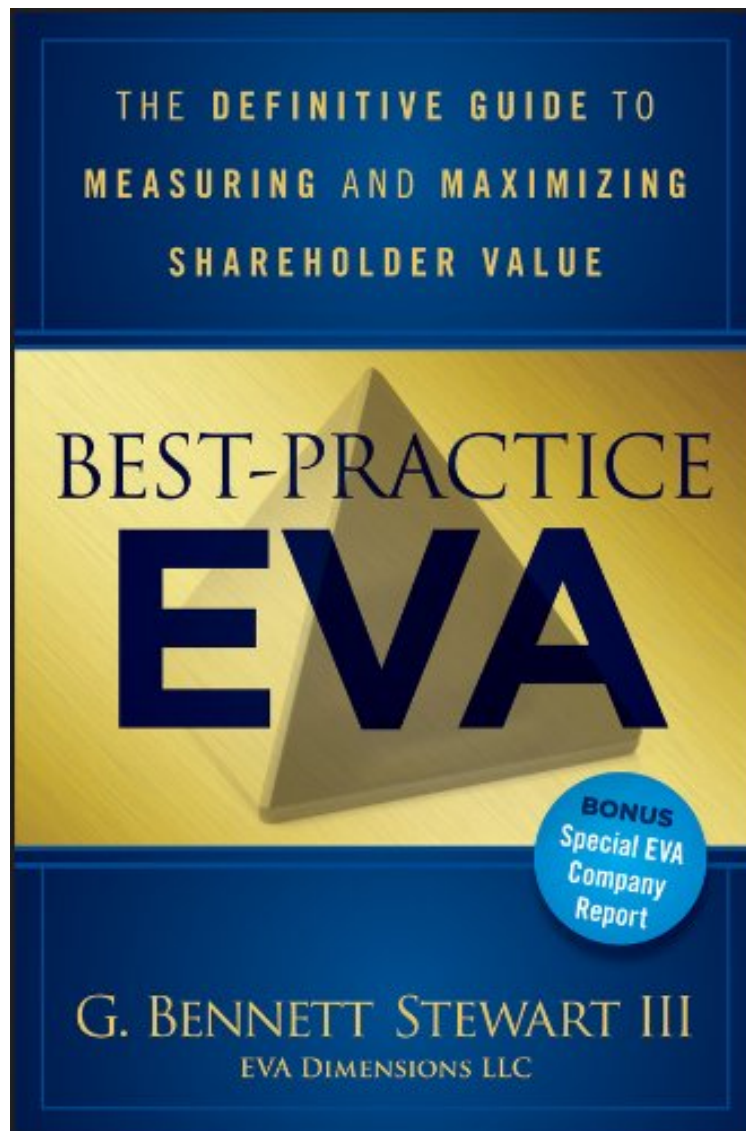


(Download ebook) Best-Practice EVA: The Definitive Guide to Measuring and Maximizing Shareholder Value (Wiley Finance)

Best-Practice EVA: The Definitive Guide to Measuring and Maximizing Shareholder Value (Wiley Finance)

Bennett Stewart

**Download PDF / ePub / DOC / audiobook / ebooks*



[Download](#)

[Read Online](#)

#283471 in eBooks 2013-02-19 2013-02-19 File Name: B00BJOJ4PI | File size: 48.Mb

Bennett Stewart : Best-Practice EVA: The Definitive Guide to Measuring and Maximizing Shareholder Value (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Best-Practice EVA: The Definitive Guide to Measuring and Maximizing Shareholder Value (Wiley Finance):

1 of 1 people found the following review helpful. Bennett's best book yetBy Bill HubbellI am sitting at my desk leafing through my original copy of Bennett's first book: The Quest for Value (1991). Many pages have my hand

written notes. I needed them. I used the book as a guide to implementing EVA in several organizations. My only complaint with the first book; 739 pages with no index. Bennett's latest book shows the tremendous advances he has made with EVA concepts, their application and authoring books. 'Best Practice EVA' starts with the shortcomings of his first generation EVA model. This is a courageous beginning to those of us who have followed Bennett's inspirations on EVA since 1991. He then covers the familiar ground of the basic EVA model, including the economic profit version of EVA. His highest achievement, in my view, is the discovery and development of EVA Momentum. Finally we have a financial ratio that can be 'maximized' if you will; more is truly better with EVA Momentum. All of the improved EVA framework has been nicely packaged in a book of readable length (and with an index this time). Bennett has even maintained his wit and humor about this topic since 1991. I highly recommend reading 'Best Practice EVA' if you truly want to understand how to improve the shareholder value of your organization.

