New 2015 - this content is now part of:

- Project NEMO (New/Next Economic Model) http://project-nemo.org
- INSEDE (Institute for Sustainable Economic Development) http://insede.org
- Business Engineering Systems (MindWare, Basics, Structures) http://bengin.net/bes/

You are welcome to take advantage of progress, support us and be part of this voyage of discoveries.

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Expanding value paradigm (in a hurry)

Peter Bretscher

6. November 2002

Agenda

1.

Objects
Measures
Values
Maps

2.

Relative and absolute Value maps

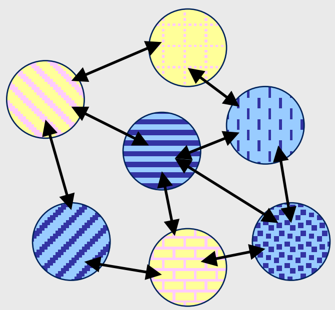
3.

Applications
Outlook

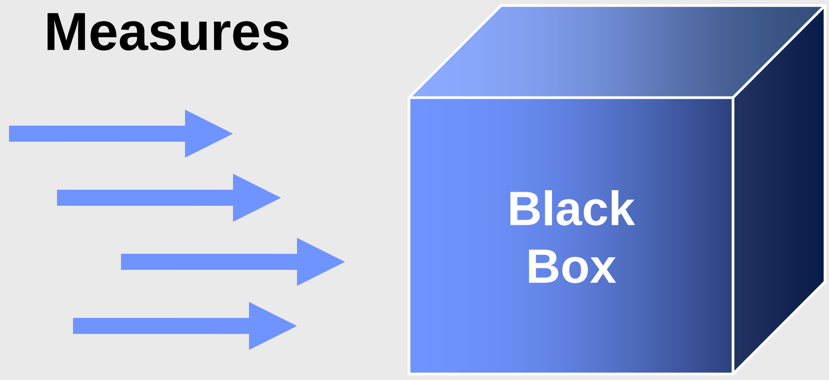
Objects – Measures – Values – Maps

Object

Nature: → tangible, intangible



Measures

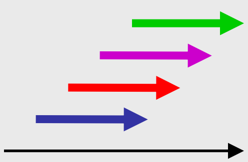


Key Figures

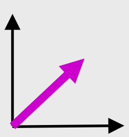
1. Absolute [€, $, CHF]
2. Absolute [€, $, CHF]
3. ......

n relative

Metrics

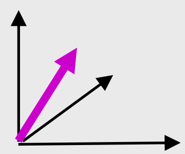


1 D



2 D

Force & Direction
Coordinates



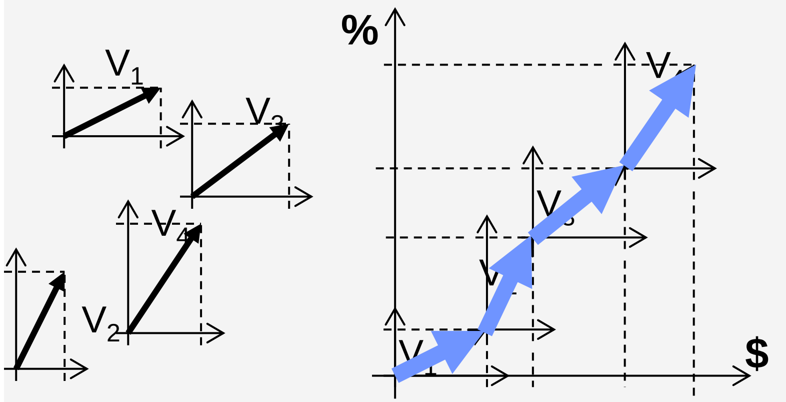
3 D

Color Theory
Coordinates: RGB

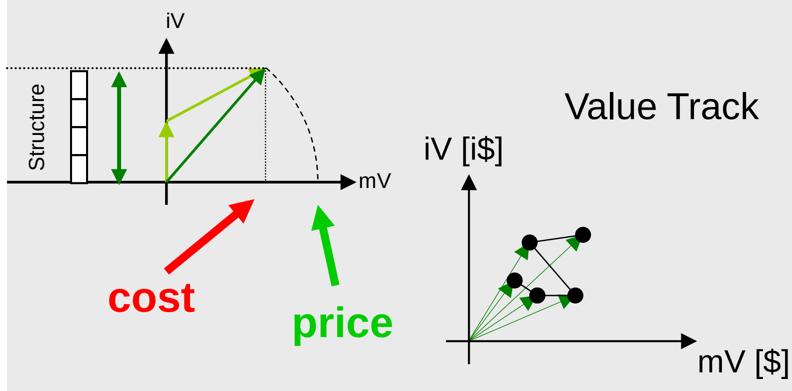
….. n D

Relative and absolute Value maps

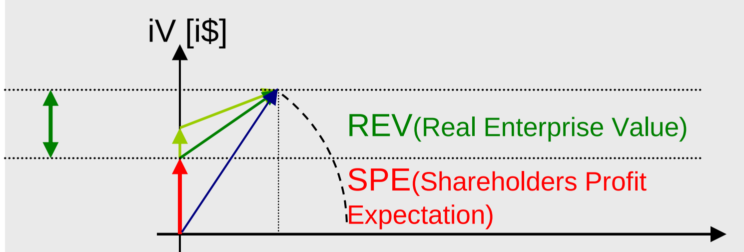
a) relative Vector, Vector profile



b) absolute Vector, Ortskurve



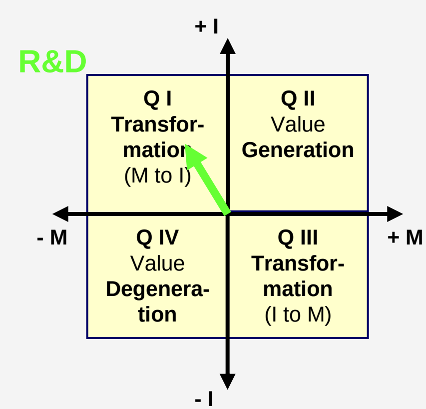
c) Shareholders Valuation



$\overrightarrow{REV} + \overrightarrow{SPE} = \overrightarrow{TEV}$

TEV = Total Enterprise Value = “Shareholder Value”

d) Value Quadrants



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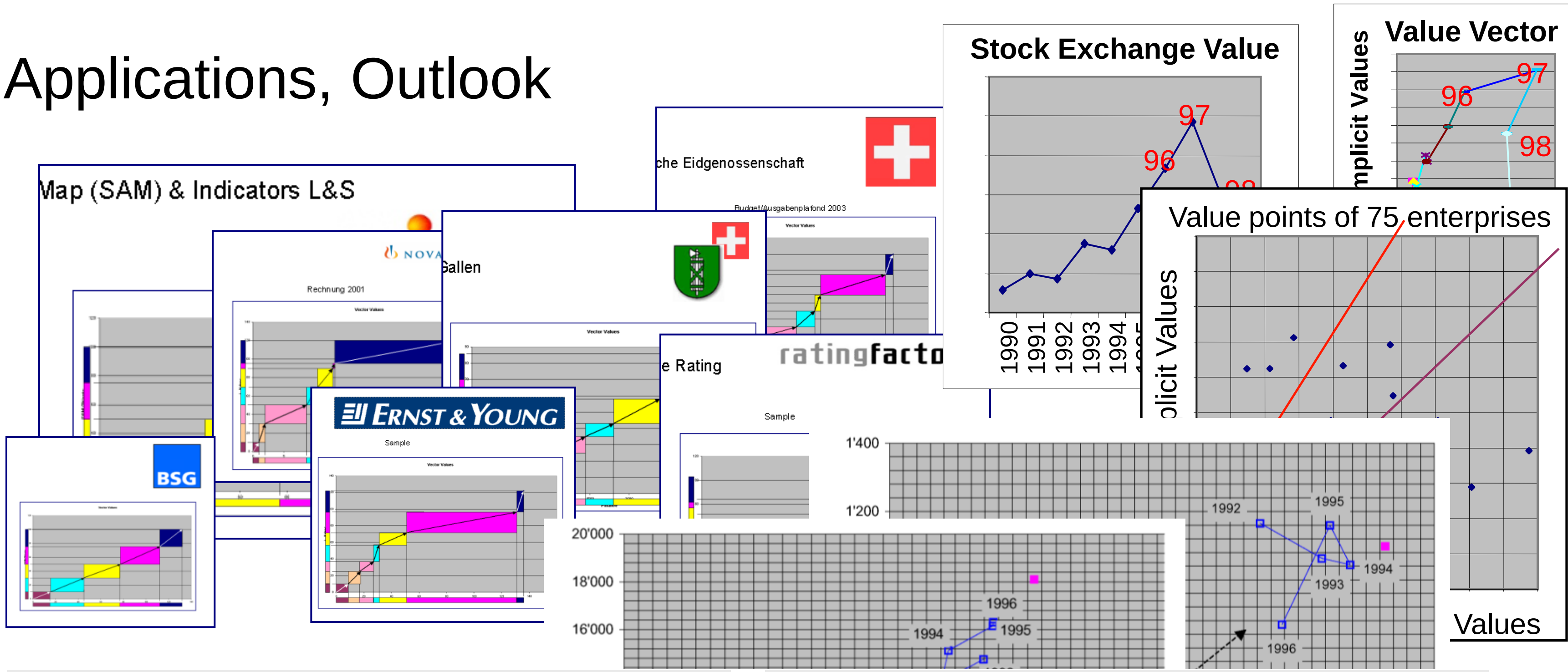
Applications, Outlook



Where to be used

- For complex valuation and controlling purposes. Better valuations. Corporate governance, Project controlling, Benchmarks, M&A, Nonfinancial audit.....

Outlook

- Focus more on techniques (as a product) than on technology.
- Standards for mapping tangible and intangible resources:
  - a) structuring means
  - b) quantifying means.
- The intellectual property.

Thank you

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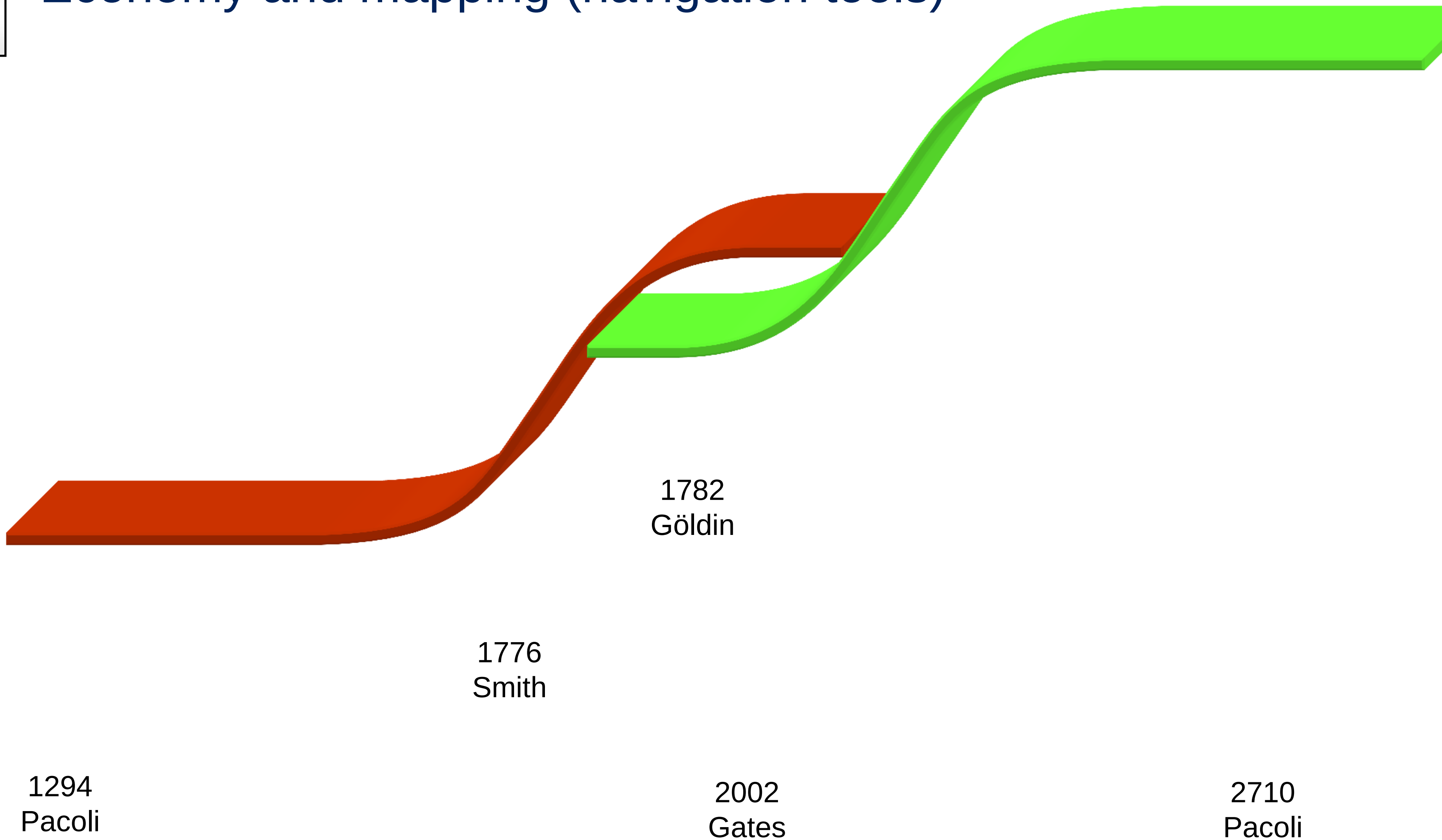
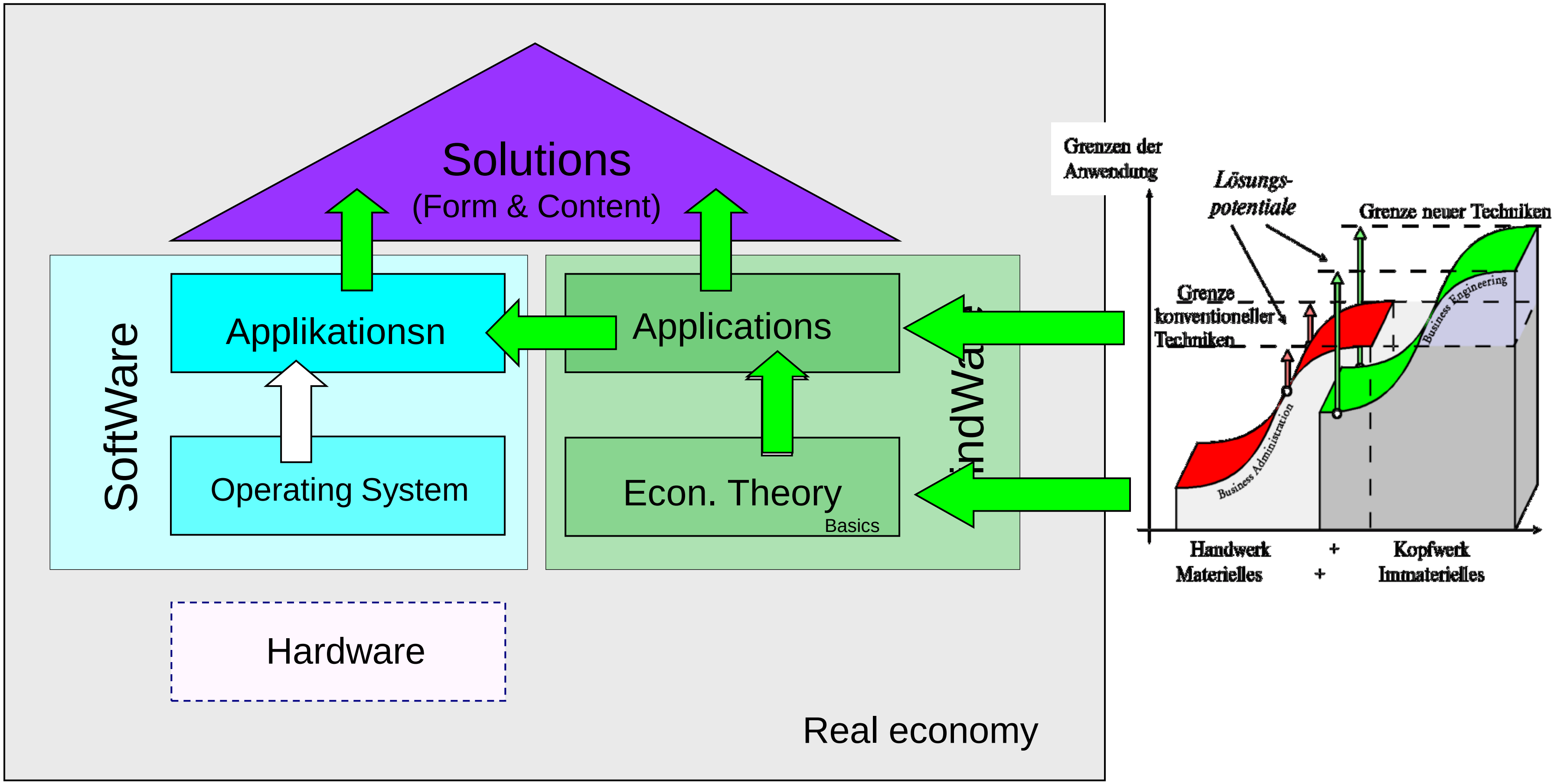
Zusatzfolien 1

