

NICHE-SEARCH

WORKSHEET 6 OF 9

Peer-Benchmark Deep-Dive for Board Meeting

Run once per year when preparing the annual board presentation, or at any point when investors or directors ask how the business compares to peers.



Complementary worksheet for
Financial Ratio Analysis
by Ibrahim Anwar

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What This Is For

A structured peer positioning analysis that produces a defensible, data-backed answer to the board question every operator will eventually face: how does this business compare to its competitors and to sector norms, and on which dimensions? Most operators answer this question from memory or from a selective reading of one or two ratios. The answer is often accurate about what looks good and silent about what looks weak. This worksheet builds the full picture — nine ratios, four reference points — so that the comparison is honest and the board or investor receives both the strengths and the gaps in the same session.

The worksheet is not for routine monthly use. It is the annual positioning exercise that precedes any board meeting, capital raise, or strategic review where external benchmarks will be cited. Running it forces the operator to find and use the IDX data, look up peer company filings, and confront the ratios where the business is a negative outlier — before someone else does.

Benefits

What you get when you actually run this worksheet on a real situation:

- Positions the business on nine ratios relative to three peers and the sector median simultaneously — the format that investors and credit committees use.
- Identifies the two or three ratios where the business is a genuine strength relative to sector, which are the ratios to lead with in any external conversation.
- Quantifies the gap to close to reach second rank on each weak ratio, expressed in operational terms with dollar figures.
- Creates the documented peer selection methodology that withstands investor or auditor scrutiny — peer selection cannot look cherry-picked.
- Forces the board to decide between two prioritization strategies — largest gap first versus easiest win first — with the analysis supporting both options.

Framework To Use

— Rank-and-Gap Method

Every ratio ranked 1 to 4 among your business and three peers. Rank shows position; gap quantifies what closing to second rank requires.

Illustrative Peer Positioning — DSO (days), your business vs. three peers



How To Use

Follow these steps in order. Each one builds on the previous.

- 1** Select three peers. Document the selection criteria in writing before looking at any numbers — same business model, similar customer segment, comparable operational scale. The methodology must be reproducible if challenged. If using IDX-listed companies, name the ticker and the date of the filing used.
- 2** Pull your own ratios from your most recent annual financial statements. Calculate all nine: current ratio, quick ratio, DSO, DIO, DER, ICR, GPM, NPM, ROE.
- 3** Pull the same ratios for each peer from their most recent publicly available filings — IDX financial data, prospectus, or annual report. Use the same reporting period for all three peers when possible.
- 4** Pull the IDX sector median for each ratio from the IDX Summary Financial Ratio for your sector.
- 5** Fill the table. For each ratio, rank the four businesses 1 to 4 (1 = best, 4 = worst). For ratios where lower is better (DSO, DIO, DER), rank 1 = lowest value.
- 6** Calculate the gap to close to reach second rank for every ratio where your business ranks third or fourth. Express the gap in operational terms with dollar figures — not 'improve DSO by 14 days' but 'reduce average receivable collection by 14 days, which requires collecting \$96,000 faster per month at current annual revenue of \$5 million.'
- 7** For the board slide: identify the two strongest ratios and the two weakest. Write both cases — largest gap first and easiest win first — and present both to the board for a prioritization decision.

Example Use

A consumer goods distributor with \$5 million annual revenue prepares the annual board deck. The board has asked for a formal peer comparison after a director noted that a listed competitor announced improved margins.

Peers selected: three listed consumer goods distributors with revenue between \$30M and \$120M, documented in the selection note as 'same sub-sector, largest available with quarterly filings.' The operator notes that size difference limits absolute ratio comparability but accepts it for directional benchmarking.

Table filled from last year's annual statements and the IDX Summary Ratio Q4 publication.

Your business: Current Ratio 1.38x, DSO 65 days, DIO 57 days, DER 1.31x, ICR 2.14x, GPM 22.1%, NPM 5.8%, ROE 14.2%.

