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企业分析与评估 英文版

帕利普、伯纳德、希利 合著

正版

哈佛商学院案例教程

Introduction to Business Analysis & Valuation

Palepu, Bernard & Healy



东北财经大学出版社

正版哈佛商学院案例教程·英文版

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Introduction to Business Analysis & Valuation

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东北财经大学出版社

图书在版编目 (CIP) 数据

企业分析与评估: 英文 / (美) 帕利普 (Palepu, K.G.) 等著 .—大连: 东北财经大学出版社, 1998.4

(正版哈佛商学院案例教程)

ISBN 7 - 81044 - 362 - 3

I. 企… II. 帕… III. 企业经济 - 经济评价 - 英文 IV. F272.5

中国版本图书馆 CIP 数据核字 (98) 第 05367 号

辽宁省版权局著作权合同登记号: 图字 06 - 1998 - 34 号

Krishna G. Palepu, Victor L. Bernard, Paul M. Healy: Business Analysis & Valuation: Using Financial Statements

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东北财经大学出版社出版

(大连市黑石礁尖山街 217 号 邮政编码 116025)

东北财经大学出版社发行

北京万国电脑图文有限公司制版 东北财经大学印刷厂印刷

开本: 787×1092 毫米 1/16 字数: 842 千字 印张: 33.75 插页: 2

1998 年 4 月第 1 版

1998 年 4 月第 1 次印刷

策划编辑: 方红星

封面设计: 韩 波

定价: 54.00 元

ISBN 7 - 81044 - 362 - 3/F·1047

出版者的话

当今的世界是一个变革的世界，政治体制在变革，经济结构在变革，管理方式在变革，思想观念在变革……从东方到西方，从中国到世界，一切无不处在变革之中。毫不例外，管理教育也正面临着一场深刻的变革。在以 MBA (Master of Business Administration, 通常译为“工商管理硕士”) 教育为主干的应用型管理教育大行其道的同时，一种以经典案例为主要素材、强调培养实务操作能力、反对一味灌输抽象理论的所谓“案例教学法”(Cases Methods) 逐渐取代了传统的管理教学模式，并以惊人的速度风靡全球。

作为世界 MBA 教育发祥地的美国哈佛大学工商管理研究生院 (Graduate School of Business Administration, Harvard University, 通常简称 Harvard Business School, 即“哈佛商学院”), 同时也是管理专业案例教学的首创者和积极倡导者。哈佛商学院经过近一个世纪的发展, 已经无可争辩地登上了全世界 MBA 教育的制高点, 哈佛商学院 MBA 已经成为全球企业管理界一块光芒四射的“金字招牌”。个中原因除了素来坚持严格的学员遴选制度之外, 主要应归功于独具一格的案例教学方法。

毋庸讳言, 我国的管理教育尚处于“初级阶段”, 亟待借鉴发达国家的成功经验, 包括先进的教学方法、权威的教学素材和科学的教学体系。为此, 我们通过多方努力, 终于开通了一条通过合法途径引进哈佛商学院案例教程的渠道, 并及时推出了首批十余种图书。按照预定计划, 我们将在今后两到三年内, 陆续推出哈佛商学院 MBA 其他主干课程案例教程的英文(影印)版和相应的中译版, 以满足国内管理教育尤其是 MBA、经理培训项目(ETP)师生和其他有关人士的迫切需要, 为推动我国管理教育改革和向国际接轨的步伐贡献一份绵薄之力。

对于本套系列教材在选题策划、翻译、编辑、出版以及发行工作中存在的缺点和不足, 恳请广大读者不吝指正, 我们在此先致谢忱!

东北财经大学出版社

1998年3月

This book is dedicated to the memory and spirit of

Vic Bernard

Scholar, colleague, friend



the authors

Krishna Palepu joined the Harvard Business School faculty in 1983 after receiving Bachelors and Masters degrees in physics from Andhra University, an MBA from the Indian Institute of Management, and a PhD from MIT. He has taught courses in finance and control, financial statement analysis, and competitive strategy in the Harvard MBA and Executive Educations programs, and he is currently co-leading a Harvard senior executive program on India and China, "Managing Global Opportunities in the Emerging Markets of Asia." Professor Palepu's research focuses on analyzing corporate finance and investment strategies and the process through which firms communicate these strategies to the capital markets. He has published numerous research papers and teaching cases on corporate disclosure, financing and dividend policies, and mergers and restructurings. He is also Associate Editor of several leading research journals, including the *Journal of Accounting and Economics*, *Accounting Review*, the *Journal of Financial Economics*, and the *Journal of Corporate Finance*. In addition to extensive consulting work, Professor Palepu serves on the International Board of the Academy of Management Excellence in India and of the EuroMBA Program of the Helsinki University of Technology in Finland.