0 of 0 people found the following review helpful. and useful tome on investing

By Dr. Robin P. Hood

After 30 years as a successful private investor, I have accumulated a rather large library of respected investing, accounting, and finance books. Included in my library are two different editions of Warren Buffett's favorites: Graham and Dodd's 'Security Analysis' and Graham's 'Intelligent Investor'. I also have a copy of G. Bennett Stewart's first book, the 1991, 'Quest for Value', which I found to be revolutionary. Fast forward to 2013, and G. Bennett Stewart's newest book, 'Best Practice EVA', and you will find a testament to what 22 years of continued focus, innovation, and refinement have done to ameliorate his revolutionary and logical concept of Value Creation. When I am investing in a company, understanding and tracking its EVA or Value Creation is quintessential. Without reservation, Stewart's 'Best Practice EVA' is the most revolutionary, cogent, logical, practical, and useful tome on investing, accounting, and finance I have had the good fortune to read.

Robin P. Hood

3 of 4 people found the following review helpful. The measurements of value

By investingbythebooks

In the second half of the 1980's shareholders were waking up to the enormous waste inflicted by managements who instead of acting as trustees for the owners milked the companies for perks, money and social benefits. This paved the way for the corporate raiders of the day, but also - inspired by the trailblazer Alfred Rappaport - a more intellectual movement took root. In the center of this shareholder value movement was G. Bennett Stewart III and the consultancy Stern Stewart Co with their concept Economic Value Added, or EVA for short. I was an early devotee simply because the concept made sense as it relates to the notion of capital allocation as the method of economic progress and offered a theoretically sound framework for valuing stocks but also provided a link between finance and corporate strategy. Then the shareholder value flames began to flicker and died out. Partly, this was due to the concept being hijacked by greedy managers who perversely used it to shower themselves in option riches and when the TMT-boom went into bust, shareholder value - guilty by association - was thrown out with the bathwater. However, it was also partly due to a lack of usability of many of the concepts such as EVA. The movement hibernated through concepts such as CROCI championed by Deutsche Bank and HOLT offered by Credit Suisse and now Stewart tries to relight the EVA flames with this impressive book. At the center of the effort are a number of new financial EVA-based ratios. At its most basic, EVA is a measure of economic profit where not only operating costs and taxes have been deducted from sales but also the capital cost for using both debt and equity financing. In a world that uses ratios such as sales growth, ROI, profit margins or PE-ratios to compare business units or developments over time, to gauge the relative attractiveness of stocks etc. a monetary profit measure did not inspire much. Stewart now brings forward a number of ratios with the EVA-margin (EVA/Sales) and EVA-momentum (? EVA/Prior Sales) as the most prominent ones. Out of these the author constructs a full Du-Pont-type of schedule to analyze companies. Stewart uses a lot of energy on convincing the reader of the superiority of the new EVA-based measures compared to more traditional accounting measures, financial ratios and valuation multiples. On a theoretical level he succeeds - I'm enthusiastic about testing the concepts for corporate analysis and investment decisions. I also love how the concept of EVA-margin facilitates comparisons of capital light and capital heavy companies. But EVA still suffers from a complexity issue when the IFRS accounting is turned into economically rational EVA-figures. If EVA is to fly, an author must be overly explicit with regards to all the adjustments. Yet, when reading the book I find myself wishing for an excel file with all the calculations to be able to get a better overview of the full result. All the ratios and adjustments get a bit overwhelming as it is now. As Stern Stewart Co has been split into Joel Stern's Stern Value Management and Stewart's EVA Dimensions and the author is actively marketing and selling his full service offer to corporate customers this level of transparency is not available. The last chapter of the book is also something of a sales pitch. Further I think the handling of financials could have warranted some comment. All this deducts a star in my rating of an otherwise important book. Few concepts bring such clarity to so many areas in business and finance as EVA. It doesn't matter if your specialty is capital budgeting, corporate strategy, Mergers Acquisitions, performance evaluation or incentive systems of security analysis; EVA and this book in particular will benefit you greatly. This is a review by investingbythebooks.com

