
KELLOGG CO (K)	SEC X	\$14,792,000,000	\$2,837,000,000
KEURIG GREEN MOUNTAIN, INC. (gmcr)	SEC X	\$4,358,100,000	\$765,227,000
MCCORMICK & CO INC (mck)	SEC X	\$4,123,400,000	\$550,500,000
Mead Johnson Nutrition Co (mjn)	SEC X	\$4,200,700,000	\$974,900,000
SMUCKER J M CO (sjm)	SEC X	\$5,610,600,000	\$916,400,000

Showing 1 to 16 of 16 entries

Figure 1

**CALCBENCH** PREMIUM SUITE Benchmark Query XBRL Query

Analytics for: **CAMPBELL SOUP CO**

Fiscal Year 2013

Income Statement	Value	% Chg YoY	Common Size			Peer Group Percentile Rank	
			Value as % of	Peer Group Average	Median		
Revenue	\$8,052,000,000	12.22%	100%	\$6,448,078,688	\$5,803,800,000	69 Chart	
Cost Of Revenue	\$5,140,000,000	17.75%	63.84%	Revenue	50.21%	56.42%	75 Chart
Gross Profit	\$2,912,000,000	3.83%	36.16%	Revenue	49.79%	43.58%	19 Chart
Research & Development	\$128,000,000	10.34%	1.59%	Revenue	0.96%	1.00%	80 Chart
S. G. & A.	\$1,653,000,000	7.90%	20.53%	Revenue	23.22%	22.90%	38 Chart
Operating Expenses	\$1,832,000,000	10.69%	22.75%	Revenue	31.32%	27.11%	31 Chart
Operating Ex. Items	\$51,000,000	628.57%	0.63%	Revenue	0.55%	0.63%	33 Chart
Operating Income	\$1,080,000,000	-6.49%	13.41%	Revenue	23.63%	17.50%	31 Chart
EBIT	\$1,080,000,000	-6.49%	13.41%	Revenue	16.49%	14.28%	44 Chart
Interest & Investment Income	\$10,000,000	25.00%	0.12%	Revenue	0.16%	0.09%	50 Chart
Interest Expense	\$135,000,000	18.42%	1.68%	Revenue	1.67%	1.27%	54 Chart
EBITDA	\$1,487,000,000	4.94%	18.47%	Revenue	19.58%	18.21%	50 Chart
Earnings Before Taxes	\$955,000,000	-8.96%	11.86%	Revenue	15.06%	13.63%	38 Chart
Income Taxes	\$275,000,000	-15.38%	3.42%	Revenue	3.61%	3.45%	44 Chart
Tax Rate %	28.80%	-7.06%	-	Revenue	27.50%	28.59%	50 Chart
Noncontrolling Interest	(\$9,000,000)	-10.00%	-0.11%	Revenue	0.03%	0.03%	0 Chart
Net Income	\$458,000,000	-40.63%	5.69%	Revenue	11.63%	10.24%	0 Chart
Common Stock Dividends Per Share	\$1.16	0.00%	-	Revenue	\$1.22	\$1.16	45 Chart

Figure 2

**Balance Sheet & Cash Flow**

	Value	% Chg YoY	Assets	Assets	Assets	Peer Group Percentile Rank
Cash	\$333,000,000	-0.60%	4.00%	6.70%	3.42%	56 Chart
Accounts Receivable	\$636,000,000	14.03%	7.83%	10.96%	10.60%	25 Chart
Inventory	\$925,000,000	29.55%	11.11%	12.21%	12.25%	38 Chart
Current Assets	\$2,221,000,000	25.41%	26.69%	33.34%	32.23%	31 Chart
Property, Plant & Equipment	\$2,260,000,000	6.25%	27.15%	25.66%	24.81%	69 Chart
Accumulated Depreciation	\$3,395,000,000	1.16%	40.79%	25.84%	24.65%	81 Chart
Accrued Taxes	\$19,000,000	-13.64%	0.23%	0.82%	0.45%	0 Chart
Goodwill	\$2,297,000,000	14.11%	27.60%	21.32%	19.98%	56 Chart
Intangible Assets Excluding Goodwill	\$1,021,000,000	105.85%	12.27%	17.17%	13.78%	44 Chart
Assets	\$6,323,000,000	27.46%	100%	\$6,868,104,888	\$5,358,744,000	62 Chart
Accounts Payable	\$523,000,000	-8.41%	8.28%	7.97%	7.88%	40 Chart
Short-Term Debt	\$1,909,000,000	142.88%	22.94%	3.85%	1.27%	90 Chart
Current Liabilities	\$3,282,000,000	58.55%	39.43%	20.95%	15.91%	88 Chart
Long-Term Debt	\$2,544,000,000	26.95%	30.57%	28.18%	30.57%	44 Chart
Total Debt	\$4,453,000,000	59.61%	53.50%	32.12%	32.90%	94 Chart
Liabilities, Total	\$7,113,000,000	26.30%	85.48%	60.99%	61.10%	88 Chart
Retained Earnings	\$1,772,000,000	-81.51%	21.29%	38.82%	32.16%	25 Chart
Stockholders Equity Before NCI	\$1,217,000,000	35.52%	14.62%	38.79%	38.90%	6 Chart
Noncontrolling Interest	(\$7,000,000)	-	-0.08%	0.24%	0.25%	0 Chart
Stockholders Equity	\$1,210,000,000	34.74%	14.54%	38.50%	38.90%	6 Chart
Operating Cash Flow	\$1,019,000,000	-9.02%	12.24%	11.33%	11.18%	62 Chart
Investing Cash Flow	(\$2,154,000,000)	566.87%	-25.88%	-6.09%	-5.25%	6 Chart
Financing Cash Flow	\$1,237,000,000	-234.46%	14.86%	-5.01%	-6.80%	88 Chart

