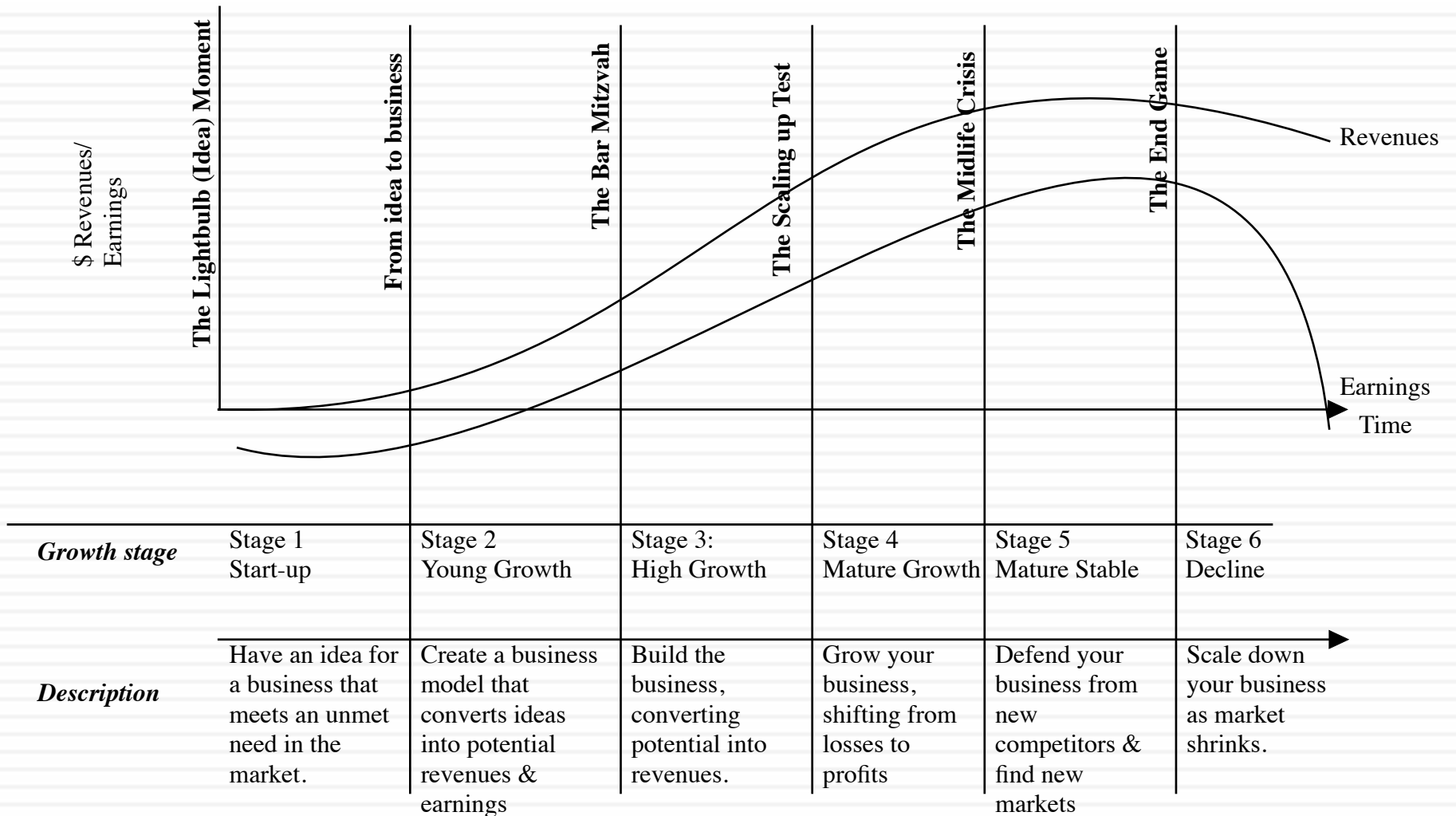




**THE CORPORATE LIFE
CYCLE: AGING GRACEFULLY
