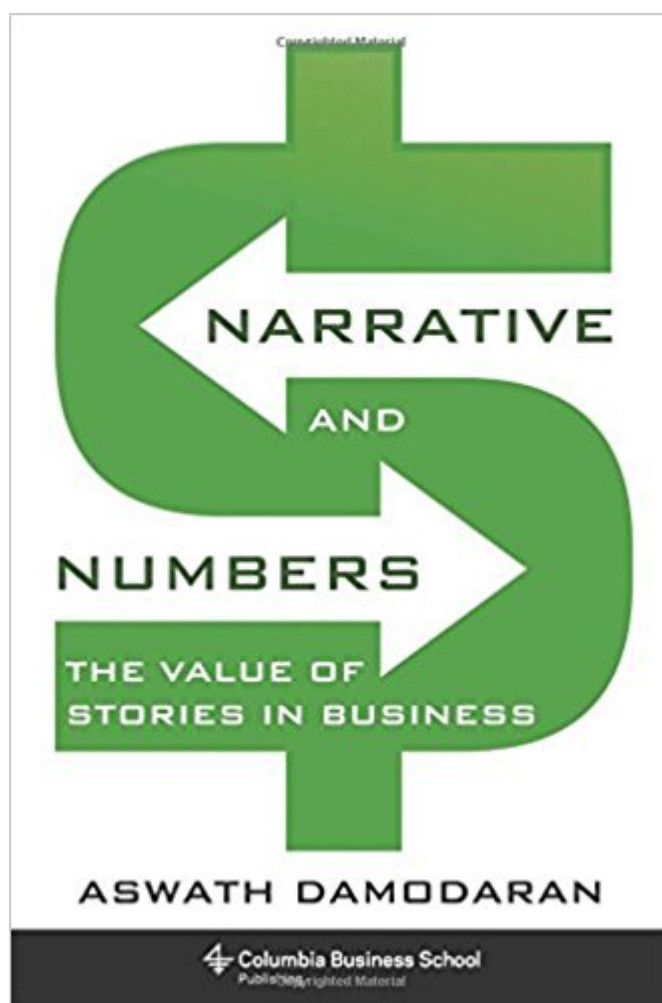The book was found

Narrative And Numbers: The Value Of Stories In Business (Columbia Business School Publishing)

Synopsis

How can a company that has never turned a profit have a multibillion dollar valuation? Why do some start-ups attract large investments while others do not? Aswath Damodaran, finance professor and experienced investor, argues that the power of story drives corporate value, adding substance to numbers and persuading even cautious investors to take risks. In business, there are the storytellers who spin compelling narratives and the number-crunchers who construct meaningful models and accounts. Both are essential to success, but only by combining the two, Damodaran argues, can a business deliver and sustain value.Through a range of case studies, Narrative and Numbers describes how storytellers can better incorporate and narrate numbers and how number-crunchers can calculate more imaginative models that withstand scrutiny. Damodaran considers Uber's debut and how narrative is key to understanding different valuations. He investigates why Twitter and Facebook were valued in the billions of dollars at their public offerings, and why one (Twitter) has stagnated while the other (Facebook) has grown. Damodaran also looks at more established business models such as Apple and to demonstrate how a company's history can both enrich and constrain its narrative. And through Vale, a global Brazil-based mining company, he shows the influence of external narrative, and how country, commodity, and currency can shape a company's story. Narrative and Numbers reveals the benefits, challenges, and pitfalls of weaving narratives around numbers and how one can best test a story's plausibility.

Book Information

Series: Columbia Business School Publishing

Hardcover: 296 pages

Publisher: Columbia University Press (January 10, 2017)

Language: English

ISBN-10: 0231180489

ISBN-13: 978-0231180481

Product Dimensions: 6.1 x 1.1 x 9.1 inches

Shipping Weight: 1.1 pounds (View shipping rates and policies)

Average Customer Review: 4.2 out of 5 stars   24 customer reviews

Best Sellers Rank: #27,964 in Books (See Top 100 in Books)   #6 in Books > Business & Money > Finance > Corporate Finance > Valuation   #26 in Books > Business & Money > Marketing & Sales > Public Relations   #47 in Books > Business & Money > Investing > Stocks