Theory

Economy and mapping (navigation tools)



New MindWare & SoftWare → quantum leap in the simulation and planning of todays economy.



The rainbow depends on point of view - is subjective

How yellow is orange?

GELB BLAU ORANGE

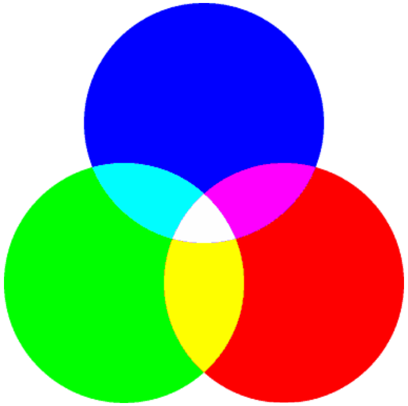
SCHWARZ ROT GRÜN

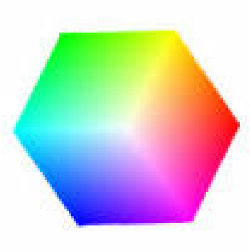
VIOLETT GELB BRAUN

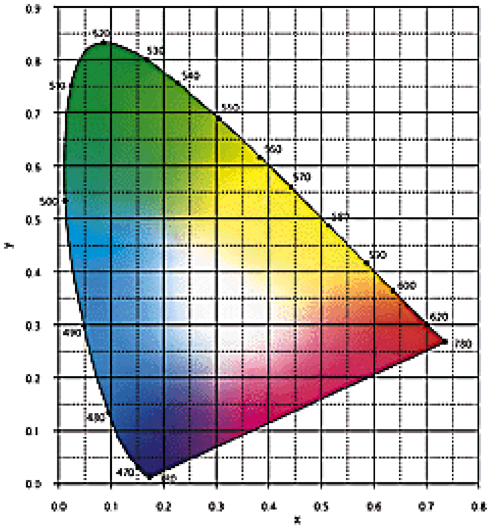
ORANGE ROT GRÜN

GELB SCHWARZ ROT

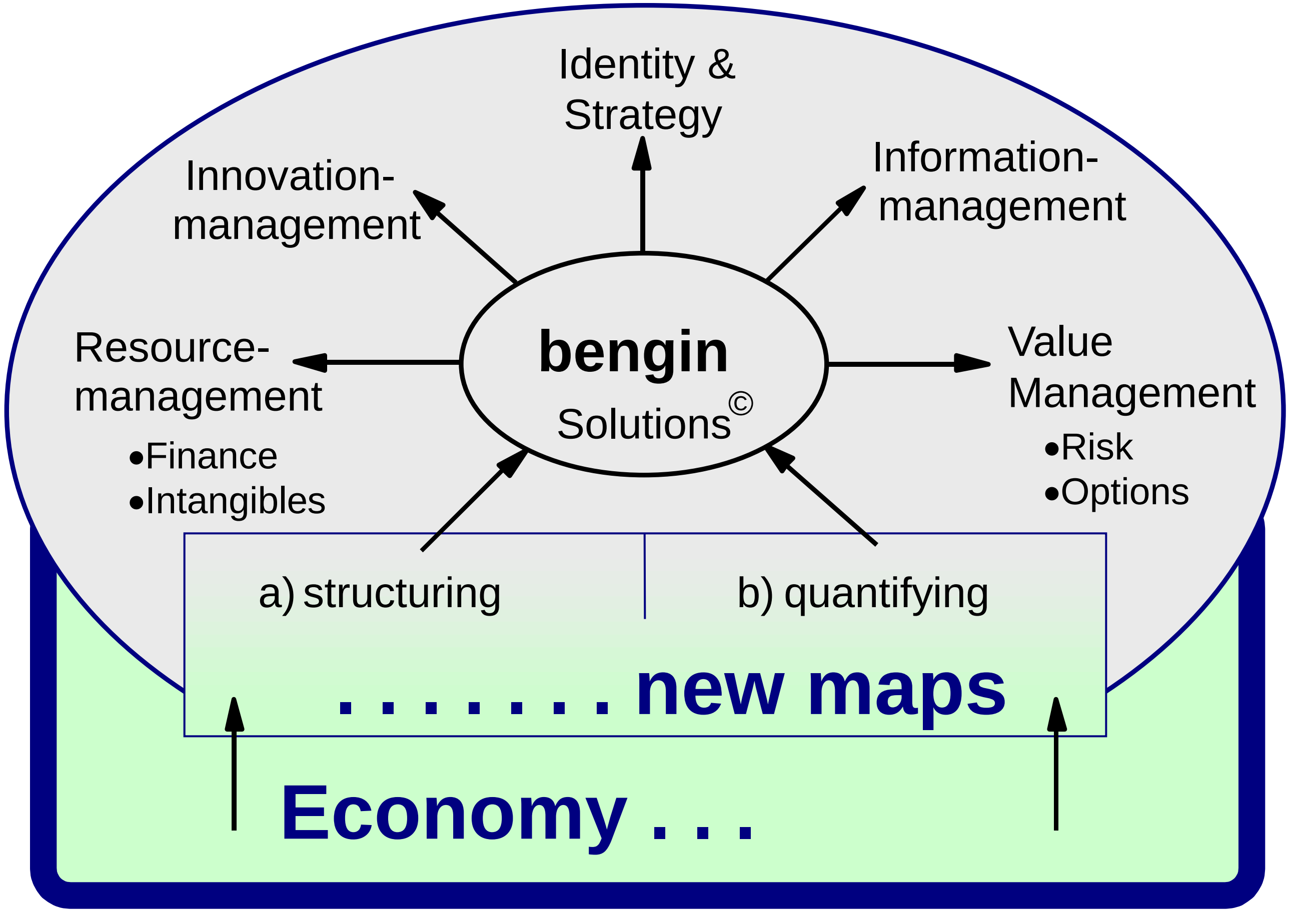
Color measures







Reality of Business has changed – models have to be….

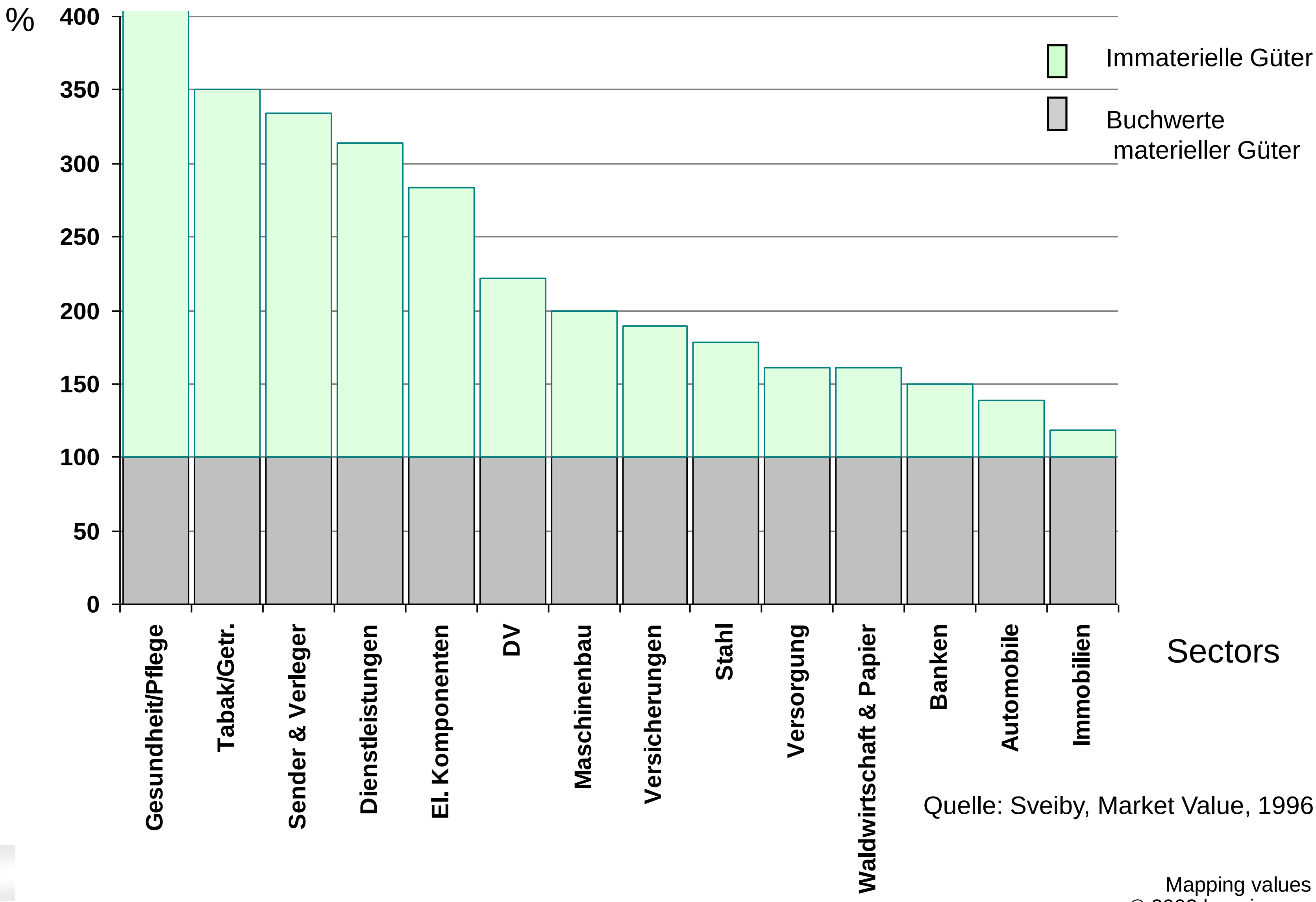


1D - 2D (Vektoren)

Linear metrics (SEC – Numbers)

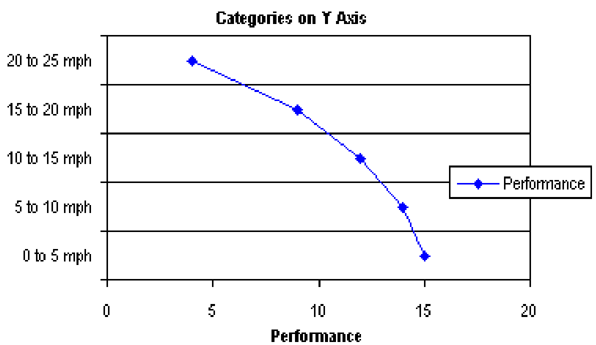
BALANCE SHEET							
ASSETS (000'S)							
FISCAL YEAR ENDING		**12/31/1999**	**12/31/1998**	**12/31/1997**	**12/31/1996**	**12/31/1995**	**12/31/1994**
CASH & EQUIVALENTS		253572	289570	308725	362503	334790	270027
SHORT TERM INVSTMTS		21201	115025	86722	0	53421	48713
NET RECEIVABLES		356638	336579	370538	337435	317533	318712
RAW MATERIALS		126660	124937	116290	118090	124336	97610
WORK IN PROCESS		62055	81554	84021	88798	86986	83932
FINISHED GOODS		132763	82423	92516	76628	100655	79297
PROGRESS PAYMENT&OTH		0	0	0	0	0	0
INVENTORIES		321478	288914	292827	283516	311977	260839
PREPAID EXPENSES		9311	8112	6616	10982	13047	15182
OTHER CURRENT ASSETS		0	0	0	0	0	0
TOTAL CURRENT ASSETS		940999	923175	978706	994436	977347	864760
OTHER INVESTMENTS	1	31639	13507	13853	25961	61955	73661
INVST IN ASSOC COMP	2	NA	6838	3928	2038	1092	169455
LONG TERM RECEIVBLES		0	0	0	0	0	0
PROP PLANT EQ-GROSS		1664281	1589050	1547468	1661585	1529554	1563906
ACCUM DEPRECIATION		1091540	1044141	1052534	1051093	939561	933592
NET PP&E		572741	544909	494934	610492	589993	630314
DEFERRED CHARGES		NA	NA	NA	NA	NA	NA
OTH TANGIBLE ASSETS		0	0	0	0	-1599	-1603
INTANGIBLE OTH ASSTS		56718	69124	73939	54842	57889	61486
OTHER ASSETS		56718	69124	73939	54842	56290	59883
TOTAL ASSETS	3	1602097	1557553	1565360	1687769	1686677	1798073

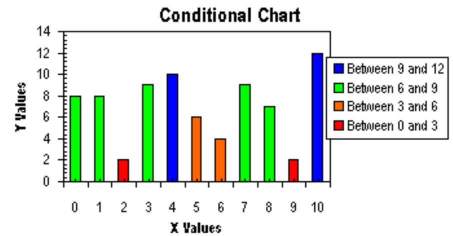
Linear Metrics (Marketvalue vs. Bookvalue, von Krogh, UNISG)

