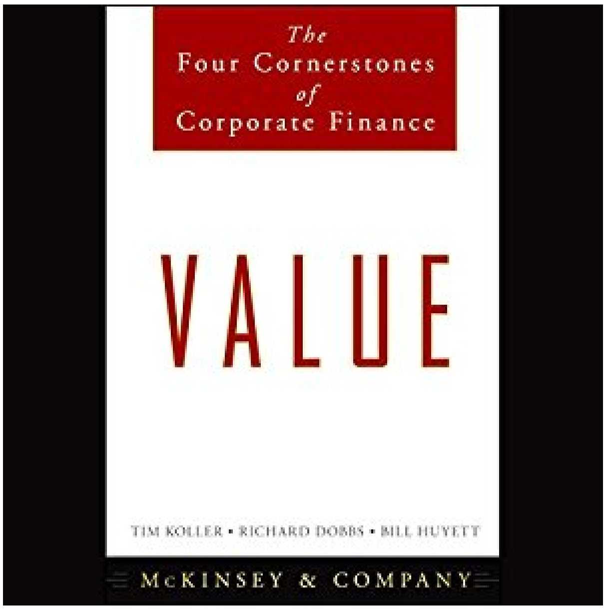
The book was found

Value: The Four Cornerstones Of Corporate Finance



Synopsis

An accessible guide to the essential issues of corporate finance. While you can find numerous books focused on the topic of corporate finance, few offer the type of information managers need to help them make important decisions day in and day out. Value explores the core of corporate finance without getting bogged down in numbers and is intended to give managers an accessible guide to both the foundations and applications of corporate finance. Filled with in-depth insights from experts at McKinsey & Company, this reliable resource takes a much more qualitative approach to what the authors consider a lost art. This book: Discusses the four foundational principles of corporate finance Effectively applies the theory of value creation to our economy Examines ways to maintain and grow value through mergers, acquisitions, and portfolio management Addresses how to ensure your company has the right governance, performance measurement, and internal discussions to encourage value-creating decisions A perfect companion to the Fifth Edition of Valuation, this book will put the various issues associated with corporate finance in perspective.

Book Information

Audible Audio Edition

Listening Length: 8 hoursÂ andÂ 11 minutes

Program Type: Audiobook

Version: Unabridged

Publisher: Audible Studios

Audible.com Release Date: August 6, 2012

Language: English

ASIN: B008TT4MGM

Best Sellers Rank: #17 inÂ Books > Business & Money > Finance > Corporate Finance > Valuation #1539 inÂ Books > Audible Audiobooks > Business & Investing

Customer Reviews

Value is one of the best books I’ve read that cuts to the core of how businesses should operate. It focuses the reader on the four ways that value is created and guides us through both business and market implications for companies who create value versus those that focus on the wrong things. Messrs. Koller, Dobbs and Huyett cover a number of topics that any business leader or investor would find useful.The first part of the book identifies the four pillars of value and helps to answer the following questions:1) When is growth or return on invested capital more important? How does each increase value?2) How do you identify activities that add value versus ones either diminish value or shift risk around?3) How do you spot a company on the wrong end of the "expectations treadmill" and what are the implications?4) How can you take advantage of the "Best Owner" principle? What are the implications for M&A?In the second part of the book, the authors break down the stock market in aggregate. They help the reader understand how the market works, compare the link between interest rates and inflation with P/E performance over the last 100 years, model the stock market and explain where and why stock market bubbles occur. Next, they discuss the problems with earnings management and show what a poor job "consensus earnings" do at actually forecasting the future. Their message to managers is just don’t do it.In part three, the authors dive into value creation and discuss what drives return on capital. They break down return on invested capital by industry segment from 1965-2007 and provide the reader with insights into why some industries perform better than others.

