What is Value?

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Agenda for Today

- Will the Real Economy...
- Do Profits Matter?
- What’s a Business, Anyway?
Introducing Our New Book

CRACKING THE Value Code
HOW SUCCESSFUL BUSINESSES ARE CREATING WEALTH IN THE NEW ECONOMY
RICHARD E.S. BOULTON
BARRY D. LIBERT
STEVE M. SAMEK

ValueDynamics
Will The...
Real Economy Standup
Bull or Bear - $100 Invested in 1982

- $1,200 in a market basket
- $31,700 in software
- “Real estate is a hedge...
- Against making money”
- Less than $400
And It is Just the Beginning...
...Both in US and Abroad!

$ B in 2002 - 4

Japan  |  Europe  |  US

$ B in 2002 - 4

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The Rules Are Changing!

- Intangibles drive Value
- Globalization is Key
- New Technologies expanding
- The War ... is for Relationships
- Volatility is here to stay!
How Do Businesses Create Value?

AOL vs Time Warner

Market Value ($ billion)

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Business Models Determine Value

Market Value ($ billion)

1993 1999

AOL Simon Property

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Business Models Determine Value

Yen (billion)

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Do Profits Matter?
How Do YOU Calculate Value?

Balance Sheet
- Assets
- Liabilities

Income Statement
- Revenues
- Expenses

Cash Flow
Net Worth
Net Income
You are Your Assets, All of Them!

- Physical Assets
- Customer
- Financial
- Organization
- Employee & Supplier
- Intangible Assets

ValueDynamics
Business Models Drive Success

Old Economy

New Economy

ValueDynamics
Business
Not as Usual
Leaders asking Same Questions

- People, People everywhere, but not a…!
- Will Increasing Return Models Dominate?
- How will Risk be calculated & Managed?
- Will the Sources of Capital Recalibrate?
- What will be the NEXT NEW, NEW thing
- How will Measurement & Reporting change?
How Will You Create Value?

Value

Transformation

P - Markets

D - Markets

Time
Implications For You

- Which New Assets?
- What New Technologies?
- What New Partners?
BUT, Don’t Forget all the Issues

Business Model Design

Measurement & Reporting

Total Risk Management

Systems & Processes