IS HARD TO DO!**

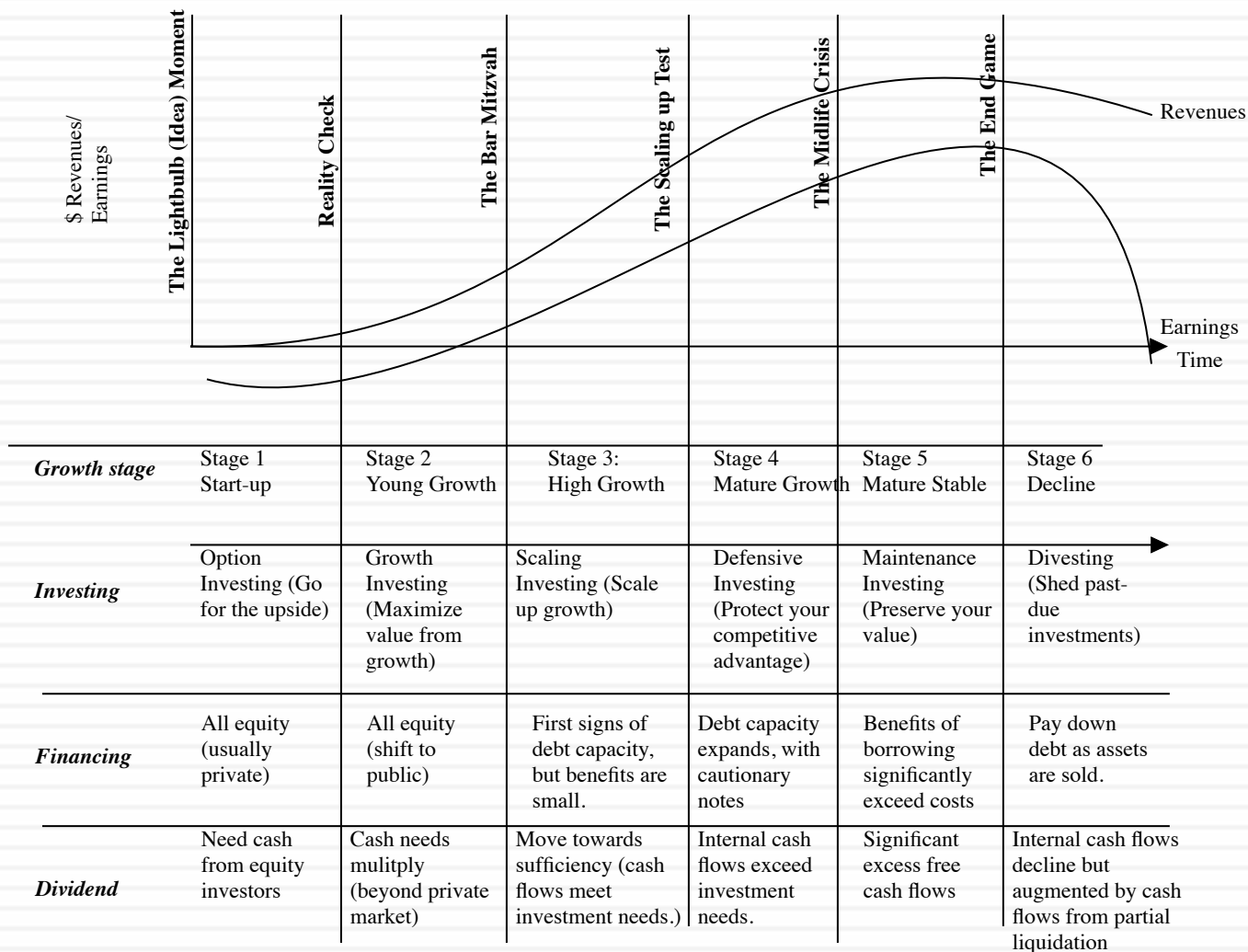
Aswath Damodaran

