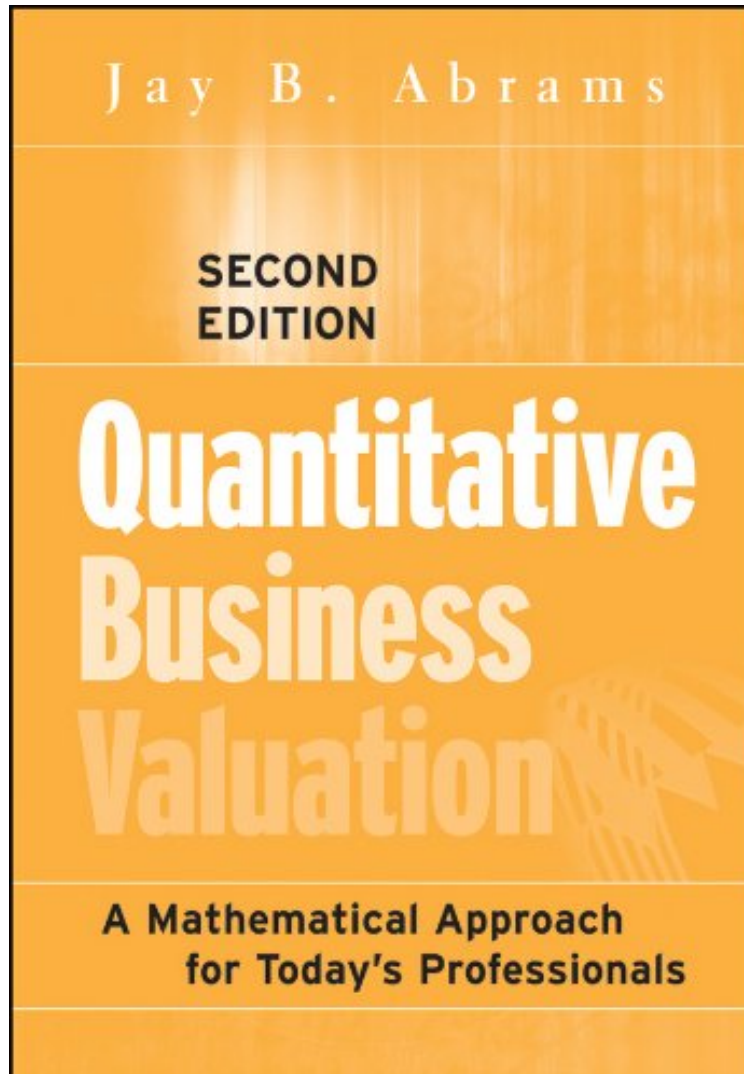


Quantitative Business Valuation: A Mathematical Approach for Today's Professionals

Jay B. Abrams

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topics covered include (not an exhaustive list): mathematical derivation of cash flow; application of regression analysis; theoretical and empirical superiority of arithmetic mean; adjusting for levels of control and marketability; empirical tests of Abrams' valuation theories; valuing startups; and measuring and apportioning dilution in ESOPs. For each topic covered, the author presents a scholarly summary of past research, new empirical research of his own, and his conclusions. He discusses opposing viewpoints and in at least one chapter allows another author to present a rebuttal of Abrams' approach. He emphasizes regression analysis of empirical data and quantitative analysis. Near the end he puts all the pieces of the puzzle together to present a comprehensive, unified approach to valuation that can be empirically tested and whose principles work for the valuation of billion dollar firms or small businesses. Despite the quantitative nature of the book, mathematically challenged readers without recent or extensive mathematical training should not hesitate to buy the book, as long as they are familiar with basic business valuation concepts. The book contains relatively simple and clear explanations of quantitative methods such as regression analysis; and the author has taken pains to include step-by-step procedures for performing regression analysis using Excel and Lotus. Indeed, one of the strengths of the book is that it makes quantitative techniques available to the appraiser who could not, without the author's help, understand the underlying mathematics or utilize the quantitative techniques with confidence and comprehension. Overall the book is an important, well researched contribution to an in-depth understanding of important business valuation issues.

6 of 7 people found the following review helpful. Excellent, New Approach
By Charles T. Hardy
This text is an excellent addition to the business valuation literature. The author explores a wide variety of approaches with new methods that are easy to follow. A tremendous amount of work went into the preparation of this book and it is very well written. There is a chapter on startup companies that is especially interesting to me. If you are at all interested in the income method for valuing businesses, I would strongly encourage you to buy this book. In a review on the back cover of the text, Shannon Pratt strongly recommends the book because the author presents "a scholarly summary of past research, new empirical research of his own, and his conclusions". My only criticism and surprise is the lack of use of Monte Carlo simulation in these models, which is surprising to me considering how statistically focused the author is and how easy simulation is to learn and employ. Also, the use of real options for valuing startups is extremely important but the author does acknowledge this subject is beyond the scope of his book. Extremely well done and the author should be proud of producing work of this caliber. I'm looking forward to future editions and other books by Jay B. Abrams.