Best-Practice EVA tells the new EVA story from the ground up. Stewart covers EVA essentials - the classic economic profit version of EVA - in the first three chapters of the book. He shows readers how simple and

intuitive EVA really is, how it is defined, and why it is better than all other measures of corporate profit. You discover how it naturally guides managers into making all the right decisions—the ones that will truly maximize value. You see how to use it in profit-sharing bonus plans that create the powerful incentives of an owner. Later, Stewart introduces new ratios that make EVA much more powerful and much easier to use than ever before. The pinnacle of the new ratio framework is EVA Momentum, calculated by taking the change in EVA versus the prior period, and dividing by the revenues in the prior period. It measures the growth rate in EVA, scaled to the sales size of the business. It is the only corporate performance ratio where bigger always is better, because it gets bigger when EVA does, which means it should be every company's most important financial goal, the one ratio metric that everyone aims to maximize as the key measure of corporate success. Stewart then walks through the nuts and bolts of Best-Practice EVA, kicking off with an in-depth look at EVA Margin, or EVA as a percent of sales. It's a key productivity metric, and Stewart's candidate to replace ROI. The last link in the Best-Practice program is PRV—the EVA market score report. Stewart shows how to read and interpret the report, how the score is determined, and why investors are turning to it to screen and rate stocks. He also shows why it is finding a home with CFOs and IR directors who want insights into how the market is pricing their stock. The book concludes with battle-tested tips from the firing line, practical suggestions for how you can test drive and adopt Best-Practice EVA at your company.

From the Inside Flap When it was introduced by Bennett Stewart in the early 1990s, EVA (short for economic value added) made headlines in the business press, with pundits enthusiastically touting it as the be-all and end-all metric of enterprise value creation. Soon, EVA was being embraced by many of the world's most powerful corporations as an indispensable tool for measuring business performance and strategy outcomes. At the same time, many investors and analysts came to rely on EVA in place of traditional metrics, such as EPS and P/E ratio. But over time, several shortcomings in EVA became apparent—shortcomings that rendered EVA unwieldy and somewhat impractical for business managers and equity analysts alike. Enter Best-Practice EVA. Not simply a new iteration of EVA—EVA 2.0, if you will—but a quantum leap forward, Best-Practice EVA brings together powerful new tools and processes for measuring and improving the wealth-creation strategies and decisions of enterprises, while making EVA more intuitive, transparent, and simpler to use than ever before. The official user's manual to understanding and using Best-Practice EVA, this book is far from academic. It is leavened with the author's energetic and engaging style, and brimming with telling anecdotes and case examples from companies as diverse as .com and Tiffany that: Show why EVA is the best tool to help CFOs and line teams measure and improve the value of business plans, investment projects, acquisitions, and decisions of all kinds Introduce EVA Momentum, an alternative to ROI and a powerful diagnostic tool that connects value creation to specific performance levers managers can understand and control Distill the power of EVA into a simple profit-sharing bonus formula that almost every company can use to turn managers into charged-up owner-operators Arm investors with proven EVA metrics that can predict share prices and isolate valuation pressure points, including a precise formula for using EVA to explain total shareholder returns Outline techniques for using EVA ratios to set more credible and actionable corporate performance targets Describe how to use EVA to repair the inherent flaws in conventional accounting profit measures and better reveal the true value of business decisions Unveil a present-value version of the EVA profit margin that replaces IRR and helps managers more accurately rate capital projects and evaluate any business decision in which cost-benefit trade-offs spread out over time and across income statement and balance sheet effects Provide powerful new valuation multiples that offer reality checks on valuations and plan projections The official how-to guide for the powerful new generation of EVA tools and techniques, Best-Practice EVA: The Definitive Guide to Measuring and Maximizing Shareholder Value is an indispensable working resource for business executives and managers, finance professionals, board members, and institutional investors alike. From the Back Cover Praise for Best-Practice EVA "This is the best-ever guide to using EVA—the most valuable and important corporate finance tool of the past thirty years." —Geoff Colvin, Senior Editor at Large, Fortune "We're implementing Best-Practice EVA with EVA Dimensions; I expect that the tools and metrics will become quite common in our vernacular at PepsiCo. The new EVA ratios are a helpful way to dissect EVA and help the organization focus on the opportunities." —Hugh F. Johnston, Executive Vice President and Chief Financial Officer, PepsiCo "Throughout my career, I have been intensely interested in how value is created, and how financial leaders and innovations can play a critical role. Best-Practice EVA is as good a guide as I have seen on the subject. It is chock-full of practical techniques that any chief financial leader can use to help improve corporate performance and create owner wealth." —Jim Lawrence, Chairman, Rothschild North America and Co-Head of Global Investment Banking, Rothschild Group, and former CFO of Unilever and General Mills "Best-Practice EVA provides practical tools for my everyday world of equity analysis—particularly EVA Margin and EVA Momentum, two universally scalable metrics that provide insight into how CEO strategies and shifts in the competitive landscape change shareholder value." —Joe Joseph, Portfolio Manager, Putnam Investments "This book should be the go-to guide for executives seeking to improve how they set objectives, align strategy efforts with value creation, and ensure crystal-clear success measurement. Business unit leaders will like the simple and practical approaches that clearly link EVA with actionable operating levers. The book is filled with examples that