Vic Bernard, who passed away November 14, 1995, was a CPA and held a PhD from the University of Illinois. He was Director of the Paton Accounting Center at the University of Michigan and Director of Research for the American Accounting Association. His research examined issues in financial reporting, financial statement analysis, and financial economics. He was one of ten persons in the last 30 years to have received the AAA/AICPA Notable Contributions to Accounting Literature Award more than once (in 1991 and 1993).

Paul Healy joined the MIT Sloan School of Management faculty in 1983, where he teaches financial accounting and financial statement analysis. He received his BCA Honors (1st class) in Accounting and Finance from Victoria University, New Zealand, and his MS in Economics and PhD in Business from the University of Rochester. Prior to coming to the U.S., he worked for Arthur Young and ICI Ltd. in New Zealand. Professor Healy received Sloan School awards for Teaching Excellence in 1991 and 1992. In 1993–94, he served as Deputy Dean at the Sloan School, and in 1994–95, he visited London Business School and Harvard Business School. Professor Healy's research, which has been published in *Accounting Review*, the *Journal of Accounting and Economics*, the *Journal of Accounting Research*, and the *Journal of Financial Economics*, includes studies of how firms' disclosure strategies affect their costs of capital, how investors interpret firms' dividend policy and capital structure decisions, the performance of merging firms after mergers, and the effect of managerial compensation and lending contracts on financial reporting. In 1990, he was awarded the AAA/AICPA Notable Contributions to Accounting Literature Award for his article, "The Effect of Bonus Schemes on Accounting Decisions."

p r e f a c e

Financial statements are the basis for a wide range of business analysis. Managers use them to monitor and judge their firm's performance relative to its competitors, to communicate with external investors, to help judge what financial policies they should pursue, and to evaluate potential new businesses to acquire as part of their investment strategy. Securities analysts use financial statements to rate and value companies they recommend to clients. Bankers use them in deciding whether to extend a loan to a client and to determine the loan's terms. Investment bankers use them as a basis for valuing and analyzing prospective buyouts, mergers, and acquisitions. And consultants use them as a basis for competitive analysis for their clients. Not surprisingly, therefore, we find that there is a strong demand among business students for a course that provides a framework for using financial statement data in a variety of business analysis and valuation contexts. The purpose of this book is to provide such a framework for business students and practitioners.

KEY FEATURES

This book differs from other texts in business and financial analysis in a number of important ways. In the first two parts of the book, we introduce and develop a framework for business analysis and valuation using financial statement data. In Part 3, we show how this framework can be applied to a variety of decision contexts. We use Compaq Computer Corporation, whose annual report data are provided in Part 5, to illustrate both the framework and the applications. Part 4 provides a variety of cases that can be used to develop the concepts discussed in the text.

Framework for Analysis

In the framework section, we identify four key analysis components:

- Business Strategy Analysis
- Accounting Analysis
- Financial Analysis
- Prospective Analysis

The first of the components, business strategy analysis, involves developing an understanding of the business and competitive strategy of the firm being analyzed.

Accounting analysis implies examining how accounting rules and conventions represent the firm's business economics and strategy in its financial statements and, if necessary, developing adjusted accounting measures of performance. To analyze performance, financial analysis utilizes financial ratio and cash flow measures of operating, financing, and investing performance of a company, relative either to key competitors or historical data. Finally, under prospective analysis we show how to develop forecasted financial statements and how to use these to make estimates of firm value. Our discussion of valuation includes traditional cash flow methods as well as methods linked more directly to accounting numbers.

While we cover all four components of business analysis and valuation in the book, we recognize that the extent of their use depends on the user's decision context. For example, bankers are likely to use business strategy analysis, accounting analysis, financial analysis, and the forecasting portion of prospective analysis; they are less likely to be interested in formally valuing a prospective client.

