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By Kathy Williams

IMA Accelerates XBRL Activity

In August 2009, the Institute of Management Accountants (IMA®) formed an XBRL Advisory Committee to focus on the untapped needs of the business community regarding eXtensible Business Reporting Language (XBRL). The Committee is leading IMA's efforts to enable accountants and financial professionals in business to use this still emerging technology to become more proficient in internal business reporting and analysis, business intelligence, data mining, consolidations, transaction processing, and other business processes to make better informed decisions in real time. Kim Wallin, CMA, CFM, CPA, former IMA Chair and current state controller of Nevada, is chair of the Committee. In this interview, Wallin explains XBRL, outlines the purpose of the Committee and its importance to IMA members, and describes some of its current activities.

SF: Most people know that XBRL is a tagging device and is used for external financial reporting, but what is it in business application terms?

KW: In business application terms, XBRL is standard business reporting. XBRL actually creates a common standard, so when you're comparing one company to another company, say for investing or research purposes, you're comparing apples to apples—the information is standardized. XBRL also can be used for business intelligence. It gives you access to your financial and non-financial data to do your business intelligence decision making. It allows businesses to do continuous auditing. And it forces people to step back and look at their processes and come up with a better way of doing things.

SF: Why should management accountants—the accountants and financial professionals in business—care about XBRL?

KW: There are a couple of reasons. Publicly traded companies now have to report to the SEC [Securities & Exchange Commission] in XBRL. That's the external reporting focus. But I think the true power and value of XBRL are internally focused.

For example, XBRL standardizes data from disparate computer systems and allows you to access that data without having a specific technology solution. If you have a piece of data in your system that represents net sales of $5 million for the six months ended June 30, 2009, when you take away net sales, take away the period, and take away dollars, you just have 5000000.

Say your Oracle system is looking at an SAP system. That 5000000 means nothing. But if you have XBRL, the tag says that it's net sales for the period ended June 30, and it's in dollars. That tag stays with that piece of data, so that piece of data means the same thing no matter what operating system it's in.

SF: The people who actually do the financial reporting to the SEC will be using the XBRL tags. Would anyone else in an accounting department do tagging, or would someone outside the department do the tagging and accounting would just use it?

KW: Tagging software helps non-IT people, such as management accountants, actually do the tagging—and they can change the taxonomies—as long as they have the security clearance. They can also run reports and see comparisons. Many times they have had to ask their IT department to pull a certain report or information for them, but XBRL allows people to do that themselves or to render the data in a certain way.

Something we need to emphasize, however, is that XBRL isn't software—it's

Kim Wallin, CMA, CFM, CPA

a freely available information standard that enables representation of complex information and data relationships in electronic documents. When data is in XBRL format—and this is what we were talking about regarding the tags—it has its definition, its reference, its calculation or formula. It's also very scalable, so when you have changes in rules or requirements, it's easy to make the modifications. You don't have to do a massive reprogramming or remapping when you change the rules. XBRL also enables both validation and analytical rules to be applied to the information.

SF: Is XBRL helpful for small and medium-sized companies as well as large companies?

KW: In time I think smaller companies will use it. I think medium-sized companies can use it now. I say that because so many times when you get reports from your computer system, they aren't quite extensive enough to do your analytics. So what do you do? You use Excel. You extract the data from your data warehouse, and you cut and paste into it into a spreadsheet, or you re-key it.

In Nevada, we're actually using XBRL to get rid of what we call "spreadsheet

hell." Historically, the data the agencies in our debt collection department send us via spreadsheets is often incomplete or incorrect, and my staff has had to cut and paste information from these spreadsheets when generating reports. Now when agencies in our debt collection department send us their information, it looks like it's on a regular spreadsheet, but the data is really tagged with XBRL.

This data will go into our debt repository, which has the debt collection taxonomy, so my staff will no longer have to cut and paste from the agencies' spreadsheets. Now they can just pull whatever reports they need to send to the outside collection agency, to generate letters to debtors, or to do the reporting back to the agencies. And XBRL will prevent agencies from submitting incorrect data because there's a final validation feature that tells them if they've missed anything. For example, if someone enters incorrect data, they'll get a pop-up that says, "You answered 'no' on this question, but it has to be 'yes,' so you can't submit this debt yet." Or if they leave things out, the second validation feature kicks in and tells them they're missing the contact person's name or Social Security number or other information. We're in the process of registering our taxonomy for debt collection with XBRL International so other people can use it, too. I think that management accountants will have similar opportunities to develop taxonomies for different business analytics.