Customer Reviews

Damodaran's success in combining storytelling with traditional financial analysis and valuation is unprecedented. The book has the potential to be a cornerstone of both traditional valuation and business "pitching" as it shows how individuals from each world can benefit from co-opting tools from the other. The author takes us on his personal journey into the realization that numbers need a narrative in order to make them persuasive. (Paul Johnson, Nicusa Investment Advisors)Professor Damodaran's point-counterpoint case studies make valuation a good read. Self-critical in his contemporary examples, he wisely cautions the reader that quality valuation requires both the right and the left side of one's brainâ •the number cruncher and the storyteller. (Thomas E. Copeland, University of San Diego)Damodaran, instructor to many on valuation, clearly demonstrates that quantitative valuation formulas are not sufficient: they must be applied with a more qualitative narrative about the business. But qualitative analysis has its dangers, not the least that we insert our own biases into the narrative. Damodaran nicely weaves stories into the more formal quantitative analysis, with check and balances that yield a more confident valuation. (Stephen Penman, author, Accounting for Value)No one has contributed more to the craft of valuation than Aswath Damodaran. In Narrative and Numbers, he correctly shows that you can't understand the stock without the story. After Damodaran's eye-opening tour, you will forever appreciate the vital contribution of human nature to number-crunching. (Michael Mauboussin, Head of Global Financial Strategies, Credit Suisse)Damodaran takes us to the place where Joseph Campbell, Warren Buffett, and the best quantitative analyses of Nassim Taleb intersect, and his journey uncovers new value and risk missed by analysts who bias themselves by relying solely on storytelling or number-crunching. It's a hero's journey best supported by humilityâ •and this first-person account of Aswath's own evolving narratives, analyses, and valuations of Alibaba, , Uber, Theranos, Ferrari, and more. He may have started as a quant, but Damodaran's now one of the most balanced analystsâ •and wonderful business and financial storytellersâ •writing and teaching today. (David Foster, CEO, Business Valuation Resources)For adventurous chefs and readers with a serious interest in gastronomy, Mouthfeel should prove a handy reference tool. (Japan Times)

Aswath Damodaran, finance professor and experienced investor, argues that the power of story drives corporate value, adding substance to numbers and persuading even cautious investors to take risks. In business, there are the storytellers who spin compelling narratives and the number-crunchers who construct meaningful models and accounts. Both are essential to success, but only by combining the two, Damodaran argues, can a business deliver and sustain value.

Prior to 'Narrative and Numbers', I had the pleasure of being able to read 'Investment Valuation', 'The Little Book of Valuation', and 'The Dark Side of Valuation'.This book will not teach you how to be a better storyteller or a mathematician, but it will point you in the right direction. 'Narrative and Numbers' will help everyone to balance their brain hemispheres, and in my view, this is Prof. Damodaran's magnum opus.

The procedure of valuing a stock through is rather simple once it has been learnt. And when looking in retrospect on why old valuations turn out to be incorrect it is rarely due to getting the mechanics of the valuation tool wrong. Instead it is almost always because the sales or profits turned out very differently from what was forecasted since the company, its strategy or business environment developed in an unanticipated way Ã¢Â Â" the narrative was wrong. This is a book on how to combine the numbers of the valuation tools with a narrative that brings life, understanding and, by this, increased precision into the valuation made. The author is a well-known finance professor at NYU who has written a large number of finance books.As I understand it the book started with the author posting and updating the narratives and subsequent valuations for a number of stocks like Uber, , Apple, Alibaba etc. online. They now feature as case studies throughout the book. Taking a step back, Narrative and Numbers is also a personal journey for Damodaran as he over time has developed from a pure number cruncher to taking a more holistic approach. I find that when a reader is invited to share an authorÃ¢Â Â™s personal development the result is often very likable. This book is no exception and it is evident that the author has enjoyed writing it.The structure of the text is very, wellÃ¢Â Â¦ structured. Damodaran tells you that he will combine narratives and numbers, he describes the basics of one of those, then he describes the basics of the other one, he merges them and finally discusses the consequences. The author who describes himself as a Ã¢Â Âœteacher firstÃ¢Â Â• gives us short but thorough accounts of the two components before merging them into a greater whole. And to clarify, the narrative referred to in this book is the fundamental story of long-term value creation drivers for the company, not the flimsy, often biased and constantly shifting stories that always surround listed companies on the stock exchange. All the way through the book we get to follow the described process through the case studies and there are further several illuminating pictures giving good oversights of the reasoning.The advocated valuation process is to:1. develop a narrative for the business,2. test the narrative to see if it is possible, plausible and probable,3. convert the narrative into drivers of value,4. connect the drivers of value to a valuation and5. keep the feedback loop open.Interestingly the author calculates one value of the company as a going concern and one liquidation value and then estimates the

