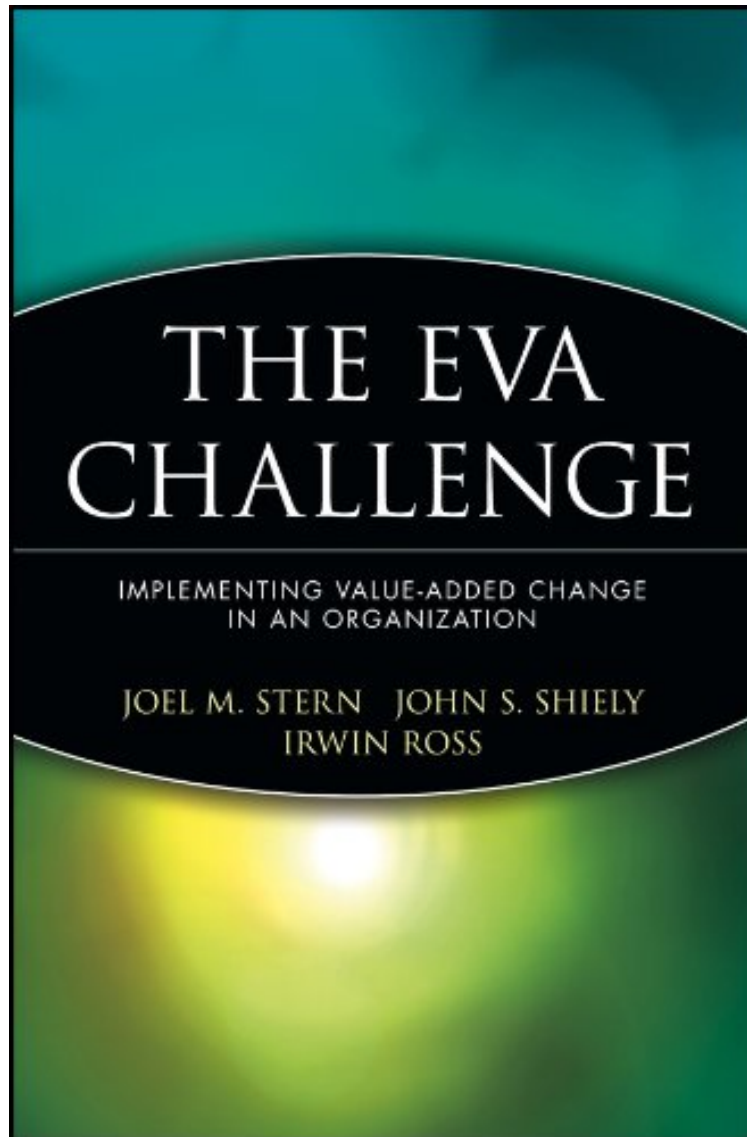


[Free and download] The EVA Challenge: Implementing Value-Added Change in an Organization

# The EVA Challenge: Implementing Value-Added Change in an Organization

*Joel M. Stern, John S. Shiely, Irwin Ross*

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**Joel M. Stern, John S. Shiely, Irwin Ross : The EVA Challenge: Implementing Value-Added Change in an Organization** before purchasing it in order to gage whether or not it would be worth my time, and all praised The EVA Challenge: Implementing Value-Added Change in an Organization:

0 of 0 people found the following review helpful. Five StarsBy Diego JerezGreat book, easy to understand and follow, for both begginers or experts on EVA.0 of 0 people found the following review helpful. Not a How-To book...By

MacheteNo how-to info...primarily a sell job on the merits of EVA. However, I was looking for more implementation techniques for various organizational scenarios. If you're not already familiar with EVA, then this is a fine book.0 of 0 people found the following review helpful. End capital mismanagementBy investingbythebooksThe 20th century saw a shift away from family owned and managed companies to a model with dispersed ownership and corporate management as a profession, not an inheritance. The split between ownership and control opened up for the conflicting interests that are the focus for today's so called Corporate Governance.One reasonable way to ensure that managers work in the interest of the owners and not just themselves is to align their interests. Presumably you then would have to figure out what the interest of owners is. Important here is the dual role as investors and as owners - with the ownership rights to one's assets that follows. Investments are to forego current consumption with the intent of receiving more assets to consume in the future. So investors require a return on capital and this is in turn paid for by productivity and innovation in companies. Hence, what shareholders want is to see that the intrinsic value of what they own increases. Note that this isn't necessarily the same as the price of the asset as manifested in the stock market.EVA, Economic Value Added, is a measurement system, a management system and an incentive system that aligns the economic interest of those working in the company with the aim of maximizing the long term intrinsic value of the owners' assets. However as noted in this book, EVA is neither a strategy nor a template for processes or organizational design. EVA clarifies what to aim for and points to priorities but the "how" is not spelled out.The subtitle of the book is "Implementing value-added change in an organization". Joel Stern is one of the pioneers in developing the theories of so called Shareholder Value. John Shiely was at the time Chairman and CEO of Briggs Stratton, a producer of air cooled engines for outdoor equipment and a user of EVA. One academic / consultant and one practitioner should be perfect to answer the "how". A number of topics are discussed in the various chapters. They include the rationale behind EVA, the role of the CEO and CFO in the implementation, communication to and training of the workforce, details of good incentive systems that promote long term value creation, EVA in relation to MA and much more. To be honest, the writing here is hardly original, the text is a bit too promotional and it also feels slightly dated. The value of the book comes in chapter 3 and 4 that tries to link the company's business environment and the choice of strategies with the effect this has on EVA-implementation and organizational design. If this "cross pollination of the thoughts of Michael Porter, Alfred Rappaport and Henry Mintzberg" had been extended and deepened The EVA Challenge could have been a great book - now it's just a worthwhile read.I'm a strong proponent of the Shareholder Value thought, although not in the vulgar and incorrect form it's portrayed in current media. It's definitely the case that the model in itself doesn't discriminate against growth per se. However I can see a potential problem in the strong focus on the present efficient capital usage as this might make the company less forward-looking, something that can be fatal in an ever changing environment. However, this book and others like it are still immensely important. If you walk into a bank to lend money, very few of us would be utterly surprised by the fact that the access to capital comes with a cost. Yet when capital is used inside companies the fact that it comes with a cost at times, apparently seems totally incomprehensible to people. This has led to endless mismanagement over time.This is a review by investingbythebooks.com

