

Preface

A Modern Approach

The book offers an innovative view of the area of company valuation for newcomers in finance. The book aims to be a guide through the most common and interesting methods for corporate valuation, supported by a rich mathematical foundation.

The focus is on the tools and methods for valuing a business, from the most basic approaches to the implementation of complex algorithms. Each topic is deeply analyzed to give students the tools to really understand the effects of valuation on the life of the corporation.

The vision of the book is to offer a guide to valuation, capable of helping students and practitioners gain an introduction to the area, as well as giving intermediate users useful insights into and a deeper understanding of the analytics behind each part.

The literature of books in corporate valuation spans over a wide range of methods and theories. The market is already full of (even good) textbooks facing the issue of the corporation from many points of view.

However, the overall offer of *Inside Company Valuation* turns the attention on the financial aspects of the daily life of the corporation, with a robust mathematical setting, and the explanation and derivation of the mostly popular models of the firm.

The potential of filling such a niche is evident if one thinks that a course in Corporate Finance nowadays makes only sense if it includes a robust section about company valuation tools and techniques.

There is a demand of high-quality education at Master level, including a more advanced level of Corporate Finance courses, which is not fulfilled nowadays, and definitely requires a good textbook as a guide for such advanced education in the field.

Corporate finance is the first area of knowledge in an ideal sequence of studies in finance. Company valuation is a major component of the theory behind the broadest area and it is therefore crucial for all students to gain command of the topic.

The general purpose of a good textbook is to include all necessary knowledge without missing any crucial information, but also avoiding useless widening of the explanation beyond what can really satisfy the needs of the audience.

The structure of the book corresponds to the above rationale, giving a complete view of the various topics that make up the valuation task, and offering a good quantitative basis, which helps students understand the topics.

An Innovative Pedagogy

The book stands on a double pillar of theory and analytics, which merge in a way that makes it easy for students to understand the exact meaning of the concepts and their representation and applicability in real-world contexts. Examples are given throughout the chapters in order to clarify the most intricate aspects; where needed, there are appendices at the end of chapters that give more mathematical insights about specific topics.

The duality stands at the basis of a complete learning experience, and students may get the most out of the book if they have a prior solid background in economic theory and an introductory level of financial mathematics. Indeed, students facing financial topics for the first time may benefit from using the book as a medium-level introduction to some aspects of financial theory and practice.

Due to the recent growth in knowledge demand by the private sector, practitioners can also benefit from the chapters in the book, and fill a gap between university and industry, which stood prior to the crisis. The book provides useful information for managers who want to increase their knowledge about risk management and understand what may have been lacking in their own systems.

A Selected Audience

The book is meant for third-year undergraduate students of business finance, quantitative finance, and financial mathematics, as well as first-year postgraduate (master) students. Most universities offer the type of training in mathematics and statistics that would be prerequisite for the successful completion of a course using *Inside Company Valuation*. Potential users include students of universities, technical schools, and business schools offering courses in financial risk management.

The book represents a unique and innovative approach to the field of corporate finance. Competitors, in fact, focus on the business side of the story, centering the discussion on corporate aspects only. There is no challenge or criticism of the markets side, and there is no drive to understand the mathematical foundations of theory in a critical sense. That is exactly what *Inside Company Valuation* wants to offer instead.

A quantitative approach incorporates a more critical view, contributing to a description of theory that does not blindly rely on numbers, indices, and ratios, but takes into account the variety of (sometimes unpredictable) situations that characterize financial markets.

Certainly, it is not the typical corporate finance-related brief, but it is a book that never gives up on the reader. Even in the most complicated parts, which are anyway at an intermediate level, students are guided through the processes and given the tools they need; nothing is cryptic.

Although the market for books in corporate finance is heavily crowded, *Inside Company Valuation* aims to distinguish itself through the higher level of mathematics involved, compared to the competition.

Moreover, the links to real industry examples are much more updated than other texts can offer at the moment. Therefore, a niche in the market can be envisioned for a book that challenges students on a more analytical than business-related level.

A Reliable Partner for Instructors

Inside Company Valuation is mostly tailored for in-class lectures, yielding the best learning experience when combined with good quality lectures. The overall flexibility of the book, in five chapters, and the straightforward structure also make it a good reference for online learning. However, the medium-high level of difficulty of the book suggests the need for a closer relation with the instructor and the possibility of in-person explanations.

The structure of the book is such that a typical module of six ECTS and approximately 30 hours of front teaching would get partial coverage, for the part about company valuation. The five chapters (at most 15 pages each) fit in a course design in the range of about 2–3 lectures of 1.5 hours of effective teaching. The structure also fits the international standard of a course with two lectures per week spanned over a two-month teaching term. The overall contents of the book can fill approximately 4–6 hours of teaching.

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<http://www.springer.com/978-3-319-53782-5>

Inside Company Valuation

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2017, XIII, 68 p., Softcover

ISBN: 978-3-319-53782-5