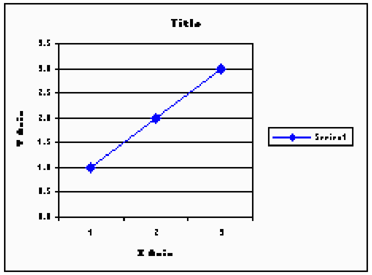


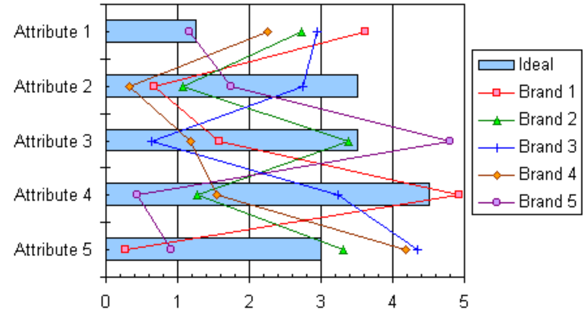
Quelle: Sveiby, Market Value, 1996, S. 1

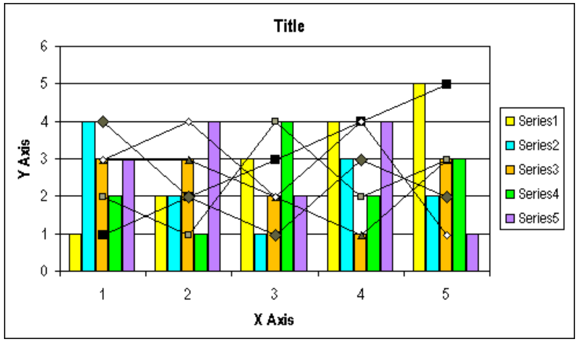
1D – 2D rulers, metrics

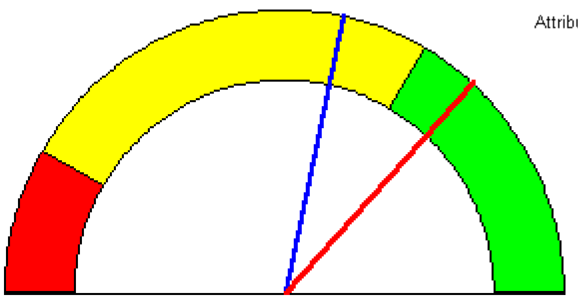












Key Performance Indicators

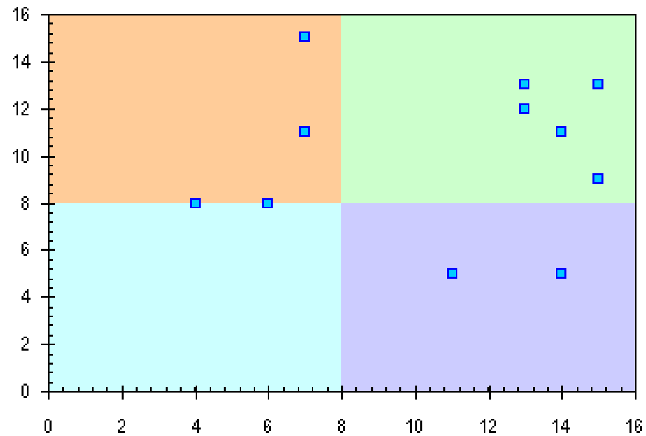
Blue: 2002 Performance

Red: 2001 Performance

Green Band: Above Projections

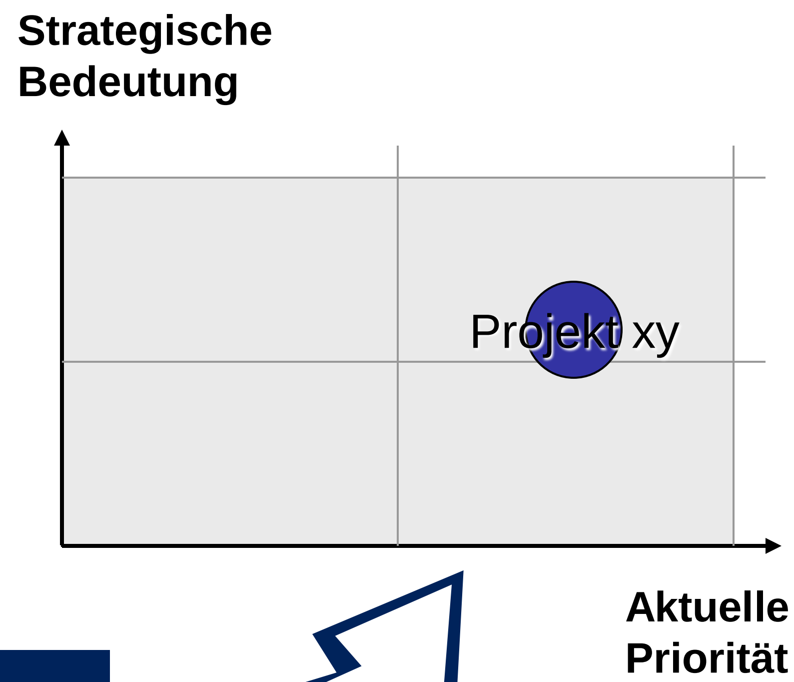
Yellow Band: Below Projections

Red Band: Negative Performance



Ausfluss für das Projektportfoliomanagement: Die Strategiekonformitätsmatrix

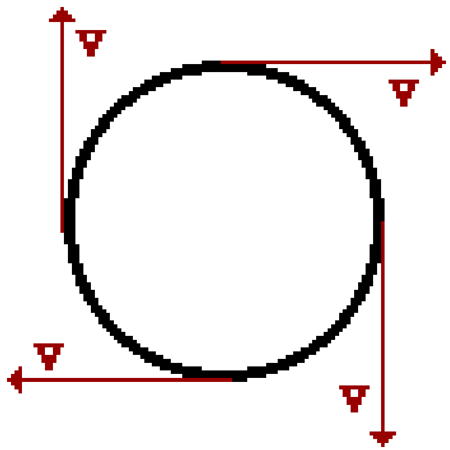
- Strategiekonformität erkennen
  ⇨ SOLL Priorisierung
- Abweichungen zur IST-Situation erkennen
  ⇨ Controlling
- Nachvollziehbarkeit
  ⇨ Konfliktreduktion



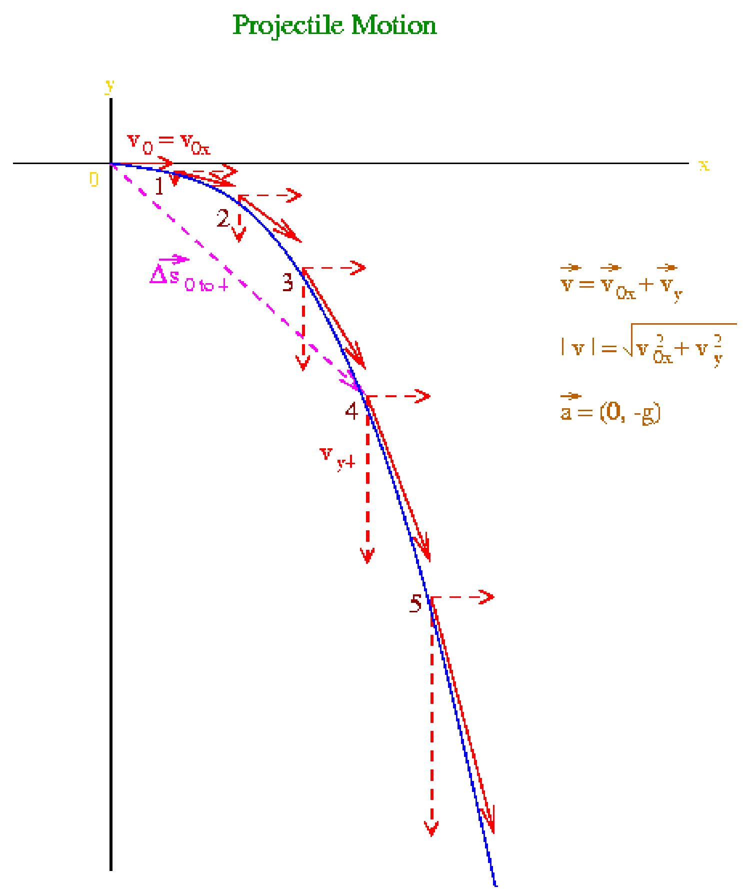
Strategiekonformitäts-matrix (SKM) → KPMG

2D Vektoren

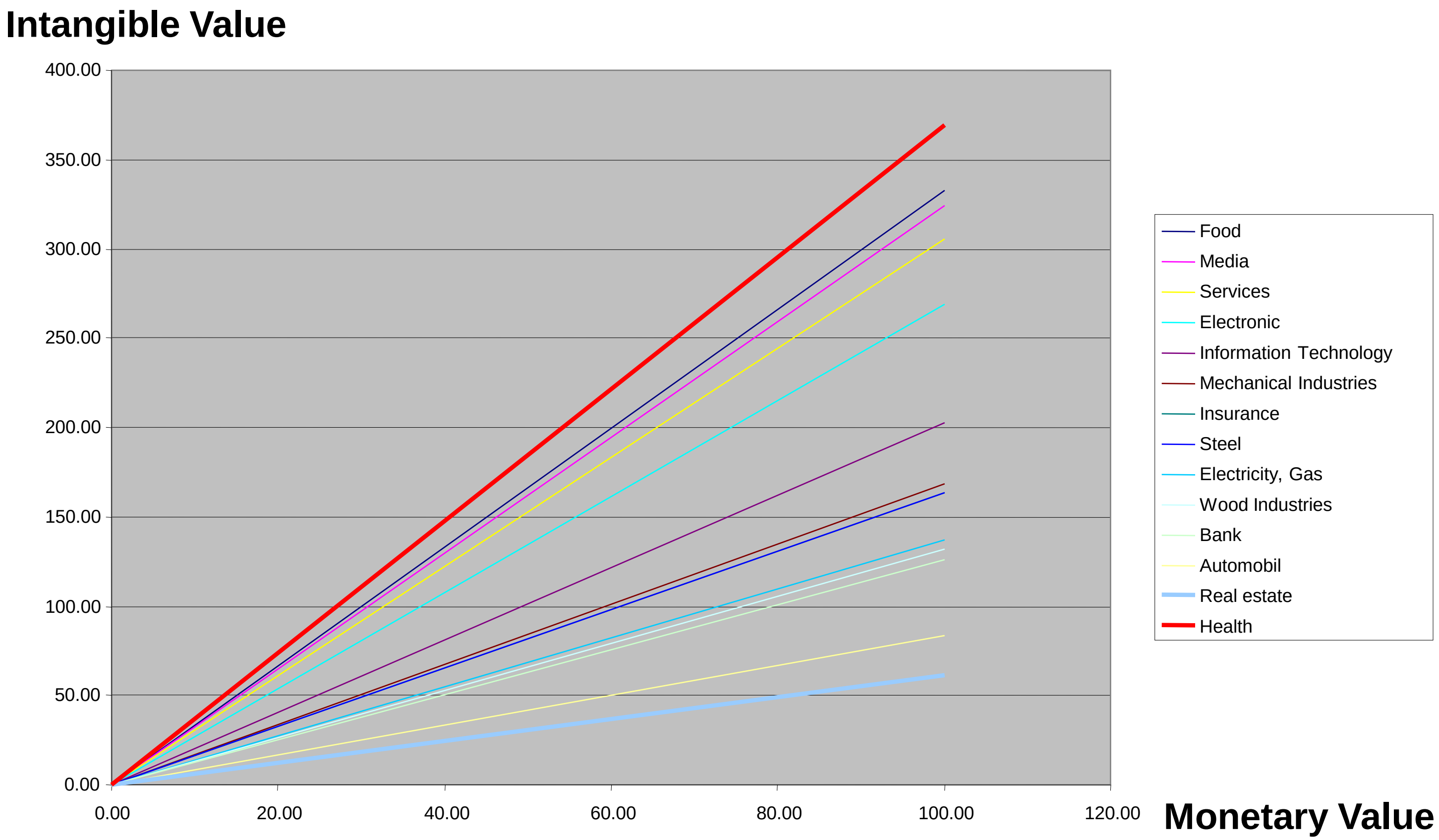
Vector: Velocity



The direction of the velocity vector at every instant is in a direction tangent to the circle.

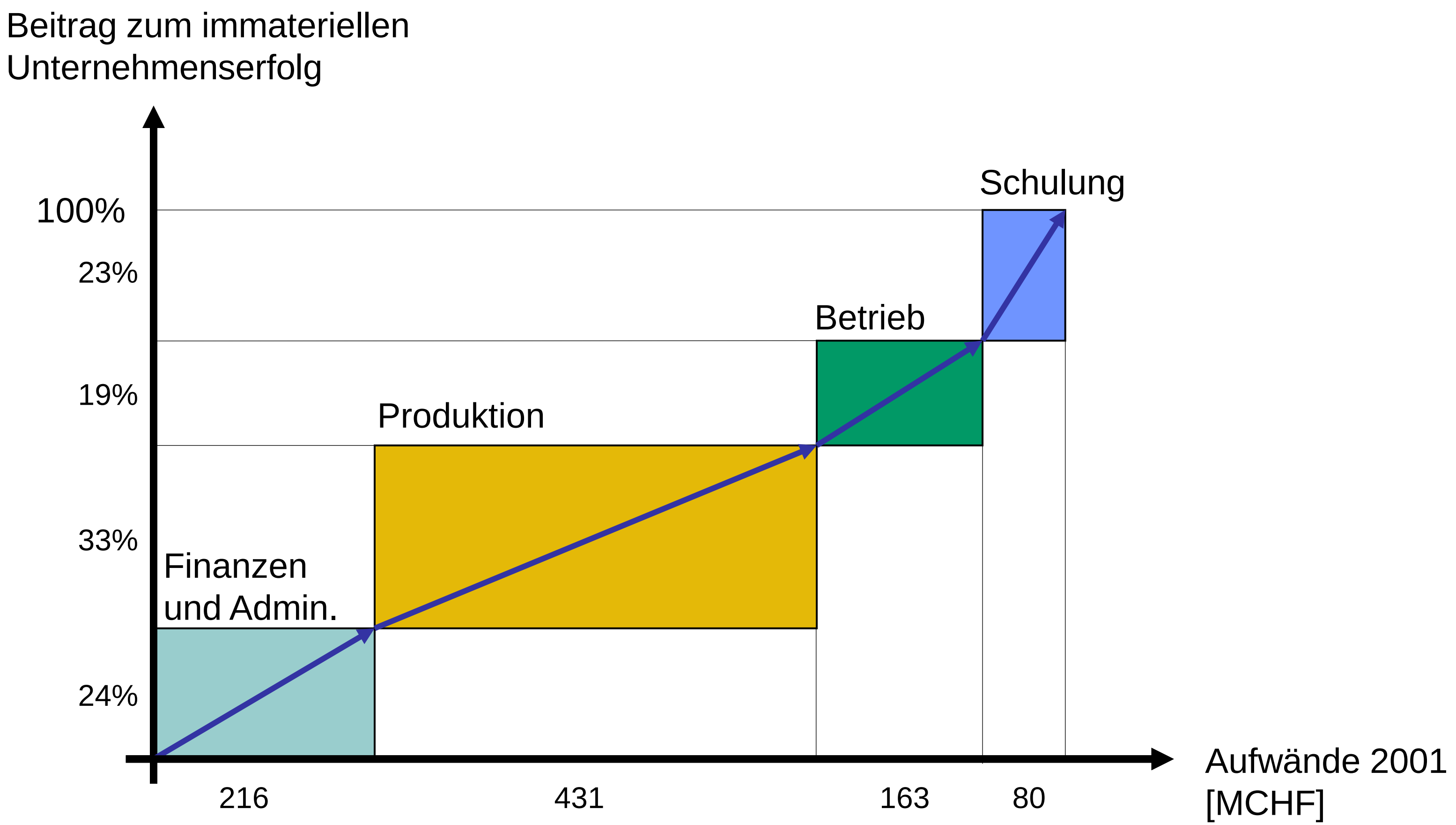


Fourteen branches (Sveiby – Morgan & Stanley)