Figure 3

Other financial ratios show a relatively high P/E ratio, suggestive of favorable prospects seen by stock markets. We also observe a relatively high Debt Ratio, compared to the peer group. See Fig. 4.

### Step 3: A deeper analysis of inventory

As additional analysis, examine CPB's inventory. As shown in the following chart, inventory as a percentage of assets is slightly low compared to the peer group. See Fig. 5.

To better understand the aggregated value of inventory, examine CPB's different types of inventory. For more information, go to CPB's inventory footnote (Fig. 6). Notice the increase in the inventory of both raw materials and finished products.

When using Calcbench for this benchmarking exercise, you can also double-click on the inventory amounts and chart the values for those accounts previously reported by the company (Fig. 7). As the chart reveals, the inventory levels for raw materials were relatively stable until a significant increase in 2013. (It might be interesting to see more details about inventory for the whole peer group.)

By adding a few new columns to the benchmark view—Inventory, Inventory Raw Materials, and Inventory Finished Goods—you can quickly chart the percentage of each peer company's inventory being held in raw materials (Fig 8).

### Why XBRL data quality matters

The example presented here is simple, but other steps—such as easily and quickly reviewing the components of inventory—are more innovative and are made possible

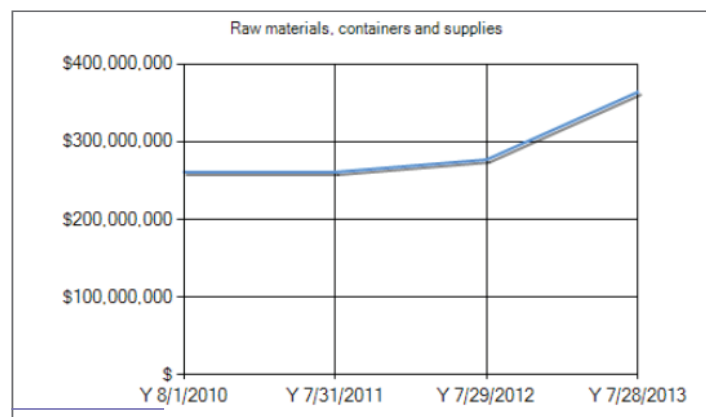


Figure 7



Ratios					
Asset Turnover	0.97	-11.95%	1.14	0.96	50 Chart
Gross Profit Margin	38.18%	-7.86%	49.79%	43.69%	19 Chart
Net Profit Margin	5.69%	-47.27%	11.63%	10.24%	0 Chart
Operating Cash Flow Per Share	\$3.25	-8.15%	\$3.43	\$3.38	94 Chart
Price Earnings Ratio - End Of Period (PE Ratio)	32.23	139.16%	19.84	20.55	43 Chart
Return On Assets (ROA)	6.66%	-49.01%	12.84%	10.46%	12 Chart
Return On Invested Capital (ROIC)	14.43%	-39.31%	22.44%	16.70%	38 Chart
Return On Equity (ROE)	37.85%	-56.08%	44.91%	28.33%	62 Chart
Accounts Receivable Turnover	12.68	-2.27%	10.82	10.01	89 Chart
Cash Ratio	0.10	-37.31%	0.31	0.16	31 Chart
Cash To Cash Cycle	57.33	43.01%	200.01	54.61	50 Chart
Current Ratio	0.68	-20.90%	1.87	1.48	0 Chart
Days Inventory Held	65.69	10.02%	248.28	63.98	50 Chart
Days Payables Out	37.14	-22.22%	91.63	41.60	27 Chart
Days Sales Outstanding	28.78	2.32%	37.64	36.50	25 Chart
Inventory Turn	5.56	-9.11%	7.32	5.71	44 Chart
Operating Cash Flow Ratio	0.31	-42.62%	0.64	0.68	6 Chart
Payables Turnover	9.83	28.56%	9.83	8.77	67 Chart
Quick Ratio	0.29	-31.25%	0.90	0.85	0 Chart
Working Capital Turnover	(7.59)	-68.37%	10.79	7.21	6 Chart
Debt Ratio	0.54	25.22%	0.32	0.33	94 Chart
Debt To EBITDA	2.99	52.09%	1.91	2.00	88 Chart
Debt To Equity	3.68	19.45%	1.32	0.99	88 Chart
Times Interest Earned	8.00	-21.04%	17.95	10.99	29 Chart