Application of Framework to Decision Contexts

The decision contexts that we include in the third part of the book are:

- Securities Analysis
- Credit Analysis
- Merger and Acquisition Analysis
- Corporate Financing Policies Analysis
- Management Communications Analysis

For each of these topics we present an overview chapter to provide a foundation for class discussions. Where possible we discuss relevant institutional details and results of academic research that are useful in applying the analysis concepts developed in the first section of the book. For example, the chapter on credit analysis shows how banks and rating agencies analyze financial statement data to develop lending decisions and to rate public debt issues. This chapter also discusses academic research on how to analyze whether a company is financially distressed.

Case Approach

We have found that a course in business analysis and valuation is significantly enhanced, both for teachers and students, by using cases as a pedagogical tool. Students want to develop "hands-on" experience in applying the concepts of business analysis and valuation in decision contexts similar to those they will encounter in the business world. Cases achieve this objective in a natural way by presenting practical issues that might otherwise be ignored in a traditional classroom exercise. Our cases all present business analysis and valuation issues in a specific decision context, and we find that this makes the material more interesting and exciting.

To supplement the cases, we provide summary questions at the end of each chapter.

These questions may be used for class discussion or for assignment material.

USING THE TEXT

The text is most effectively used in an undergraduate course in financial statement analysis or in an MBA course.

Prerequisites

To get the most out of the text, students should have completed basic courses in financial accounting, finance, and either business strategy or business economics. The text provides a concise overview of some of these topics, primarily as background for preparing the cases. But it would probably be difficult for students with no prior knowledge in these fields to use the chapters as stand-alone coverage of them. We have integrated only a small amount of business strategy material into each case.

The extent of accounting knowledge required for the cases varies considerably. Some cases require only a basic understanding of accounting issues, whereas others require a more detailed knowledge at the level of a typical intermediate financial accounting course. However, we have found it possible to teach even these more complex cases to students without a strong accounting background by providing additional reading on the topic. For some cases, the Teaching Manual includes a primer on the relevant accounting issue, which instructors can hand out to help students prepare the case.

How to Use the Text and Case Materials

The materials can be used in a variety of ways. We teach the course using almost a pure case approach, adding relevant lecture sections as needed. However, a lecture class could be presented first, followed by an appropriate case. It is also possible to use the text material primarily for a lecture course and include some of the discussion questions and cases as in-class illustrations of the concepts discussed in the text. Alternatively, lectures could be used as a follow-up to the cases to more clearly lay out the conceptual issues raised in the discussion of the cases.

We have designed the cases so that they can be taught at a variety of levels. For students who need more structure to work through a case, the Teaching Manual includes a set of detailed questions which the instructor can hand out before class. For students who need less structure, the Teaching Manual includes a set of recommended questions.

The cases may be enriched with current information by encouraging students to visit the Internet sites of the companies discussed in the cases or mentioned in the text. In addition, we encourage instructors and students to visit South-Western's Palepu/Bernard/Healy Internet pages (www.swcollege.com/swcp/acct/palepu/palepu.html) for links to selected companies.

ACKNOWLEDGMENTS

We gratefully acknowledge the help of Jeff Abarbanell (University of Michigan) and G. Peter Wilson (MIT) for valuable discussions on pedagogical issues. We also thank the Harvard Business School for permission to include a number of their cases.

We appreciate the help of Paul Asquith (MIT), Edouard De Vitry D'Avaucourt, Raguvir Gurumurthy, and Charles Lee (University of Michigan) in developing the case materials. Research assistant help was provided by Marlene Plumlee and Rory Stace. We also wish to thank our colleagues who gave us feedback on our materials, particularly Tom Frecka (Notre Dame), Jeff Abarbanell, and Amy Sweeney (Harvard University). We also thank Brian Belt (University of Missouri-Kansas City), Marlin R. H. Jensen (Auburn University), Ron King (Washington University), James M. Wahlen (University of North Carolina), and David A. Ziebart (University of Illinois) for reviewing the initial outline of this project.