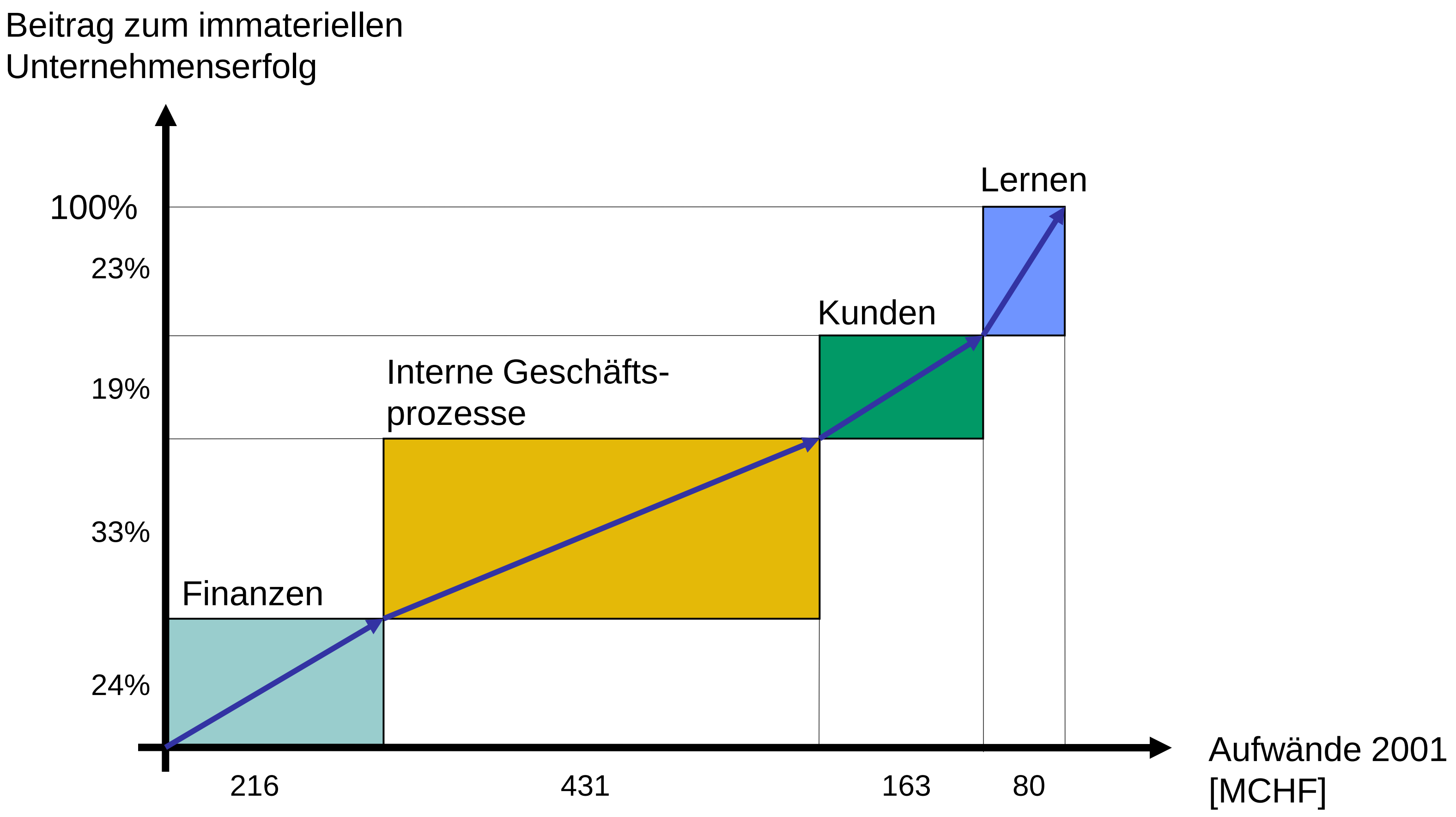


Quelle: Morgan & Stanley Capital International World Index; Zitiert in: Sveiby, Wissenskapital; Seite 23; Mi-Verlag 1998

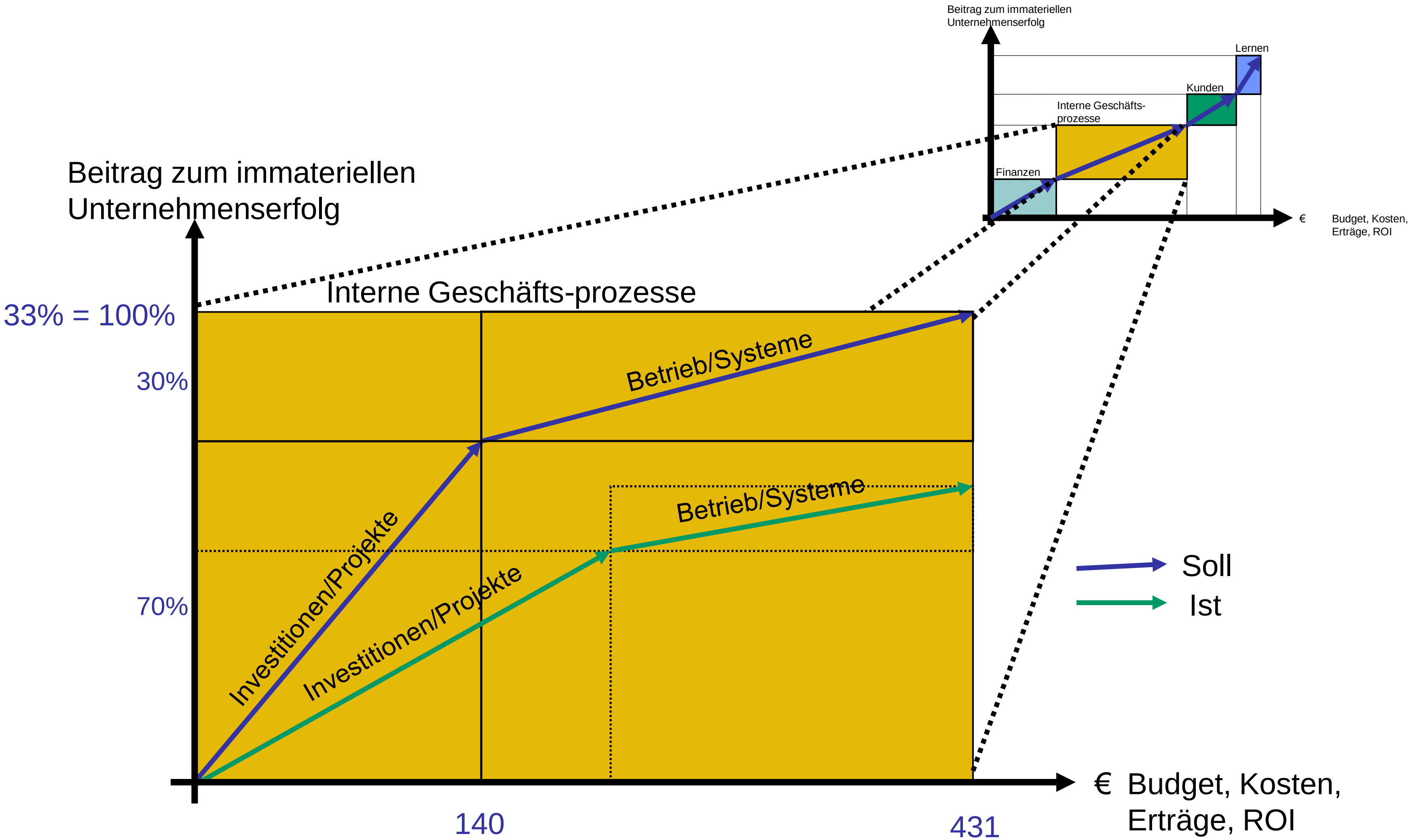
Balanced Scoremap anhand der Unternehmens-strukturen und eingesetzten Finanzmittel



Der Kosten-/Valuevergleich mit Hilfe der Balanced Scoremap



Der Kosten-/Valuevergleich mit Hilfe der Balanced Scoremap: Detailansicht



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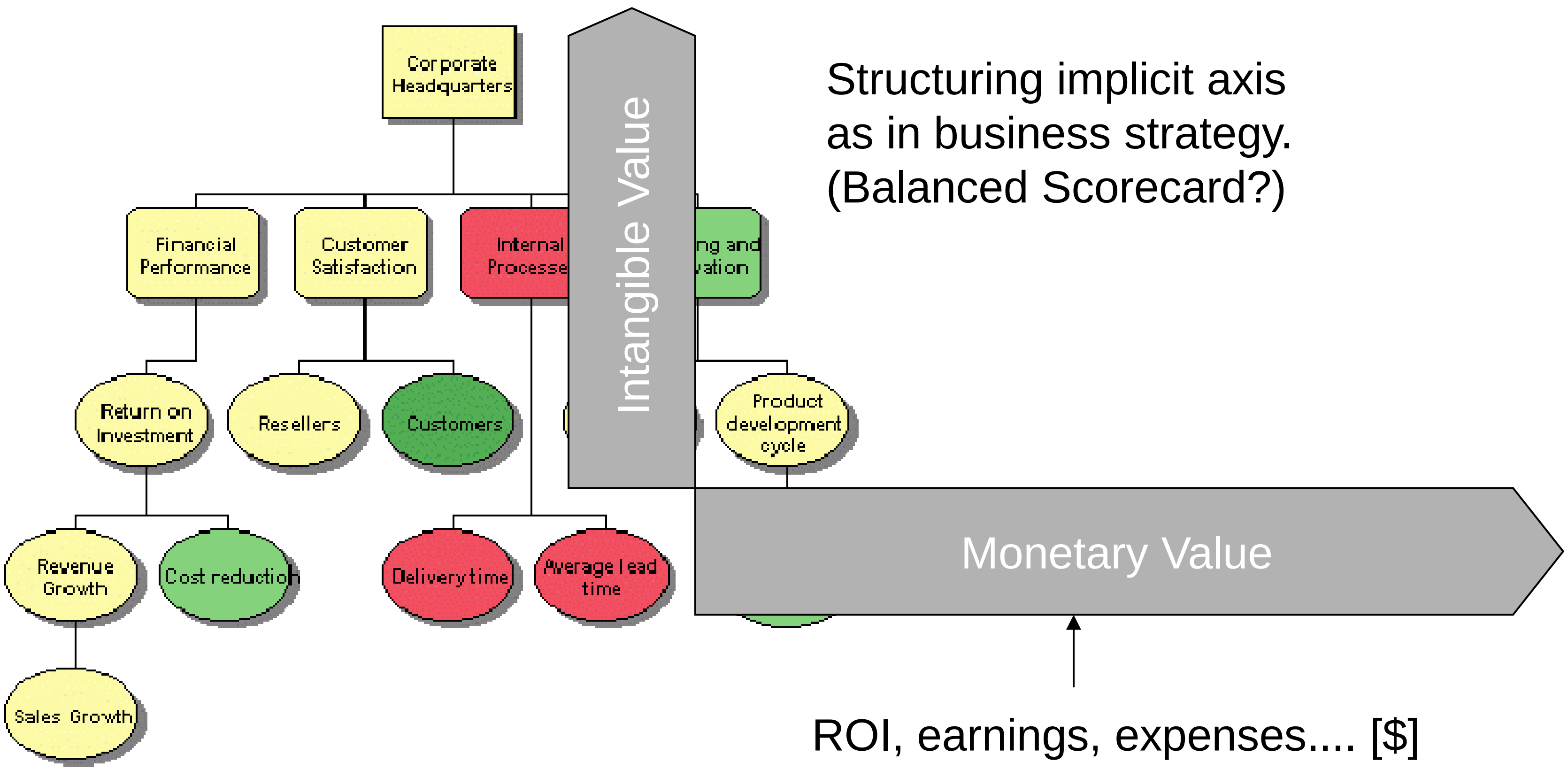
Vector for mapping value of projects



Structuring implicit axis as in business strategy. (Balanced Scorecard?)

ROI, earnings, expenses.... [$]

