Quantitative Business Valuation

A Mathematical Approach for Today's Professionals

Jay B. Abrams

0-07-000215-0 · hardcover · $95.00

"A must read for the serious business appraiser."
—**Jay E. Fishman**, ASA, CBA, President,
  Financial Research, Inc.

A rigorous and eye-opening treatment filled with applications for a wide variety of scenarios in the valuation of privately held businesses, *Quantitative Business Valuation* emphasizes regression analysis of real world transactions: stock market returns, restricted stock discounts, and fractional interest discounts from net asset value in the secondary limited partnership market.

The book is organized into five segments. The first three follow the chronology of a valuation: forecasting cash flows, discounting to present value, and adjusting for control and marketability. In the fourth, Abrams assembles the pieces of the puzzle to present a unique and unified approach to valuation—one that can be empirically tested and applied to firms of virtually any size—along with a discussion of measuring valuation error. He concludes by covering special topics: valuation of startups, measuring the dilution in value that occurs in sales to Employee Stock Ownership Plans (ESOPs), and analysis of company buyouts of partners and shareholders (which draws upon results from ESOP valuations).

The resulting work, solidly grounded in economic theory and including all necessary mathematics, integrates existing science into the valuation profession—and develops valuation formulas and models that professional practitioners will find useful on a daily basis. A representative—but far from exhaustive—listing of other business valuation topics covered include:

Mathematical derivation of cash flow • Using regression analysis • Annuity Discount Factors • Superiority of arithmetic mean • Empirical evidence of the size of control premium • Testing 5 models for restricted stock discounts • Economic Components Model for Discount for Lack of Marketability • Regression of The Partnership Spectrum data • Empirical tests of Abrams' valuation theories • Valuing startups • Measuring and apportioning dilution in ESOPs

Quantitative Business Valuation is the definitive guide to integrating science in a practical way into the valuation process. No other book written on business valuation is as well researched, innovative, and bottom-line beneficial to practitioners. It is destined to become a standard business valuation reference for decades to come.

See reverse for endorsements, author bio, and ordering information

ENDORSEMENTS

" Jay Abrams' book is close to the equivalent of several graduate dissertations rolled into one book. For each topic (covered), he presents a scholarly summary of past research, new empirical research of his own, and his conclusions. It is a well-documented contribution to in-depth understanding of important business valuation issues, and should not be overlooked by the serious practitioner."
  —**Shannon Pratt, DBA**, Managing Director, Willamette Management Associates and
    Co-author, *Valuing a Business*

"The problem of simplified valuation procedures and coherent theory still remains complex and is ever evolving. Jay Abrams deals very effectively with this complexity through the use of mathematical formulas. Input to his models is explained with clarity and effectiveness, which adds to the overall value of this advanced text on business Valuation."
  —**Terry A. Isom**, Chairman, National Association of Certified Valuation Analysts

"Jay Abrams' book strives to provide mathematical modeling for what practitioners often do by reasoning alone. This book is a must read for practitioners who are searching for additional techniques for dealing with some of business valuation's imponderables."
  —**David M. Bishop**, FIBA, BVAL, ASA, MCBA, President, American Business Appraisers, Inc.

"Jay Abrams' book will not only challenge the top theoreticians in the field; his step-by-step explanations will make advanced quantitative techniques available to the many appraisers who are not capable of independently creating the underlying mathematical analysis."
  —**Kent Osborne**, ASA, Chairman, Editorial Review Board of the American Society of Appraisers

"While a proliferation of business valuation treatises and guides exists in the market, most are very general in nature and do nothing more than rehash fundamental concepts. I am unaware of any author that has stepped into the unknown as Jay Abrams has and compiled and developed a treatise of extremely useful analytical tools for the serious valuator."
  —**Robert J. Grossman**, CPA/ABV, ASA, CVA, Partner, Grossman Yanak & Ford

ABOUT THE AUTHOR

Jay B. Abrams, ASA, CPA, MBA, is one of today's leading valuation and litigation economists. The principal in Abrams Valuation Group, he is credited with numerous inventions including the Abrams Log Size Model for calculating discount rates, the Economic Components Model for calculating the discount for lack of marketability, the Abrams Table of Accounting Transposition Errors, Periodic Perpetuity Factors, Annuity Discount Formulas for cash flows with constant growth and stub year, and formulas for valuing leveraged ESOPs with calculating dilution. In addition, Abrams is a popular finance lecturer and the author of numerous influential journal articles.

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