The Life Cycle

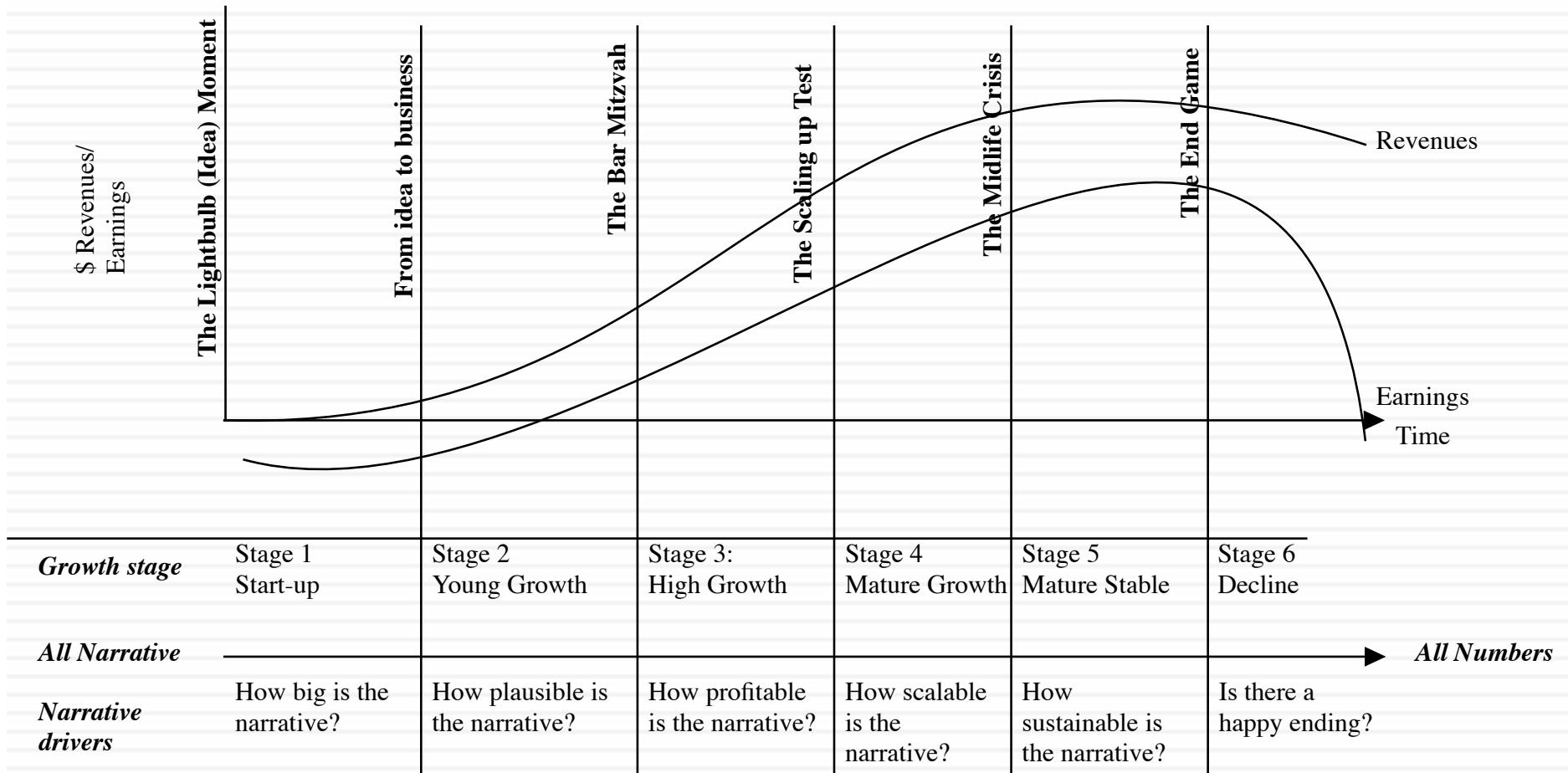


Corporate Finance 101