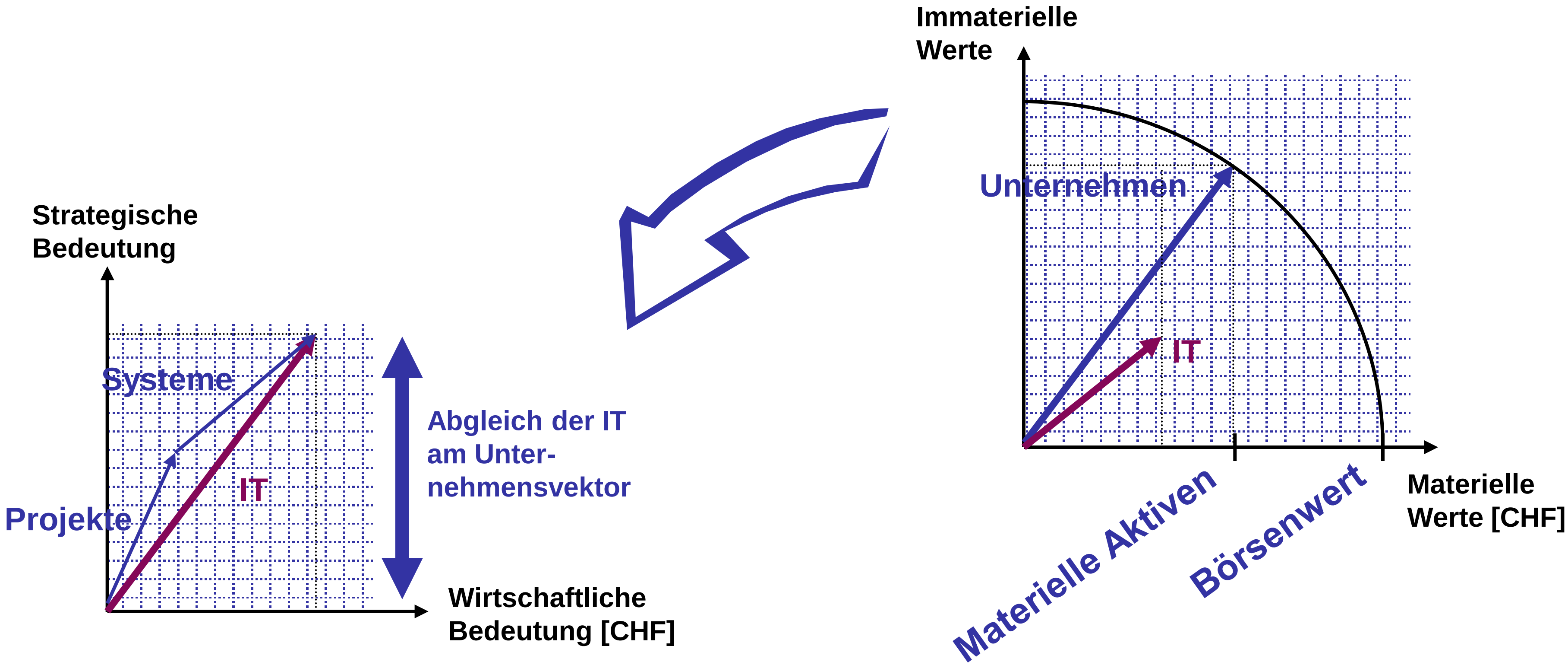
Investment

Earnings expectations

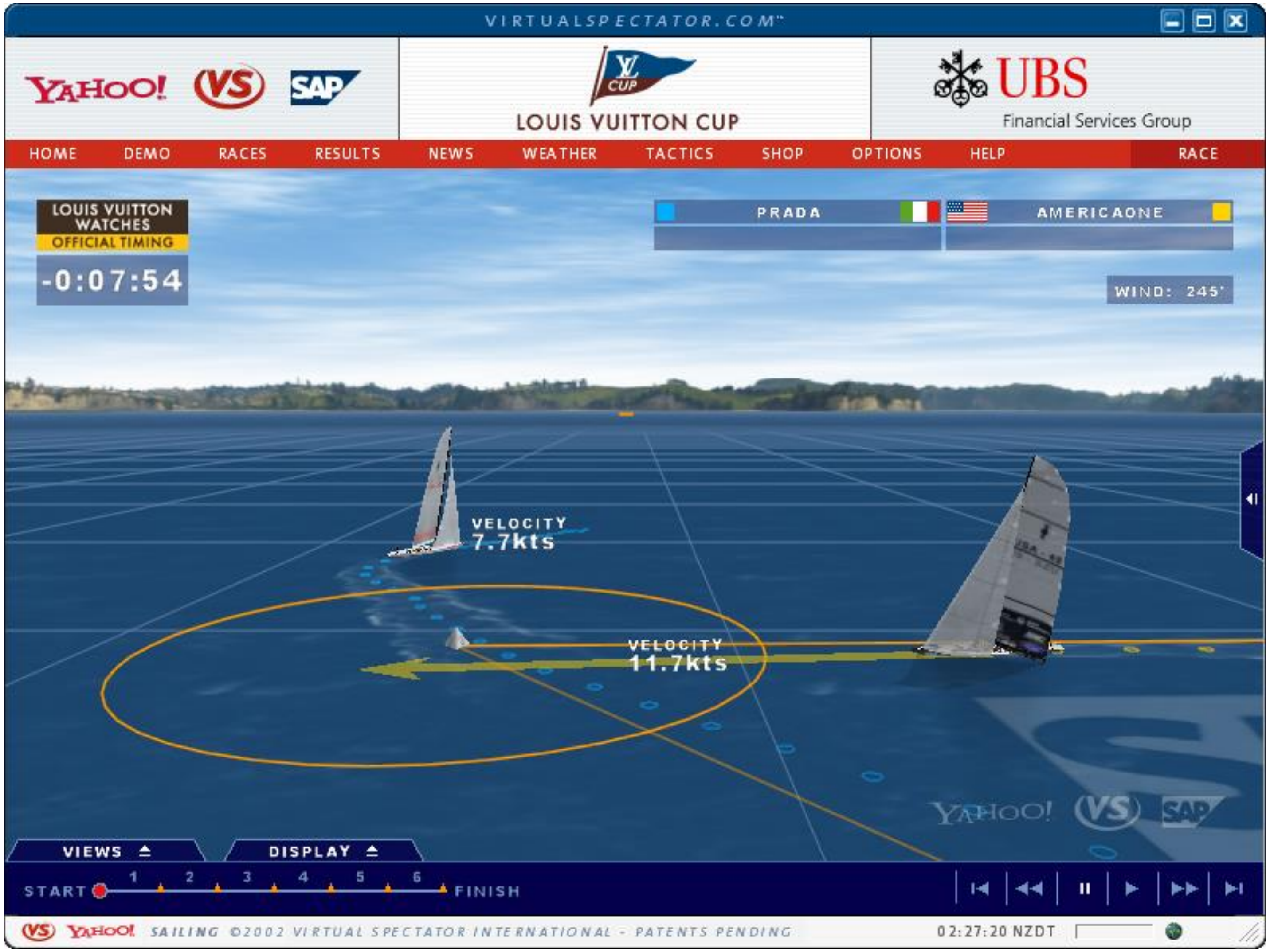
Unser Ansatz: Gezielte Nutzung von zweidimensionalen Analyseinstrumenten (Vektoren)

IT

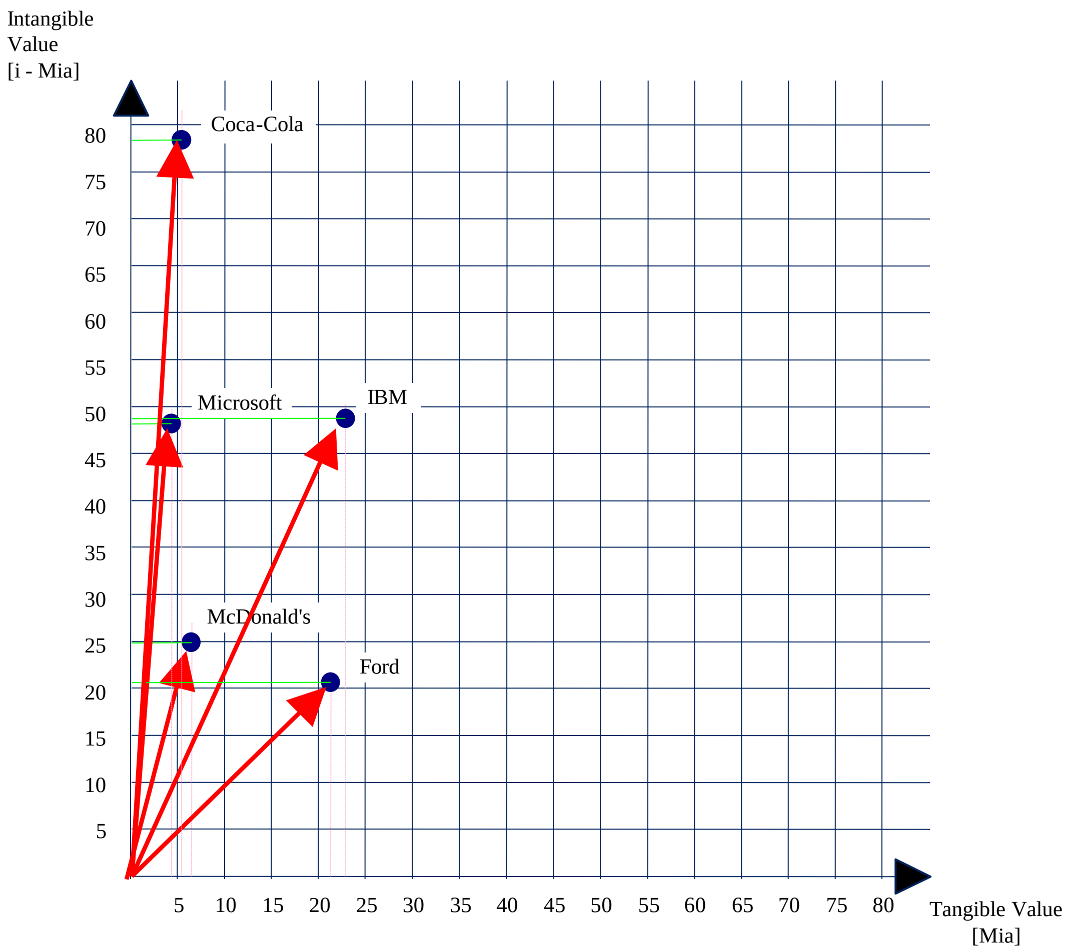
Unternehmen



2D rulers, metrics



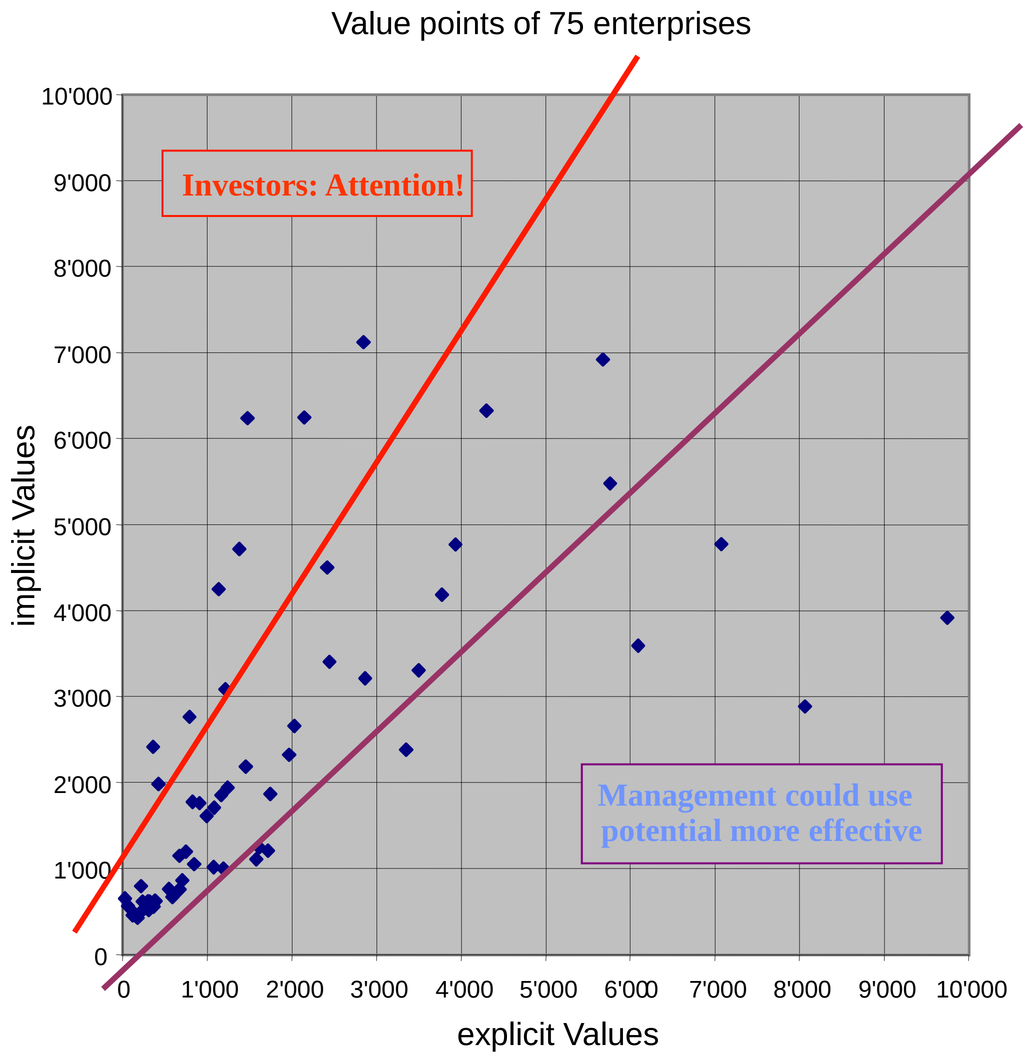
Intagible Assets or Shareholder Value Expectation?



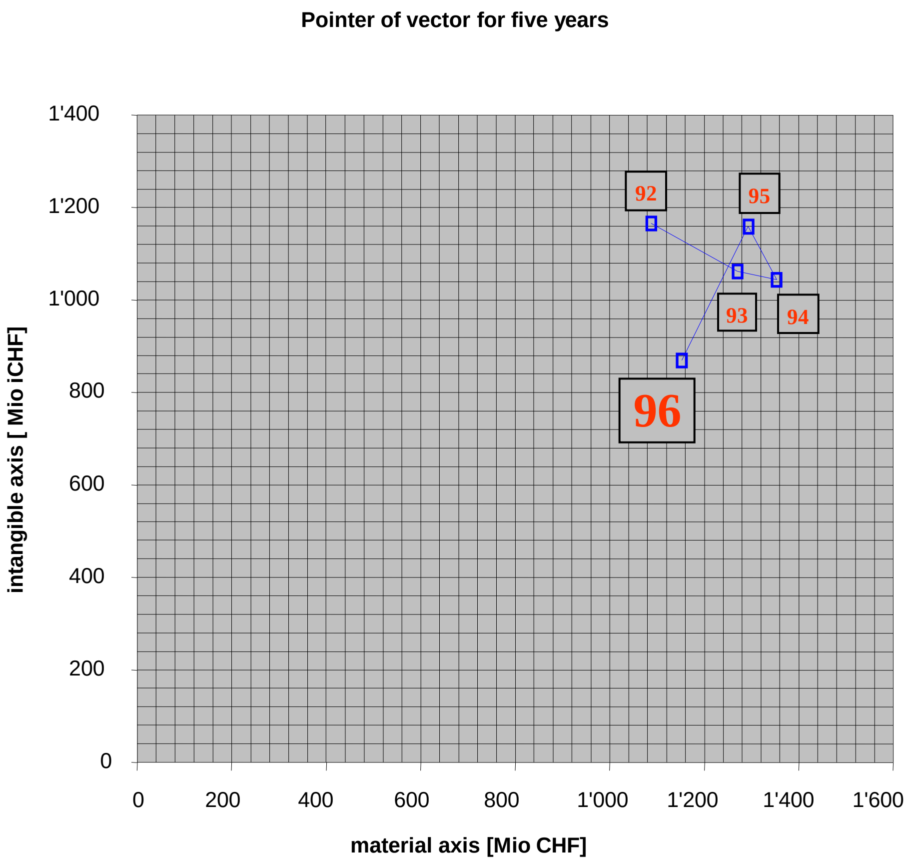
The explicit Value and the implicit Value together draw a complete picture about the company's value and its development.

The question remains:
Is the implicit Value given by the Value of the company?
Is it given by some marketing tricks?
Which part of it is made by the Shareholders Value Expectation?