We are also very grateful to Ken Martin, Marci Dechter, and Julia Chitwood for their patient editorial and production help. We thank Bianca Baggio for providing excellent help in putting the manuscript together.

c o n t e n t s

Part 1 INTRODUCTION

1	A Framework for Doing Business Analysis Using Financial Statements	1-1
	From Business Activities to Financial Statements	1-2
	From Financial Statements to Business Analysis	1-6
	Summary and Conclusions	1-8
	Discussion Questions	1-9
	Case	1-9

Part 2 BUSINESS ANALYSIS TOOLS

2	Business Strategy Analysis	2-1
	Industry Analysis	2-1
	Degree of Actual and Potential Competition	2-3
	Relative Bargaining Power in Input and Output Markets	2-6
	Applying Industry Analysis: The Personal Computer Industry	2-7
	Competitive Strategy Analysis	2-9
	Sources of Competitive Advantage	2-10
	Achieving and Sustaining Competitive Advantage	2-11
	Applying Business Strategy Analysis	2-12
	Summary and Conclusions	2-13
	Discussion Questions	2-14
	Case	2-15
	Notes	2-15
3	Accounting Analysis	3-1
	Overview of the Institutional Framework for Financial Reporting	3-1
	Doing Accounting Analysis	3-7
	Accounting Analysis Pitfalls	3-13
	Application of Accounting Analysis Concepts to Compaq Computer Corporation	3-14

	Summary and Conclusions	3-16
	Discussion Questions	3-16
	Cases	3-17
	Notes	3-18
4	Financial Analysis	4-1
	Ratio Analysis	4-1
	Cash Flow Analysis	4-19
	Summary and Conclusions	4-26
	Discussion Questions	4-27
	Case	4-28
	Notes	4-28
5	Prospective Analysis: Forecasting	5-1
	Relation of Forecasting to Other Analyses	5-1
	The Techniques of Forecasting	5-2
	Seasonality and Interim Forecasts	5-18
	Summary and Conclusions	5-20
	Discussion Questions	5-21
	Cases	5-23
	Notes	5-23
6	Prospective Analysis: Valuation Based on Discounted Cash Flows	6-1
	Overview of Discounted Cash Flow (DCF) Analysis	6-2
	Step 1 of DCF: Forecast Free Cash Flows	6-3
	Step 2 of DCF: Forecast Cash Flows Beyond the "Terminal Year"	6-5
	Step 3 of DCF: Discount Expected Free Cash Flows	6-12
	Step 4 of DCF: Calculate the Value of Equity	6-17
	Summary and Conclusions	6-19
	Appendix	6-20
	Discussion Questions	6-22
	Case	6-23
	Notes	6-23
7	Prospective Analysis: Accounting-Based Valuation Techniques	7-1
	Overview of Discounted Earnings Analysis	7-1
	Steps in Discounted Earnings Valuation	7-8

Comparison of Abnormal Earnings/ROE and DCF Approaches	7-15
Techniques of Valuation Based on Price Multiples	7-16
Detailed Valuation Versus Use of Multiples	7-23
Summary and Conclusions	7-24
Discussion Questions	7-24
Cases	7-25
Notes	7-25

Part 3 BUSINESS ANALYSIS APPLICATIONS

8	Equity Security Analysis	8-1
	Market Efficiency and the Pricing of Equity Securities	8-2
	Approaches to Fund Management and Securities Analysis	8-4
	The Process of a Comprehensive Security Analysis	8-6
	Financial Statement Data and Security Prices	8-11
	Summary and Conclusions	8-14
	Discussion Questions	8-15
	Cases	8-17
	Notes	8-17
9	Credit Analysis and Distress Prediction	9-1
	The Market for Credit	9-2
	The Credit Analysis Process	9-4
	Financial Statement Analysis and Public Debt	9-11
	Prediction of Distress and Turnaround	9-16
	Summary and Conclusions	9-17
	Discussion Questions	9-18
	Cases	9-18
	Notes	9-19
10	Mergers and Acquisitions	10-1
	Motivation for Merger or Acquisition	10-2
	Acquisition Pricing	10-5
	Acquisition Financing	10-11
	Acquisition Outcome	10-16
	Summary and Conclusions	10-17
	Discussion Questions	10-18
	Case	10-20
	Notes	10-20

11	Corporate Financing Policies	11-1
	Factors That Determine Firms' Debt Policies	11-2
	The Optimal Long-Term Mix of Debt and Equity	11-2
	The Financing of New Projects	11-9
	Factors That Determine Firms' Dividend Policies	11-11
	Summary and Conclusions	11-16
	Discussion Questions	11-17
	Case	11-17
	Notes	11-17
12	Management Communications	12-1
	Communicating with Investors	12-2
	Communication Through Financial Reporting	12-4
	Other Forms of Communicating with Investors	12-8
	Summary and Conclusions	12-11
	Discussion Questions	12-12
	Cases	12-14
	Note	12-14