Peer A: Current Ratio 1.62x, DSO 51 days, DIO 44 days, DER 1.78x, ICR 1.89x, GPM 19.4%, NPM 4.1%, ROE 11.7%.

Peer B: Current Ratio 1.87x, DSO 48 days, DIO 39 days, DER 1.45x, ICR 2.31x, GPM 21.0%, NPM 5.2%, ROE 16.0%.

Peer C: Current Ratio 1.29x, DSO 72 days, DIO 61 days, DER 2.12x, ICR 1.66x, GPM 18.3%, NPM 3.7%, ROE 9.8%.

Sector median: Current Ratio 1.55x, DSO 52 days, DIO 47 days, DER 1.72x, ICR 1.95x, GPM 19.8%, NPM 4.3%, ROE 12.4%.

Ranks for your business: GPM — rank 1 (22.1% vs sector 19.8%). ICR — rank 1 (2.14x vs sector 1.95x). NPM — rank 2. DER — rank 2. ROE — rank 2. Current Ratio — rank 3. DSO — rank 3. DIO — rank 3. Only Peer C ranks below on DSO and DIO.

Strongest: GPM and ICR. Lead with these in the board presentation — above sector, rank 1 position. Weakest: DSO and DIO. Gap to second rank (Peer A) on DSO: $65 - 51 = 14$ days, which at \$5M revenue = $(\$5M \times 14/365) = \$192,000$ faster per month needed in collections. Gap to second rank on DIO: $57 - 44 = 13$ days, which at COGS \$3.9M = $(\$3.9M \times 13/365) = \$139,000$ inventory reduction needed.

Largest gap first: DSO and DIO together represent \$331,000 in working capital that could be freed if both gaps were closed. Easiest win first: DER is already rank 2 and has headroom to the DER limits — the conservative leverage position is a board-presentable strength.

Board decision: whether to prioritize the working capital improvements (DSO and DIO) or to leverage the strong GPM and ICR position to pursue a credit facility that funds a strategic move. Both options are supported by the analysis.

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. Row labels: Current Ratio · Quick Ratio · DSO (days) · DIO (days) · DER · ICR · GPM (%) · NPM (%) · ROE (%). Peers: use listed companies in the same sector from IDX filings, or direct competitors if financial data is publicly available. Document the selection criteria before looking at numbers. Sector median: IDX Summary Financial Ratio current publication. Rank: 1 = best position among the four. For ratios where lower is better (DSO, DIO, DER), rank 1 = lowest value.

2. For any ratio where your rank is 3rd or 4th: calculate the gap to reach 2nd rank. Express in operational terms: 'reduce DSO by N days, which requires collecting \$X faster per month at current annual revenue.' Use $(\text{Days Gap} / 365) \times \text{Annual Revenue}$ for DSO and $(\text{Days Gap} / 365) \times \text{Annual COGS}$ for DIO and DPO. Write that dollar figure explicitly — it is the concrete basis for any investment decision or prioritization argument.

3. Board presentation structure: which two ratios show your strongest position? Write the one-sentence board-ready statement for each. Which two show the largest gap? Write the case for prioritizing the largest gap first (maximum working capital freed) versus the easiest win first (lowest implementation disruption). The board decides which; the analysis must support both options without editorializing.

Tips and Traps

TIPS

- Document the peer selection criteria before filling the table. 'We selected three listed distributors in the same product category with revenue under \$150M' is a documented methodology; 'we selected companies whose ratios we found online' is not.
- Use the sector median as a floor reference, not a target. A business benchmarking against only the sector median sets an average target. Using the best-positioned peer as the ceiling gives a clearer improvement picture.
- When presenting to a board with investor-sophistication, note explicitly which ratios are scale-affected — a listed company with \$100M revenue has revolving credit access that mechanically improves DER and current ratio compared to a \$5M business. Acknowledge the comparison limit.
- Run this worksheet for the same peers every year. Changing the peer group year-over-year makes trend analysis meaningless. Fix the peer set for at least three years.