The co-founder of EVA shows how to apply it in today's new economy EVA-economic valued added-is a measure of the true financial performance of a company, and a strategy for creating corporate and shareholder wealth. It is also a method of changing corporate priorities and behavior throughout a company, right down to the "shop floor." In The EVA Challenge, the authors outline how to implement EVA-from training employees to answering the most frequently encountered implementation problems faced by companies. This detailed "how-to" guide represents the second phase in the "EVA Revolution", showing executives around the world how to customize and implement EVA at their companies. Here, EVA converts learn how to work some "EVA magic" through company-specific initiatives and case study examples. Coverage includes completely new materials on "real options", leveraged stock options, and other concepts critical to corporations in both new and old economy industry sectors.

"Buy it, read it on the plane and then start asking your top team some hard questions-before your shareholders do."(Financial Times) "The authors develop a number of powerful ideas in the book. The core of The EVA Challenge is a clear, accessible and often quite readable account of what exactly EVA is; how to calculate it; what information it can give shareholders; and how to devise ways of linking remuneration to EVA. ...It is an excellent, practical guide for busy chief executives. Buy it, read it on the plane and then start asking your top team some hard questions - before your shareholders do." (Financial Times, 26th February 2001)From the Inside Flap-Economic Value Added-is a measure of the true economic performance of a company and a strategy for creating shareholder wealth. It is also a method of changing corporate priorities and behavior throughout a company, right down to the shop floor. Properly implemented, EVA frees the measurement of corporate performance from the vagaries of accounting conventions and aligns the interests of managers with those of shareholders, ending a decades-long conflict of interest. In The EVA Challenge, authors Stern, Shiely, and Ross outline how to implement EVA at all stages-including strategy development, organizational design, training, and incentive compensation. Essentially, an EVA program encompasses

three things: a measurement system, an incentive system, and a system of financial management. In measuring performance, for example, EVA's key ingredient is the recognition of a capital charge--the cost of the capital in a company, in a division, in a branch store, or in a product. This detailed how-to guide shows executives around the world how to customize EVA for their organizations and improve the economic value they deliver. Here, EVA converts learn how to work some "EVA magic" through company-specific initiatives and case study examples. Coverage includes insightful new material on matters such as real options and new economy valuations, showing why new economy firms need EVA as much as old economy firms. Executives around the globe now have a book that shows them how best to utilize EVA at their companies-reorienting the corporate ship in the direction of true economic profit. Research shows that companies using EVA outperformed competitors of comparable market capitalization by an average of 49% over a five-year period, as measured by total returns to shareholders. From the Back Cover". . . Buy it, read it on the plane and then start asking your top team some hard questions--before your shareholders do." ndash;ndash; Financial Times PRAISE FOR THE EVA CHALLENGE "The EVA Challenge provides helpful insights for both the beginner and the advanced EVA practitioner. Its real-life examples illustrate how the practical application of shareholder value orientation can align the goals of all organizational levels, motivate management by linking compensation to EVA performance, and bring additional value to shareholders." ndash;ndash; Dr. Karl-Hermann Baumann, Chairman of the Supervisory Board, Siemens A.G. "A very valuable book for practicing managers who must solve problems. The authors provide a wealth of information and examples not only on implementing EVA, but on performance measurement and compensation in general. Their analysis is first-rate. They draw from their extensive experience and from real companies, problems, and solutions. I especially like the chapter on EVA failures." ndash;ndash; Michael C. Jensen, Managing Director, Organizational Strategy Practice, The Monitor Group; Jessi Isidor Strauss Professor Emeritus, Harvard Business School "Joel Stern knows more about creating shareholder value than anyone in America. In The EVA Challenge, yoursquo;ll learn how the master dumps rusty old accounting rules and hands managers a remarkable new yardstick for measuring success. Want to know the concept that made Roberto Goizueta great? Follow the Adam of EVA." ndash;ndash; Shawn Tully, Senior Writer, Fortune