Part 4 CASES IN FINANCIAL STATEMENT ANALYSIS

America Online, Inc.	A 1-1
The Computer Industry in 1992	C 1-1
CUC International, Inc. (A)	C 2-1
Debt Ratings in the Chemical Industry	D 1-1
The Gap, Inc.	G 1-1
Harnischfeger Corporation	H 1-1
The Home Depot, Inc.	H 2-1
Kansas City Zephyrs Baseball Club, Inc.	K 1-1
The Murray Ohio Manufacturing Company	M 1-1
Pageturner Bookstores, Inc.	P 1-1
Schneider and Square D	S 1-1

Part 5 COMPAQ COMPUTER CORPORATION

Index	11-1
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p a r t



Introduction

Chapter 1 A Framework for Doing Business Analysis Using Financial Statements



A Framework for Doing Business Analysis Using Financial Statements

The purpose of this chapter is to outline a comprehensive framework for financial statement analysis. Because financial statements provide the most widely available data on public corporations' economic activities, investors and other stakeholders rely on financial reports to assess the plans and performance of firms and corporate managers.

A variety of questions can be addressed by doing business analysis using financial statements, as shown in the following examples:

- A security analyst may be interested in asking: "How well is the firm I am following performing? Did the firm meet my performance expectations? If not, why not? What is the value of the firm's stock given my assessment of the firm's current and future performance?"
- A loan officer may need to ask: "What is the credit risk involved in lending a certain amount of money to this firm? How well is the firm managing its liquidity and solvency? What is the firm's business risk? What is the additional risk created by the firm's financing and dividend policies?"
- A management consultant might ask: "What is the structure of the industry in which the firm is operating? What are the strategies pursued by various players in the industry? What is the relative performance of different firms in the industry?"
- A corporate manager may ask: "Is my firm properly valued by investors? Is our investor communication program adequate to facilitate this process?"
- A corporate manager could ask: "Is this firm a potential takeover target? How much value can be added if we acquire this firm? How can we finance the acquisition?"
- An independent auditor would want to ask: "Are these financial statements consistent with my understanding of this business and its recent performance? Do these

financial reports communicate the current status and significant risks of the business?”

Financial statement analysis is a valuable activity when managers have complete information on a firm's strategies and a variety of institutional factors make it unlikely that they fully disclose this information. In this setting, outside analysts attempt to create “inside information” from analyzing financial statement data, thereby gaining valuable insights about the firm's current performance and future prospects.

To understand the contribution that financial statements analysis can make, it is important to understand the institutional forces that shape financial statements. Therefore, we present first a brief description of these forces; then we discuss the steps that an analyst must perform to extract information from financial statements and to provide valuable forecasts.

FROM BUSINESS ACTIVITIES TO FINANCIAL STATEMENTS

Corporate managers are responsible for acquiring physical and financial resources from the firm's environment and using them to create value for the firm's investors. Value is created when the firm earns a return on its investment in excess of the cost of capital. Managers formulate business strategies to achieve this goal, and they implement them through business activities. A firm's business activities are influenced by its economic environment and its own business strategy. The economic environment includes the firm's industry, its input and output markets, and the regulations under which the firm operates. The firm's business strategy determines how the firm positions itself in its environment to achieve a competitive advantage.

As shown in Figure 1-1, a firm's financial statements summarize the economic consequences of its business activities. The firm's business activities in any time period are too numerous to be reported individually to outsiders. Further, some of the activities undertaken by the firm are proprietary in nature, and disclosing these activities in detail could be a detriment to the firm's competitive position. The firm's accounting system provides a mechanism through which business activities are selected, measured, and aggregated into financial statement data.

An analyst using financial statement data to do business analysis has to be aware that financial reports are influenced both by the firm's business activities and by its accounting system. A key aspect of financial statement analysis, therefore, involves understanding the influence of the accounting system on the quality of the financial statement data being used in the analysis. The institutional features of accounting systems discussed below determine the extent of that influence.

Accounting System Feature 1: Accrual Accounting

One of the fundamental features of corporate financial reports is that they are prepared using accrual rather than cash accounting. Unlike cash accounting, accrual accounting