A better model for new decisions



Track the development of an enterprise



Question:
"What happened in the year 1996?“

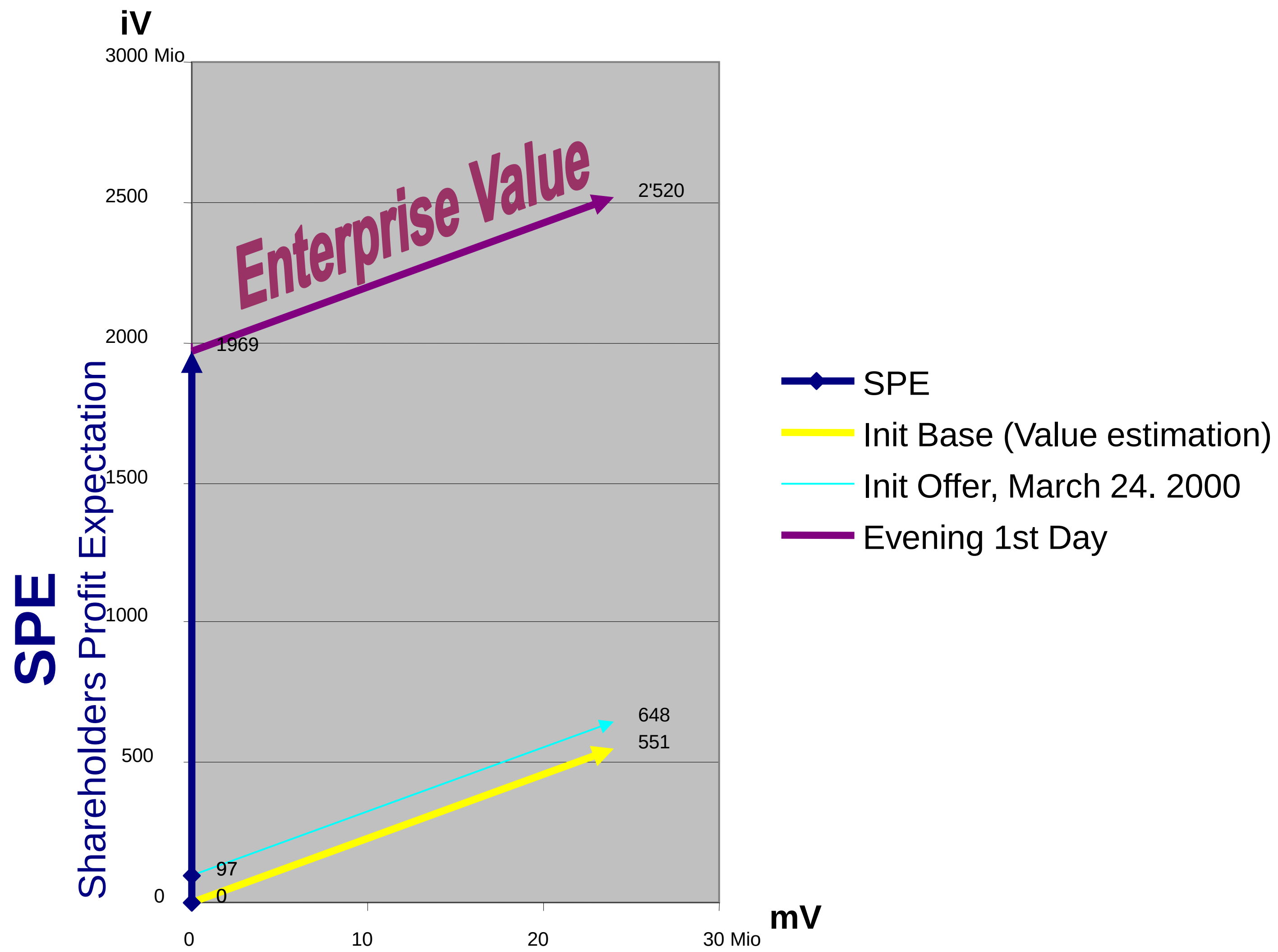
Answer:
Part of enterprise sold.

2nd Question:
Is this loss of intangible values compensated by the price received for the sold part of enterprise.

Answer: ?

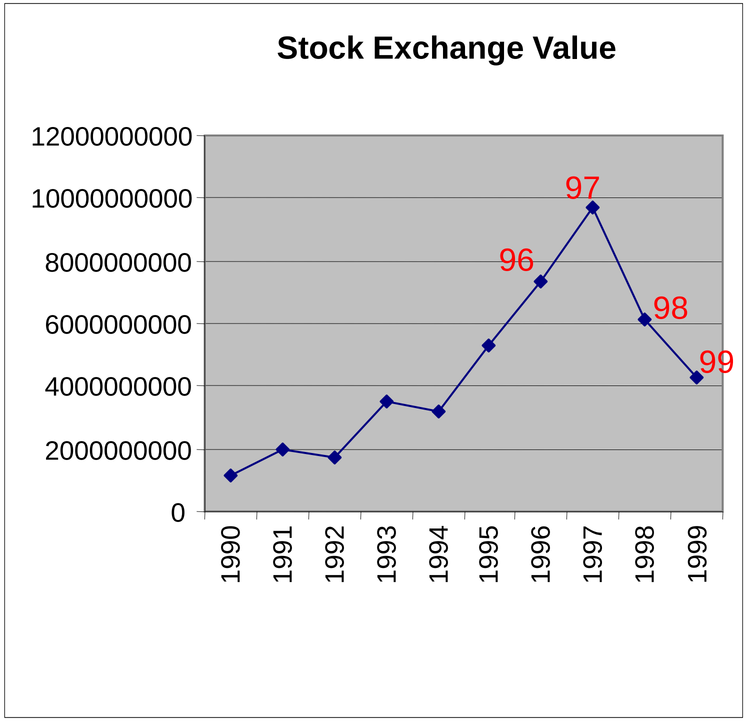
→ Ask Auditor – if he’s still available….

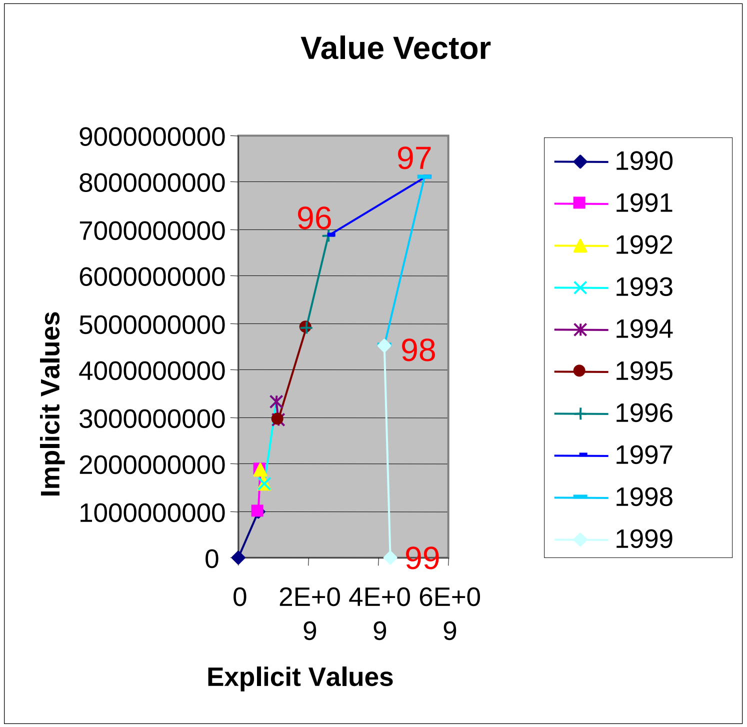
Value Development



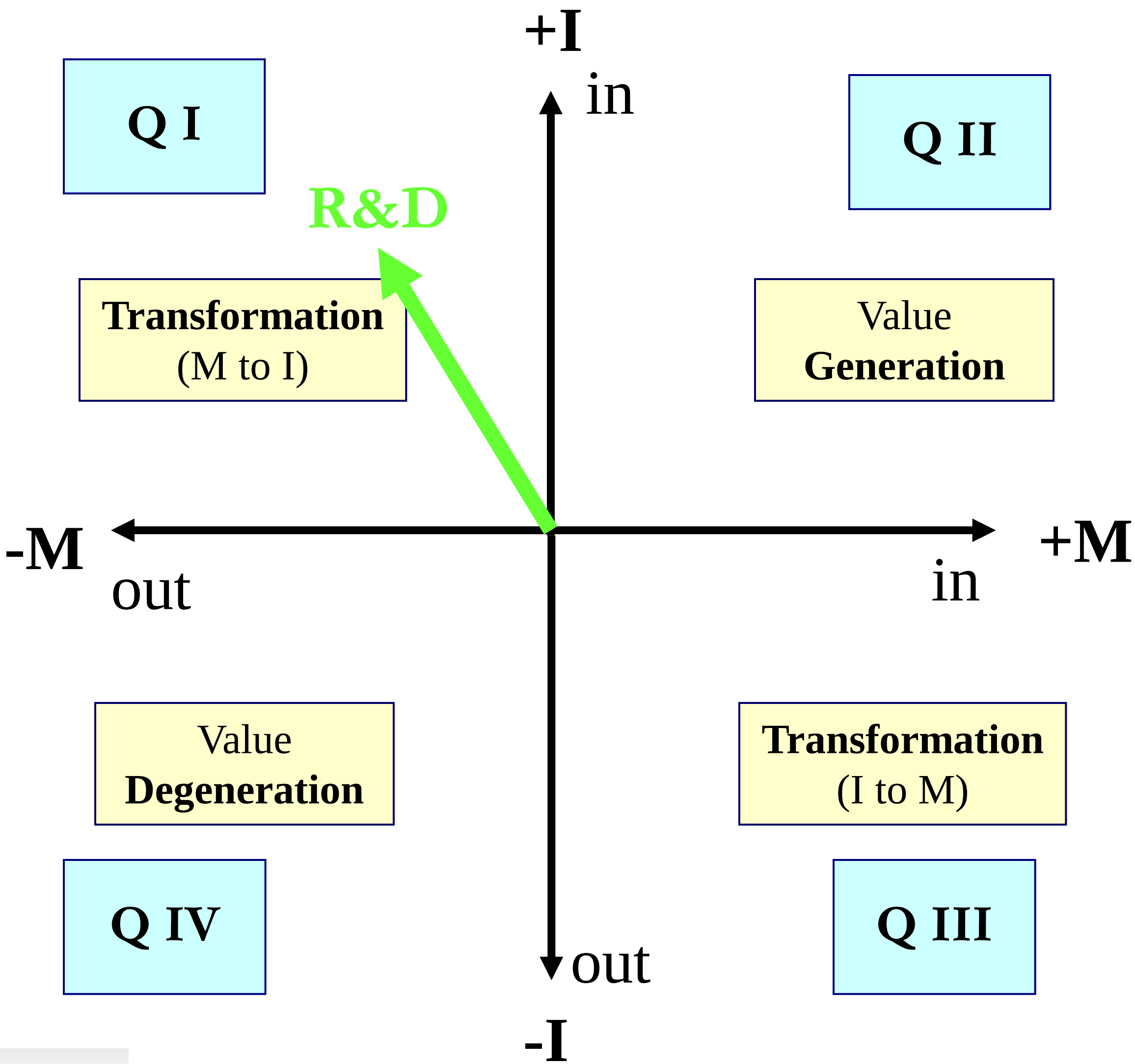
Overpriced Papers?

....a year before the classic Market Analysis,
the Vector map showed a change by Coca Cola Amatil........





The four Quadrants of Value generation



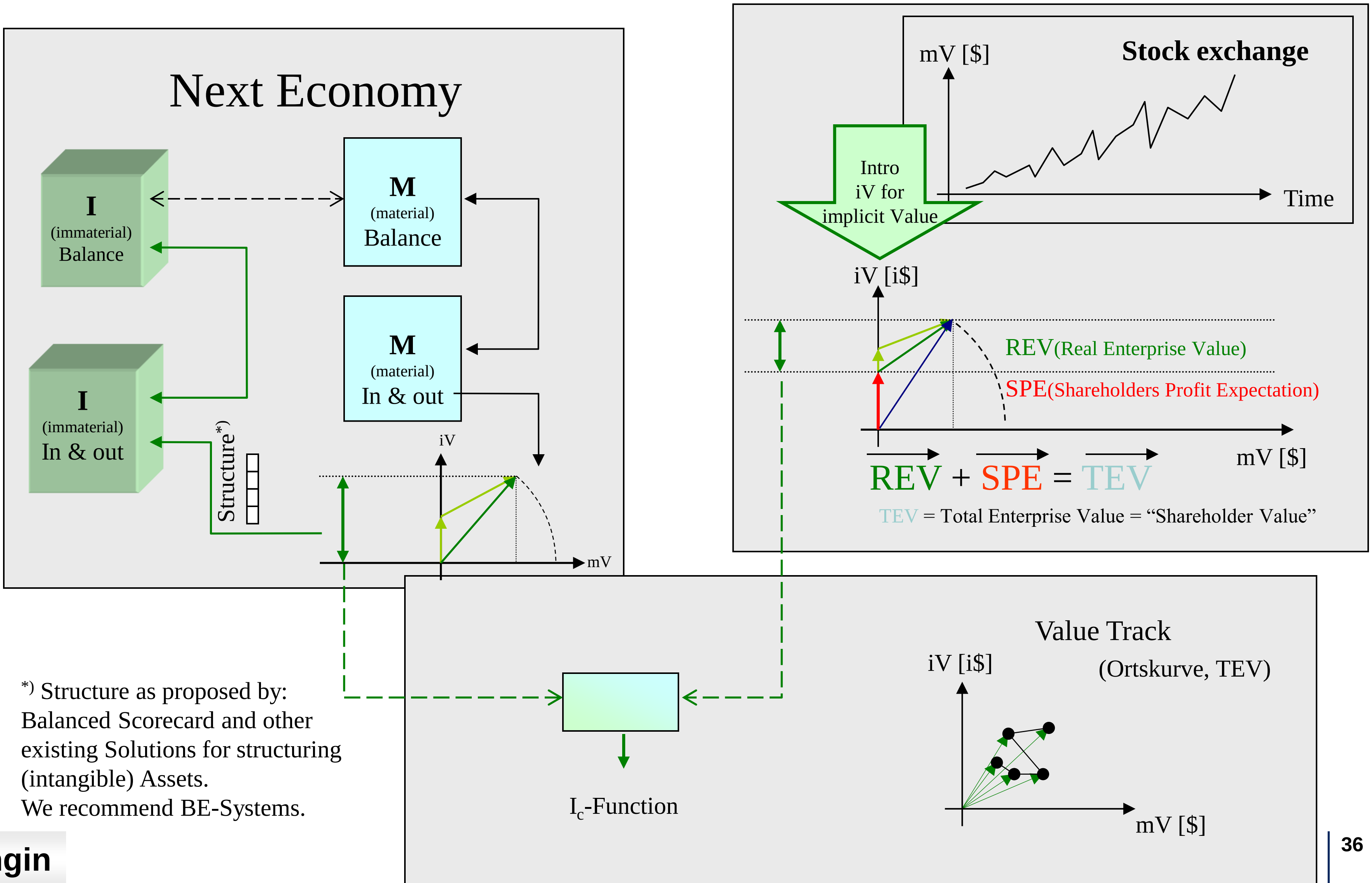
Q I: Transform -M / +I
- New projects
- Revisions of Offerings
- Insourcing/merging
-