vividly bring the concepts to life. I recommend it highly." mdash;Fareed A. Khan, Chief Financial Officer, United Stationers "Bennett Stewart has liberated EVA for all. His new ratio-based version is a real innovation that takes the perceived complexity out of EVA and enables an organization to connect all its efforts to the creation of value . . . from the sales floor to the boardroom. I like it. We'll use it." mdash;Michael Archbold, CEO, Talbots, and former CFO of Vitamin Shoppe and AutoZone "I believe EVA can be one of the tools that help corporate boards to safeguard and enhance shareholder value. Bennett Stewart exposes the flaws in conventional financial ratiosmdash;pitfalls every director should understand. He cleverly explains the nuts and bolts of EVA and how board members can use it to rate business plans, set targets, judge and benchmark performance and even to value acquisition candidates on their real financial merits. A recommended read!" mdash;T. K. Kerstetter, Chairman, Corporate Board Member "Bennett Stewart has written an insightful and provocative reexamination of the EVA concept that he pioneered two decades ago. This is an important read for those interested in executive incentive structure and the practical applications of finance theory." mdash;Charles M. Elson, Edgar S. Woolard Jr., Chair in Corporate Governance, Director, John L. Weinberg Center for Corporate Governance "Best-Practice EVA provides fresh insights into the power of EVAmdash;the creative and important metric developed by Bennett Stewart. This is must-reading for anyone interested in increasing shareholder value." mdash;Ira Kay, Managing Partner, Pay GovernanceAbout the AuthorG. Bennett Stewart III is chairman and chief executive of EVA Dimensions LLC, a financial technology firm that provides software, data, and training and support programs to enable its corporate clients to test and implement Best-Practice EVA. The firm also offers EVA-based equity research services to help institutional fund managers make better informed buy-sell decisions and generate excess returns. Mr. Stewart was a founding partner of Stern Stewart Co., the EVA consulting firm, from 1982 to 2006. He left to form EVA Dimensions by acquiring assets from Stern Stewart, including the EVA trademark for those assets. Mr. Stewart's other book is *The Quest for Value* (1991), which has been described as "the definitive management guide to EVA." A globally recognized expert in the field of value-based performance management, incentive compensation, and accounting for value, he is a frequent speaker and author of articles on topics in those fields.