TRAPS

- Selecting peers that make your business look strong and excluding the ones where you are weaker. Investors and credit officers look up the same IDX data independently — cherry-picked peers are visible.
- Treating the 'Your Rank' column as the final word without looking at the gap. Rank 2 in DSO with a 2-day gap is materially different from rank 2 in DSO with a 22-day gap. The gap quantification is what matters for decision-making.
- Using year-end annual figures for your business against quarterly figures for listed peers. The comparison must be on the same reporting period — use annual figures for all parties, or quarterly for all.
- Omitting ROE from the board comparison because DuPont decomposition would require additional explanation. ROE is what investors lead with; presenting all ratios except ROE reads as avoiding the question.

Appendixes

Appendix A – Peer Selection Criteria Template

Complete this block before looking at any peer company numbers:

Peer selection date : _____
 Sector code (IDX) : _____
 Selection criteria:
 Business model : _____ (e.g. "B2B distribution, not retail")
 Revenue range : \$ _____ to \$ _____
 Geographic focus : _____
 Customer segment : _____
 Excluded: _____ Reason: _____

Peers selected:

Peer 1 ticker / name : _____ Filing date: _____
 Peer 2 ticker / name : _____ Filing date: _____
 Peer 3 ticker / name : _____ Filing date: _____

IDX Summary Ratio edition : Q__ / ____

Appendix B – Gap-to-Second-Rank Calculation Reference

For DSO gap (in days):

Additional receivables collected = (Days gap / 365) × Annual Revenue
 Example: 14-day DSO gap, \$5M revenue = \$192,000 / year faster in collections

For DIO gap (in days):

Inventory reduction required = (Days gap / 365) × Annual COGS
 Example: 13-day DIO gap, \$3.9M COGS = \$139,000 inventory reduction

For DPO gap (in days – extending DPO to sector):

Additional payables financing = (Days gap / 365) × Annual COGS
 Example: 10-day DPO extension, \$3.9M COGS = \$107,000 additional cash freed

For GPM gap (in percentage points):

Annual gross profit gap = (PP gap / 100) × Annual Revenue
 Example: 2.3 pp below best peer, \$5M revenue = \$115,000 annual gross profit gap



WHERE THIS WORKSHEET COMES FROM

Financial Ratio Analysis

Read Your Own Financial Statements Before the Bank Reads Them for You

by Ibrahim Anwar

This worksheet is one of nine in the *Financial Ratio Analysis* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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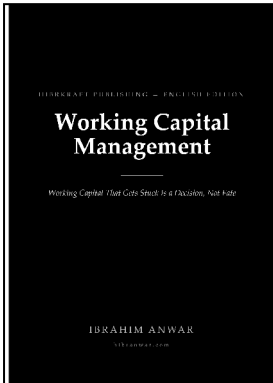
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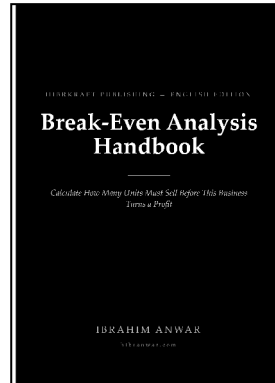
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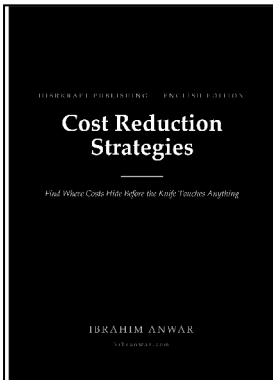
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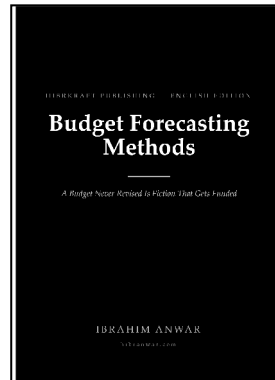
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