Q II:Generation +M / +I
- Daily business
- Selling, dispatch
- (Re)Production
-

Q III: Transform -I / +M
- Outsourcing
- leaner
-

Q IV:Degeneration -I / -M
- Graveyard
-

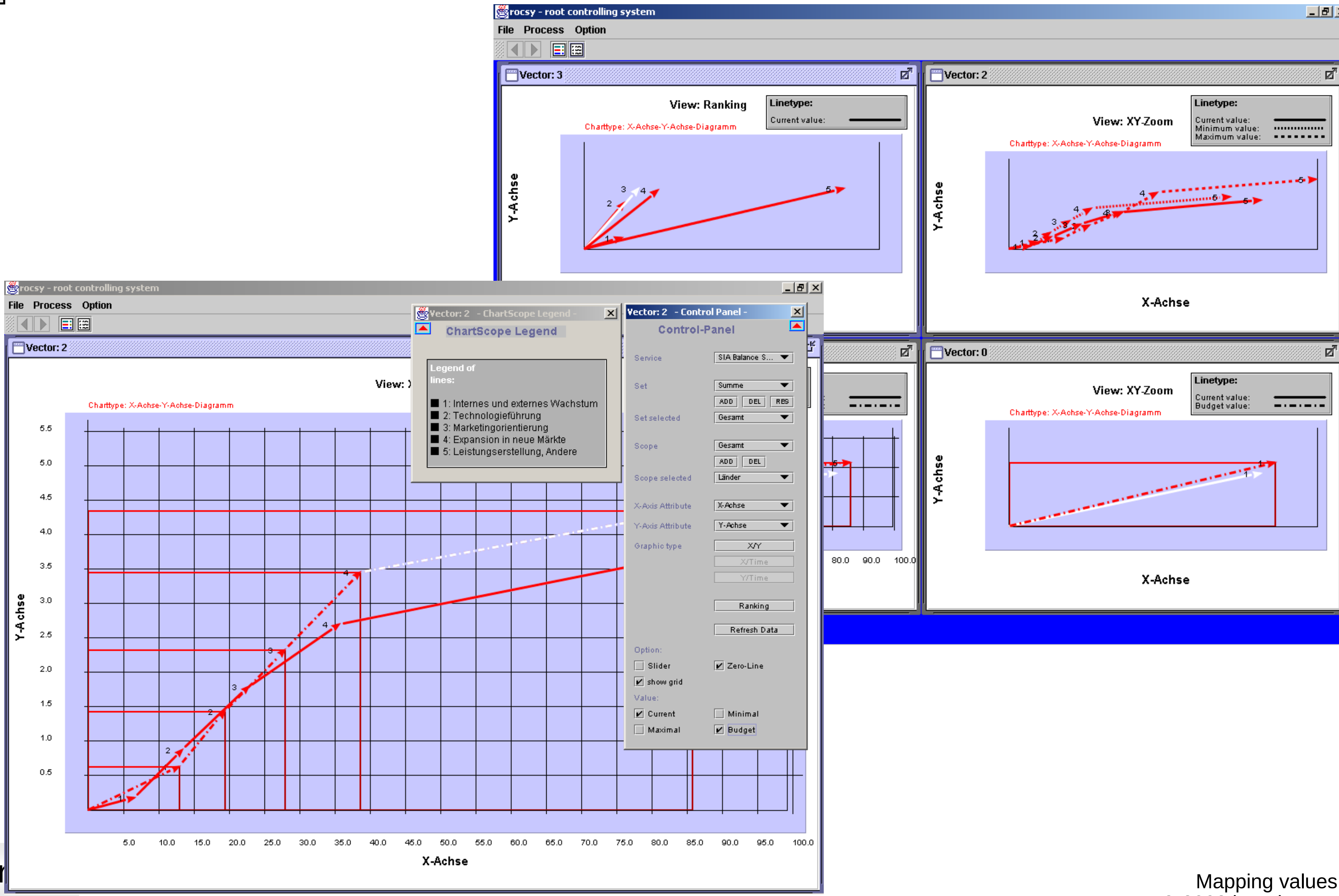
Economic Value Architecture & Engineering



*) Structure as proposed by:
Balanced Scorecard and other existing Solutions for structuring (intangible) Assets.
We recommend BE-Systems.

Software

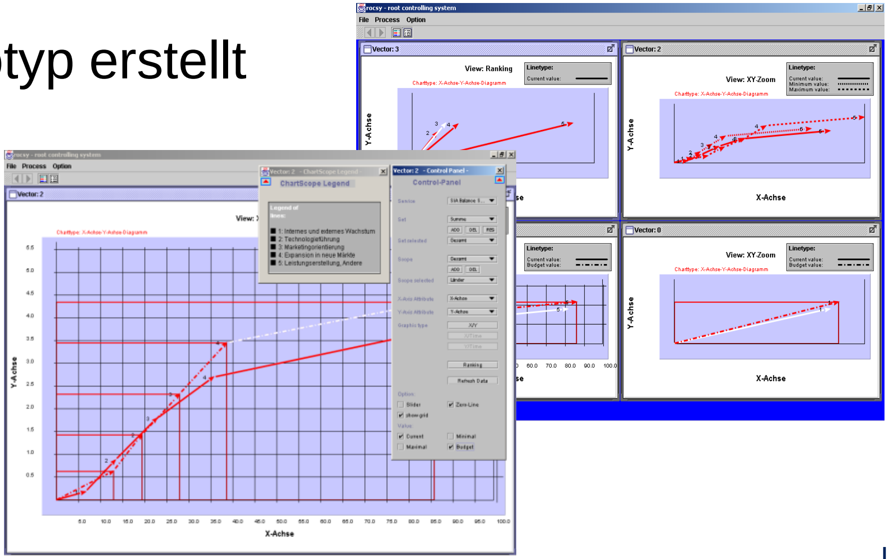
SoftWare Tools from Root-Services



Vorschlag nächster Schritt

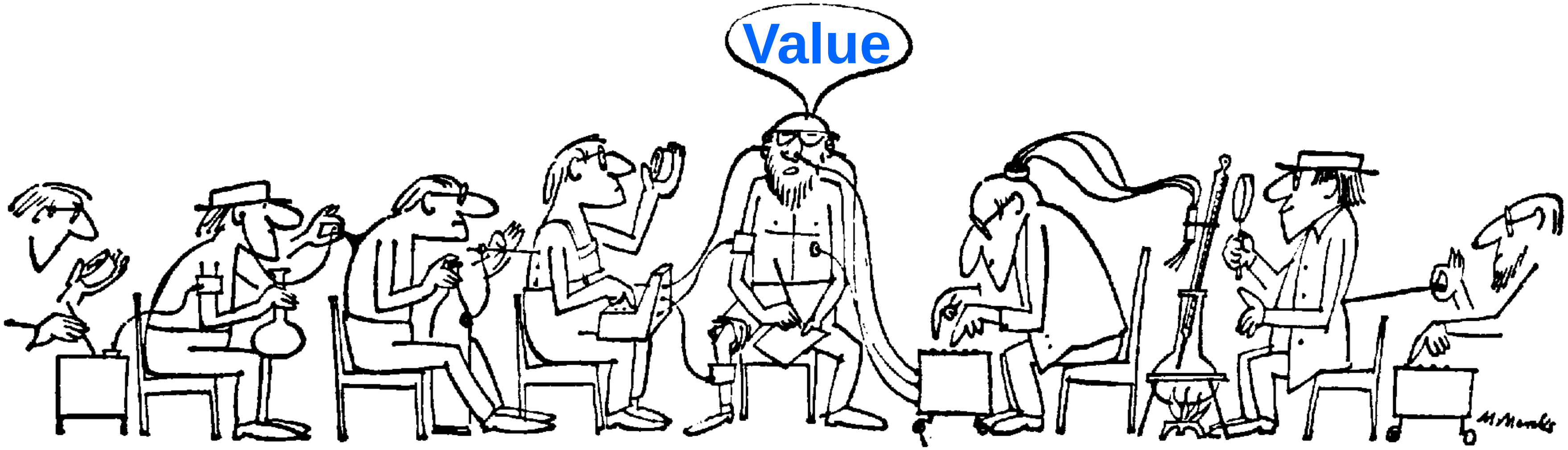
Readiness Assessment

- **Resultat**
  - Ist-Situation erhoben
  - Soll definiert
  - Die notwendigen Informationen und Werte identifiziert
  - Prototyp erstellt



Zusatzfolien 2

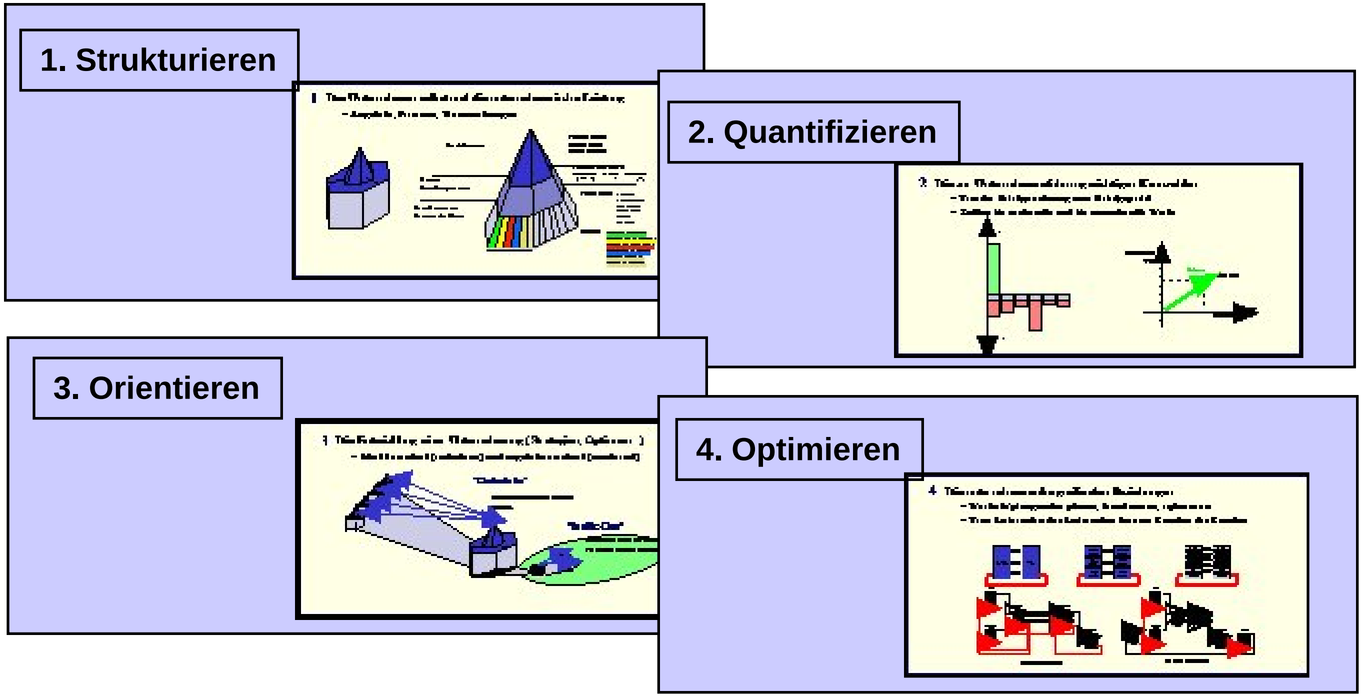
Explained world



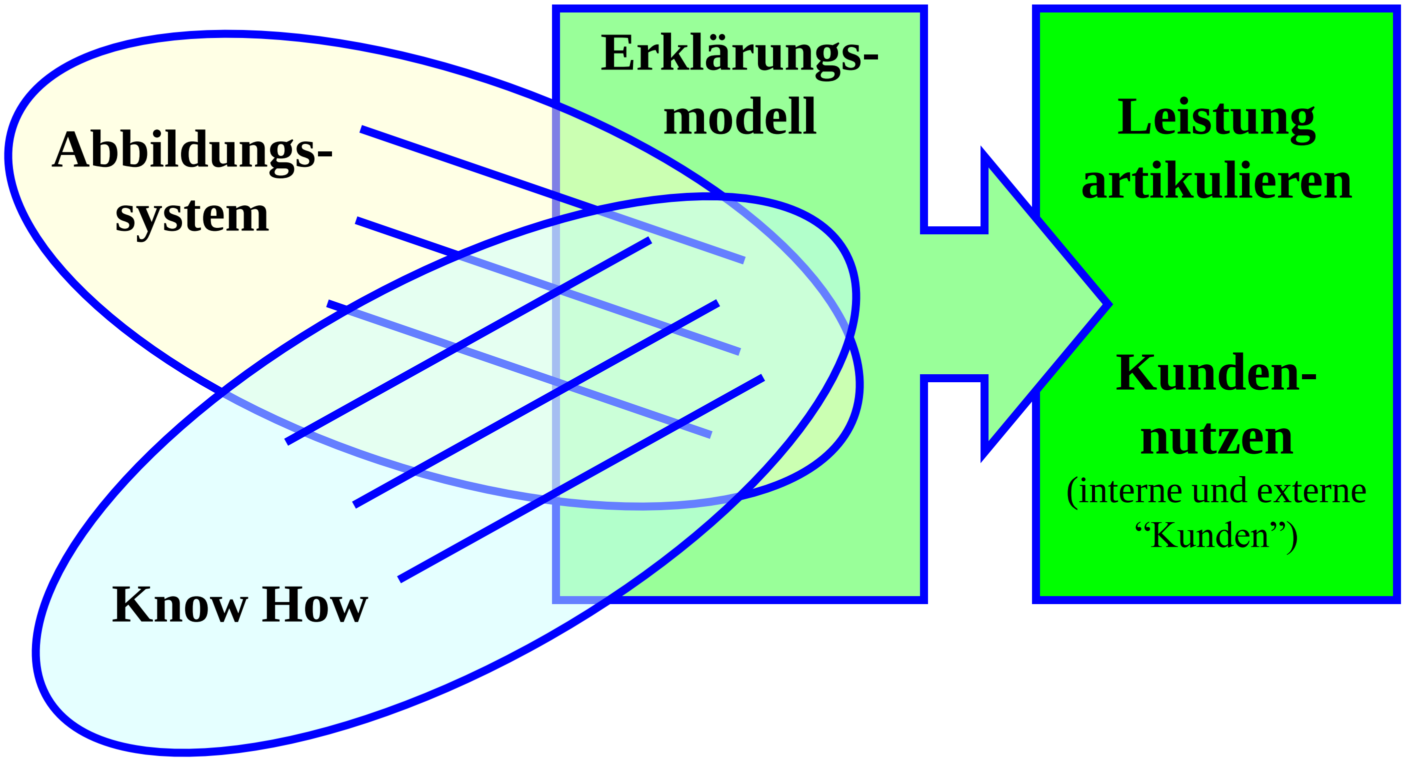
Nach: Marle Marks,
Manager Magazin 3/85

understanding @ bengin

Evolutionäre Grundlagen und Instrumente für die Abbildung der Realität bis zur Entwicklung von innovativen Lösungen.



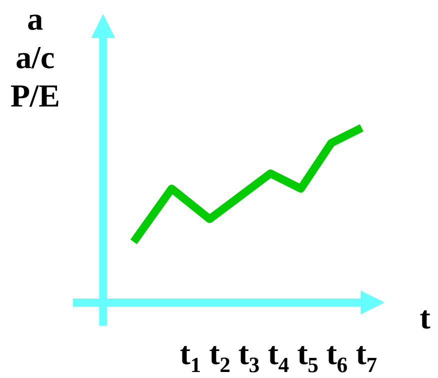
Mit einem erweiterten Abbildungssystem kommen Wissen, Können, Nutzen.... besser zum Tragen

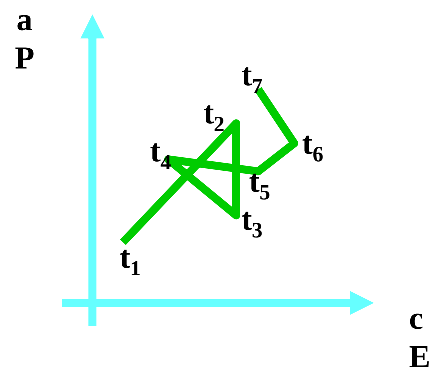


Ein visuelles Abbildungsinstrument erlaubt ein schnelleres und vollständiges Verständnis der komplexen Realität

Zahlen	Graphiken

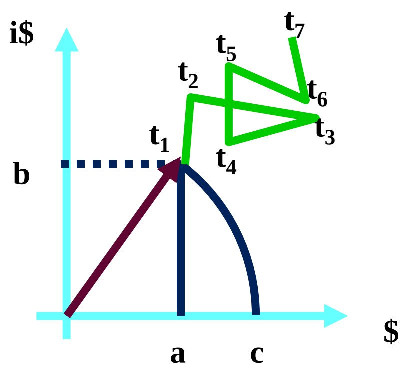
Absolute:
a, b, c.....