Figure 4

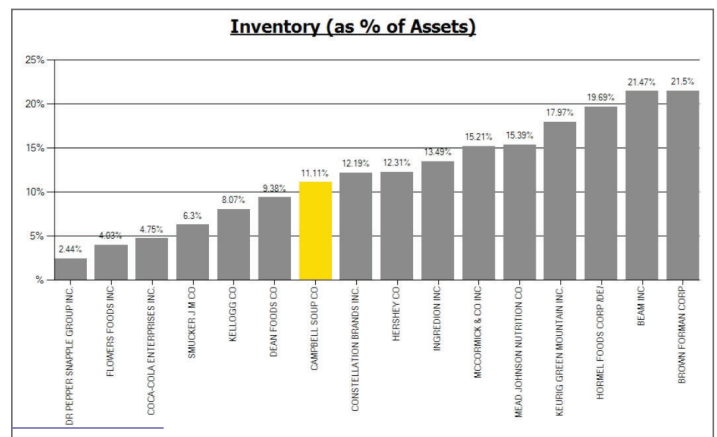


Figure 5

DOUBLE CLICK any number for more detail! (See previous year's disclosure)

**CAMPBELL SOUP CO.**  
**Supplemental Financial Statement Data**  
 Period Ending: 7/28/2013 (from 10-K reported on: 9/26/2013)

Additional Financial Information Disclosure [Text Block]  
**Supplemental Financial Statement Data**  
**Balance Sheets**

	2013	2012
Accounts receivable		
Customer accounts receivable	\$ 587	\$ 523
Allowances	(11)	(10)
Subtotal	576	513
Other	59	40
	\$ 635	\$ 553
Inventories		
Raw materials, containers and supplies	364	277
Finished products	561	437
	\$ 925	\$ 714

Figure 6

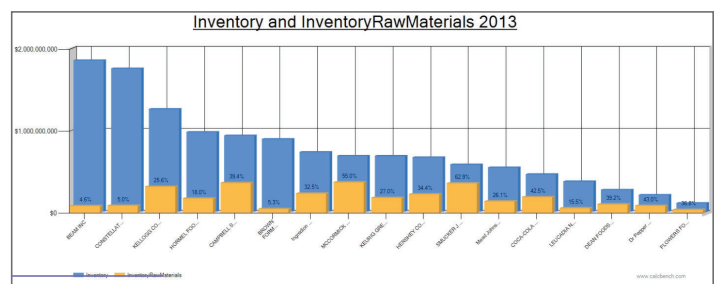


Figure 8

by harnessing the power of XBRL data with the technology developed by Calcbench. It is interesting to note that the way companies tag the data in XBRL may affect the ease of use.

For example, rather than tagging the inventory information in the footnotes as an inventory footnote, CPB chose to tag it as *Presentation of Financial Statements*. This is not a mistake; it is a choice given to the company to present the information in different ways. A data provider needs to be aware that the filer may place footnote information (e.g., inventory) in various places; hence, it will require additional effort to collect the same information for different companies. Calcbench and the other data providers go through the process of mapping and collecting information that was tagged differently, so the data can be easily consumed by users of financial information.

In addition to variations in location, some of the analysis using XBRL data relies heavily on the quality of the XBRL data and on the quality of the data provider. The data provider should examine the quality of the data received from the SEC, then detect and correct any errors that may have been made by the filers. (More information about the frequency of errors detected and corrected by Calcbench is available in a [recent study](#).)

At Calcbench, we spend a significant amount of time checking and double-checking data quality, to ensure we are not passing quality issues on to our users. We catch and correct numerous errors and inconsistencies in the XBRL source files we process. However, we would prefer to spend our time building new, advanced analysis tools rather than chasing down filing errors. For others using XBRL directly, many of the errors we encounter could be too much to overcome. We believe it will take everyone's hard work to improve the level of XBRL data quality going forward, and we are trying to help that effort by sharing information with filers on our complimentary Filer Portal. If you are a corporate reporting professional, please go to [www.calcbench.com/filerportal](http://www.calcbench.com/filerportal) for more information.