

# Meeting the Benchmark

## Directions:

Use the information provided below to analyze the financial ratios for these three companies: Electric Inc., Computer Company and PC Plus. Compare each company's performance to the industry benchmarks listed for each ratio. After comparing each company's ratio to the industry benchmark, please explain your analysis of the ratio and the company's performance, including suggestions for improvement

Ratio or Other Measurements	<i><b>Electric Inc.</b></i>	<i><b>Computer Company</b></i>	<i><b>PC Plus</b></i>	<b>Industry Benchmark</b>
Current Ratio	1.1481	0.981	1.241	<b>1.99</b>
Quick Ratio	0.831	0.701	0.991	<b>1.98</b>
Debt Ratio	59%	83%	70%	<b>64%</b>
Inventory Turnover	5.98 times	6.97 times	6.41 times	<b>7.5 times</b>
Accounts Receivable Turnover	4.935 times	5.70 times	6.30 times	<b>6.5 times</b>
Return on Assets	3.3%	2%	4%	<b>5.57%</b>

- Which company is operating closest to the industry benchmark for each ratio?
  - Current Ratio:
  - Quick Ratio:
  - Debt Ratio:
  - Inventory Turnover Ratio:
  - Accounts Receivable Turnover:
  - Return on Assets:
- Which two companies need to move inventory at a faster rate to catch up with the industry benchmark for inventory turnover?

# Meeting the Benchmark

3. List each company's successes and points for improvements.

- Electric Inc.
- Computer Company
- PC Plus

4. How can Electric Inc. improve on its accounts receivable turnover ratio?