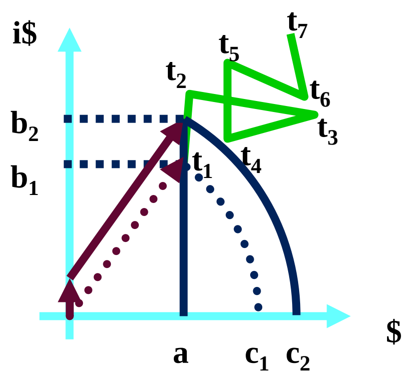




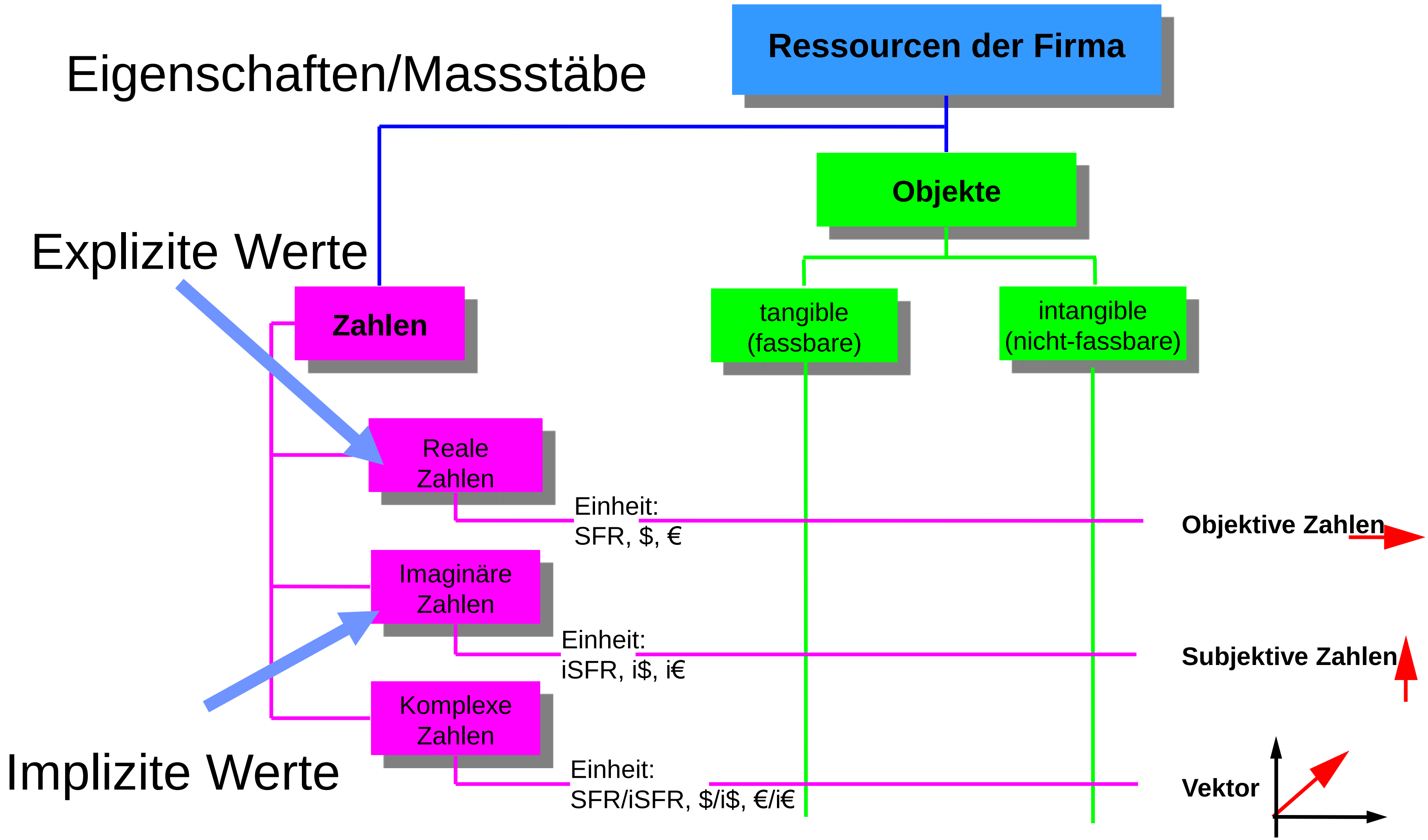
Relative:
a/b, a/c.....

Vektoren/
Komplexe Zahlen:
z = a + bi

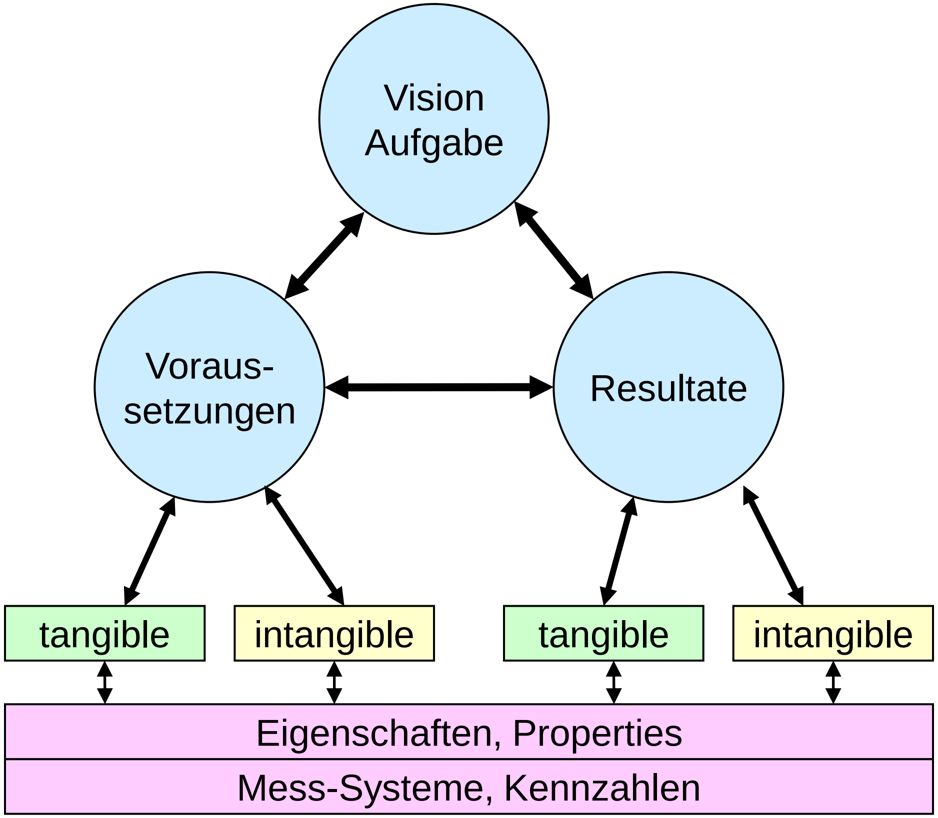




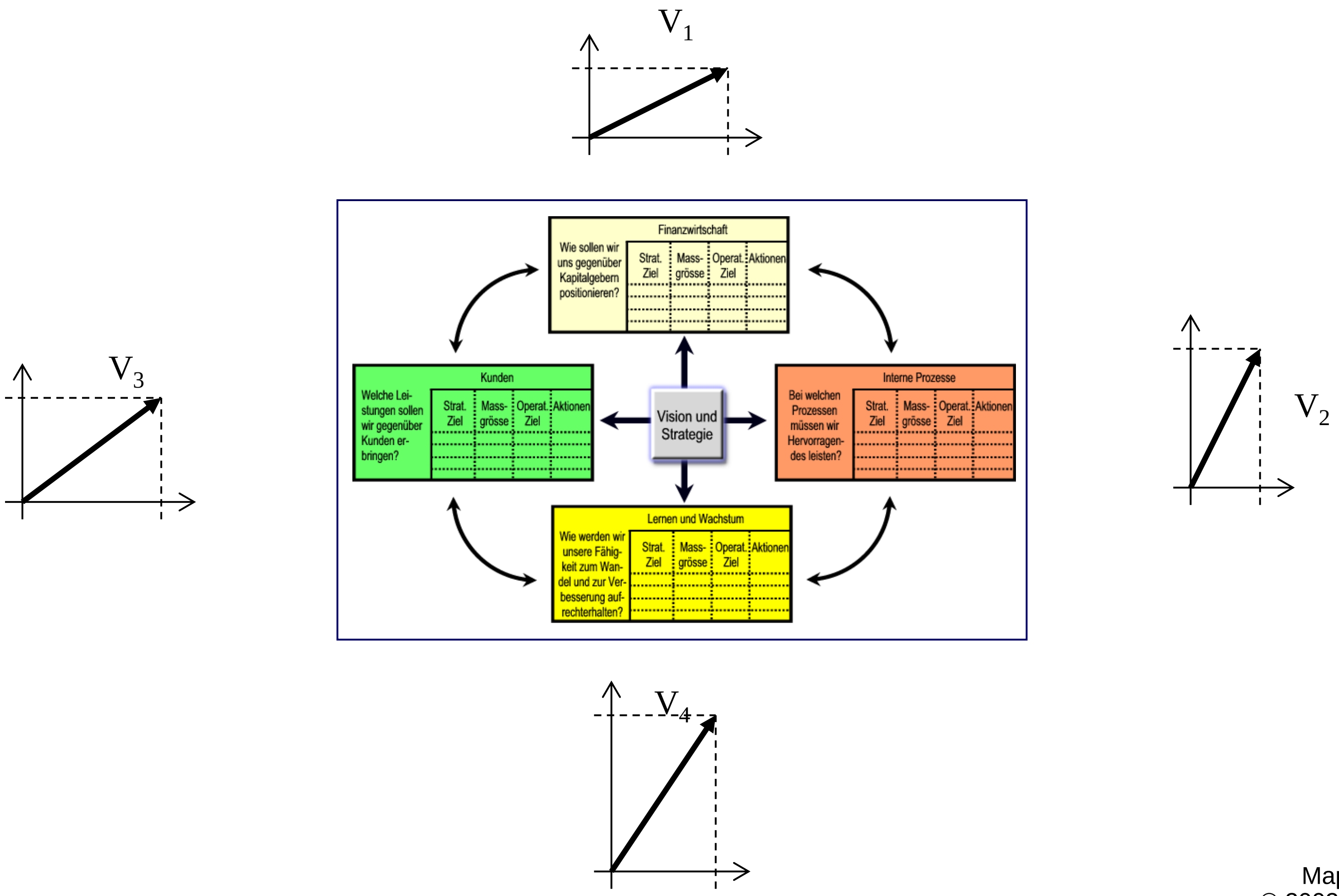
Mapping Values



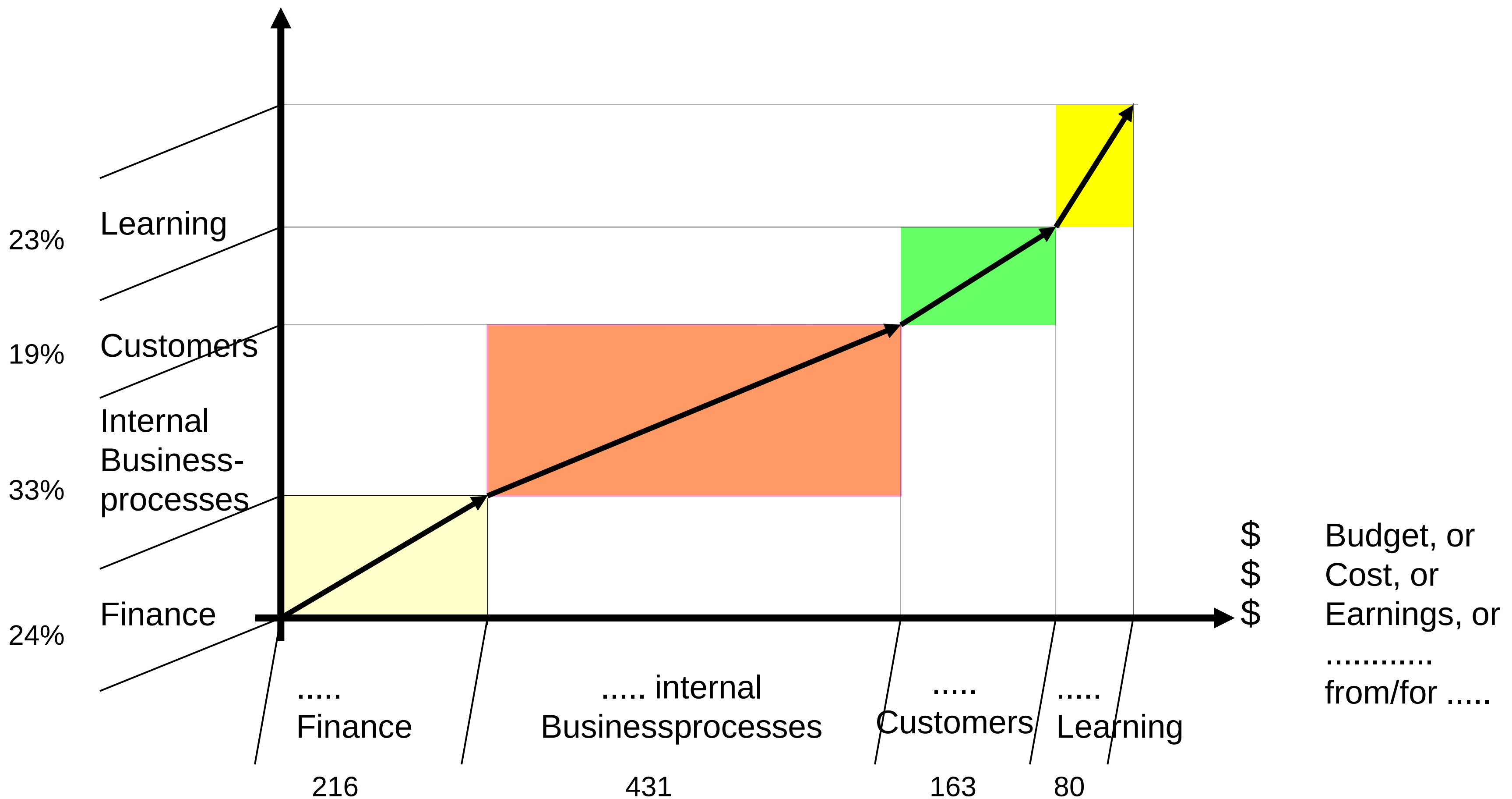
Focus – Objects – Measures



(also the Values in the Balanced Scorecard....)



Example (Scorecard)....................



.....more in details.....