SF: Now let's talk about the XBRL Advisory Committee. When and why did you form the Committee?

KW: In November-December 2008, several of us were talking about XBRL and whether it would fit within IMA and

meet our strategic imperatives, so we formed an ad hoc committee to investigate that. Our first charge was to educate people about XBRL. Then we looked at how management accountants might use it. We asked a panel of members if they felt that IMA should engage in XBRL and, if so, could it help us attract, engage, and retain members? Also, what role should IMA as an organization play regarding XBRL—should we contribute to the intellectual property or sharing of taxonomies in relation to management accountants?

A goal for management accountants is to increase our data accuracy, lower the cost of rework, lower the cost of producing reports, provide greater analytical capability using a balanced scorecard, sustainability reporting, business intelligence, data mining, etc. We also design, implement, and manage internal systems that support decision making. Could XBRL help with all this?

We also asked for an example of a business problem for which XBRL has been deployed as a solution that could benefit management accountants. After the panel answered these questions, we decided that it would be in the best interests of IMA to form an XBRL Advisory Committee. We presented the idea to the IMA Board at its February 2009 meeting, and we formed the Committee in August 2009. Its focus is to look at XBRL's current or potential use in enabling management accountants to be more effective and efficient in internal business reporting and analysis. We felt that IMA's involvement would create value for members because it would give them a better decision-making tool—XBRL—and we felt that we could elevate IMA's brand globally by

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being the voice of the internal supply chain. We also felt that it would be of benefit to our international members, particularly in China, as there are so many global XBRL initiatives in process.

The XBRL Advisory Committee has two working groups. The Taxonomy Working Group manages IMA's role in developing XBRL taxonomies and monitoring technical developments related to the global XBRL standard. It also will provide technical guidance for IMA members. The Outreach Working Group manages internal advocacy and outreach about XBRL, provides communications to IMA members and other stakeholders, and works on building strategic partnerships with other key stakeholder groups around the world.

One of the first things the Committee did was survey 40,000 regular, associate, and international IMA members to find out what they know about XBRL. Of our 1,200 responses, more than half of those members had never heard of XBRL. Only 10% were very aware of it, 39% were somewhat aware, and 51% weren't aware. Also, 72% responded that they've never received any kind of training regarding XBRL. And those who did know something about XBRL considered IMA their preferred or primary source of information. Many of them said they get their information from articles in *Strategic Finance*.

Members asked for basic education about XBRL, they wanted to know how XBRL can benefit their company internally, and they wanted to know the cost of implementation. They also asked for lessons learned from other companies. So we developed the public site on *LinkUp IMA*.

SF: Tell us about the public site.

KW: The public site is at www.link upima.com, and it offers resources and tools about XBRL. At the top of the *LinkUp* home page, you'll see a tab for Resource Groups. Click on it, and go to Subject Matter Groups. The XBRL public site is in that section. It contains articles, software tools, and discussions, and we're going to continue to expand it. It's an open forum, and we want IMA members to submit information to us via the site.

SF: How would someone submit information?

KW: They can go into what we call the collaboration area. When you enter the public site, look under Group Content on the right-hand side of the page. If you click on Collaboration, the link takes you to Contact Us, and a message says this is the online collaborative workspace for member/staff questions about XBRL and the place to share information, experience, and discuss. It contains the contact information for all the current Committee members and some discussion threads. I think it's a very helpful site—a good place to communicate—and I encourage all IMA members to use it.

SF: How do you envision the Committee interacting with XBRL US or XBRL International?

KW: IMA is now a member of XBRL International. We had been a member of XBRL US, but it made more sense to become a member of XBRL International since IMA is an international organization. We'll have a seat at the table as XBRL evolves more into internal reporting and developing those taxonomies and standards. Our members will have an opportunity to comment on them before they go into general use instead of afterwards. They get to be part of the solution. **SF**