There is no universal agreement on how to create value for corporate owners and investors. According to three leading management experts from McKinsey & Company, value creation should exclude the adoption of financial engineering, leverage, and changing accounting techniques which create short-term and illusory impact on corporate financial performance (chapter 15) and do not add "real" value to corporate owners and investors in the long perspective.This book introduces four key principles or cornerstones of lasting value creation, including the core of value, the conservation of value, the expectation treadmill, and the best owner. The first principle places great emphasis on twin drivers of value creation, namely ROIC and revenue growth. This book dispels the widely-held assertion that revenue growth can automatically increase ROIC. When all else being equal, companies trading at higher multiples are as a result higher returns on invested capital instead of putting a blind faith on pure revenue growth opportunities which can reduce ROIC (P.25).The second principle is corollary to the first principle in which "business does not increase cash flows does not create value" (P.29). It is heterogeneous to the adoption of capital restructuring exercise (debt/equity or share repurchase) or changing accounting practices to shift ownership claims to cash flows because they do not change the total available cash flows. By illustrating the adoption of collateralized debt obligations (CDO) as an example, total cash flows received by CDO holders are less than as if they directly own the loans.The third principle postulates that value is reflected in how investors (intrinsic, trading, mechanical, and closet indexes) (P.213) expect and assess future share performance.

In summary, a lot of good insights in a small read. Really worth the time.The Four Cornerstones of Corporate Finance - VALUE by McKinsey & Company was written by three McKinsey consultants, Tom Koller, Richard Dobbs and Bill Huyett and focuses on four factors that drive the value of a company: * The Core of Value: growth, return on capital and the resulting cash flows. * The Conservation of Value: the desire for high cash flows over accounting gimmicks that simply rearrange existing cash flows. * The Expectations Treadmill: how market expectations, as reflected in the stock price, can become the tail wagging a dog’s performance. * The Best Owner: how the value of a business is tied to who is managing it, and how management requirements change as the business ages.Traditional capitalist theory holds that above-costs-of-capital returns should be competed away, but the McKinsey team uses their experience and access to the extensive data at the McKinsey Global Institute to show that theory and the real world can be made to part ways.While their explanations of how to optimize value are well detailed, the reader need not be a CPA to come away with key insights.For my part I believe this text is an ideal tool for aligning the strategic thinking of Outside Board members, Executive Management and employees, who actually manufacture the â œvalueâ • on the same page in terms of how to think about and measure value. I recommend this book to any new clients where I find a lack of symmetry between where the leadership is trying to direct the firm and where the employees are actually taking it. Of all the management books at , this is the one Shareholders should want on the desks of employees creating value for them.

Corporate Finance: Corporate Finance Guide To Understanding Corporate Finance With Strategies For Business Owners For Utilizing Corporate Finance Including ... Finance Business, Theory And Practice) Value: The Four Cornerstones of Corporate Finance Case Studies in Finance: Managing for Corporate Value Creation (McGraw-Hill/Irwin Series in Finance, Insurance and Real Estate (Hardcover)) Principles of Corporate Finance (The Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) (McGraw-Hill/Irwin Series in Finance, Insurance and Real Estate (Hardcover)) Corporate Value Creation: An Operations Framework for Nonfinancial Managers (Wiley Corporate F&A) Value Drivers: The Manager’s Guide for Driving Corporate Value Creation Corporate Valuation: Measuring the Value of Companies in Turbulent Times (Wiley Finance) Essentials of Corporate Finance (Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) A Pragmatist’s Guide to Leveraged Finance: Credit Analysis for Bonds and Bank Debt (paperback) (Applied Corporate Finance) A Pragmatist’s Guide to Leveraged Finance: Credit Analysis for Bonds and Bank Debt (Applied Corporate Finance) Essentials of Corporate Finance (The Mcgraw-Hill/Irwin

Series in Finance, Insurance, and Real Estate) Damodaran on Valuation: Security Analysis for Investment and Corporate Finance (Wiley Finance) Fundamentals of Corporate Finance, 11th Edition (The Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) Fundamentals of Corporate Finance Standard Edition (Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) Corporate Finance (The Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) Principles of Corporate Finance (Mcgraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) Corporate Finance (3rd Edition) (Pearson Series in Finance) Corporate Finance (4th Edition) (Pearson Series in Finance) Corporate Finance, The Core (3rd Edition) (Pearson Series in Finance) Corporate Finance: A Focused Approach (with Thomson ONE - Business School Edition 6-Month Printed Access Card) (Finance Titles in the Brigham Family)