probabilities of each life-or-death scenario. I very much appreciate the 3P test in stage 2 and the openness for change in stage 5 importantly tries to ensure that the narratives are reasonable and don't becomes stale and outdated in the light of changes. Damodaran's arguing for the importance of having enough humility to alter ones opinion brings to mind similar arguments from George Soros.My main caveat is that the process doesn't explicitly enough ensure a combination of an inside view and an outside view when developing the story. When forming a narrative it is very easy to focus on the uniqueness and thrill of the situation at hand and extrapolate from the recent history. Often this leads to too high expectations and bottom-up sell side analyst estimates are partly due to this almost always too optimistic. The outside view treats the situation statistically and takes into account the outcome of many similar historical situations. In business where success is governed by both skill and luck both viewpoints have merit.To make good forecasts narratives must meet numbers. Without the verbal structuring of the fundamental business story of a company it isn't even possible to understand the numbers to start with. Damodaran shows that good decisions benefit from several points of view such as the numerical and the verbal and I fully agree.This is a review by investingbythebooks.com

Must read for any Valuation Analyst.

Aswath Damodaran is one of the great givers in our modern world. Having learnt so much from his numerous lectures on You Tube and the course he freely makes available to anyone interested, I was relieved to have the opportunity to actually pay him for something!This book is fabulous. He takes potentially dry subjects and brings them alive with a phenomenal capacity to inject common sense insights. His writing is clear and although he apologises for being a numbers man rather than a storyteller, his approach is incredibly strong on the behavioural side.A great book and an absolute necessity for any Valuers bookshelf.

Good book for investors in new and old businesses, but for managers also.Definitely worth to read, albeit basic knowledge about cash flows and discounting will make it more interesting.

Good book for the guys who always deal with numbers and forget that one thing is to geather the data and another is to make sens of it.

A very good book indeed. Perhaps there is no better book for anyone wanting to learn or perfect

their skills as a financial analyst. Damodaran is an apostle of the DCF method for valuing companies and stocks, and shuns P/Es and other relative valuations. The book is excellent at describing the process from A to Z of understanding a company and framing a numerical analysis within a comprehensive story of what the company is and where it is headed. The author provides many and very good examples of how to approach this, and offers a very good framework for understanding most types of company: start-ups, mature companies, cos. in the commodity industry. The only ones he does not include are banks, which he covers in other books. He explains how to create a narrative around a company, and also provides detailed examples of how to go about the numerical analysis of cash-flows correctly and avoid unrealistic or implausible scenarios.

Interesting, challenging and very intuitive book. It gives you good view how to valuate companies both ways by numbers and stories.

Narrative and Numbers: The Value of Stories in Business (Columbia Business School Publishing) Accounting for Value (Columbia Business School Publishing) Solving Problems with Design Thinking: Ten Stories of What Works (Columbia Business School Publishing) KINDLE PUBLISHING: How To Build A Successful Self-Publishing Business With Kindle and Createspace. A Detailed, Step-By-Step Guide To The Entire Process (Kindle Publishing Series Book 1) Business Secrets of the Trappist Monks: One CEO's Quest for Meaning and Authenticity (Columbia Business School Publishing) The Digital Transformation Playbook: Rethink Your Business for the Digital Age (Columbia Business School Publishing) Big Money Thinks Small: Biases, Blind Spots, and Smarter Investing (Columbia Business School Publishing) Designing for Growth: A Design Thinking Tool Kit for Managers (Columbia Business School Publishing) The Designing for Growth Field Book: A Step-by-Step Project Guide (Columbia Business School Publishing) Design Thinking for the Greater Good: Innovation in the Social Sector (Columbia Business School Publishing) Creative Strategy: A Guide for Innovation (Columbia Business School Publishing) The Most Important Thing Illuminated: Uncommon Sense for the Thoughtful Investor (Columbia Business School Publishing) The Worldâ ™s First Stock Exchange (Columbia Business School Publishing) The Robin Hood Rules for Smart Giving (Columbia Business School Publishing) Bedtime Stories for Kids: Short Bedtime Stories for Children: (Bedtime Stories for Babies, Bedtime stories for Kids Ages 4-8, Uncle Nick's Bedtime Stories ... (Uncle Nick's Bedtime Stories for Kids) The Big Pad of 50 Blank, Extra-Large Business Model Canvases and 50 Blank, Extra-Large Value Proposition Canvases: A Supplement to Business Model Generation and Value Proposition Design (Strategyzer) Value First then Price:

Quantifying value in Business to Business markets from the perspective of both buyers and sellers Wayside School Boxed Set: Wayside School Gets a Little Stranger, Wayside School is Falling Down, Sideway Stories from Wayside School BC Coastal Recreation Kayaking and Small Boat Atlas: Vol. 1: British Columbia's South Coast and East Vancouver Island (British Columbia Coastal Recreation Kayaking and Small Boat Atlas) The Columbia Guide to African American History Since 1939 (Columbia Guides to American History and Cultures)