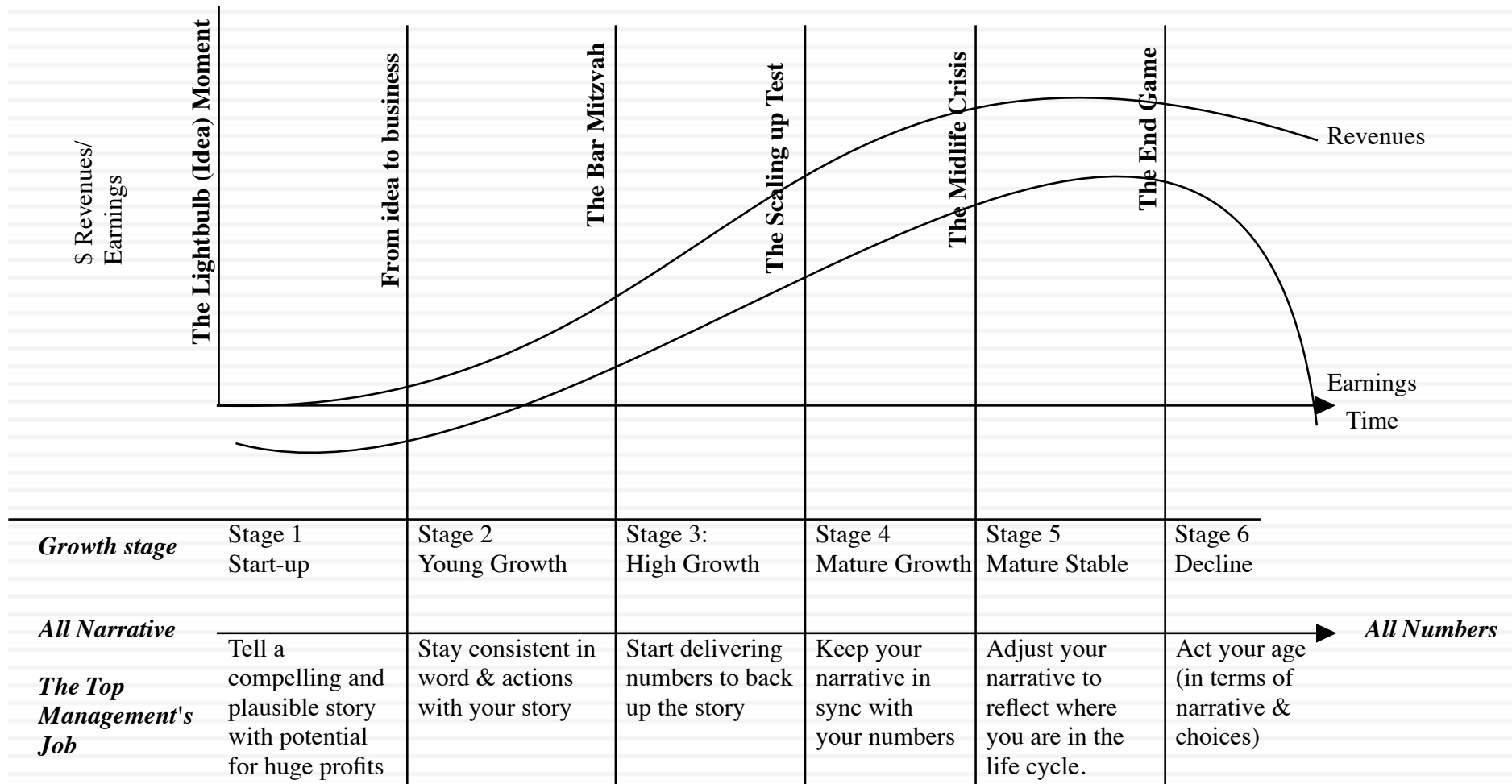
The Corporate Life Cycle



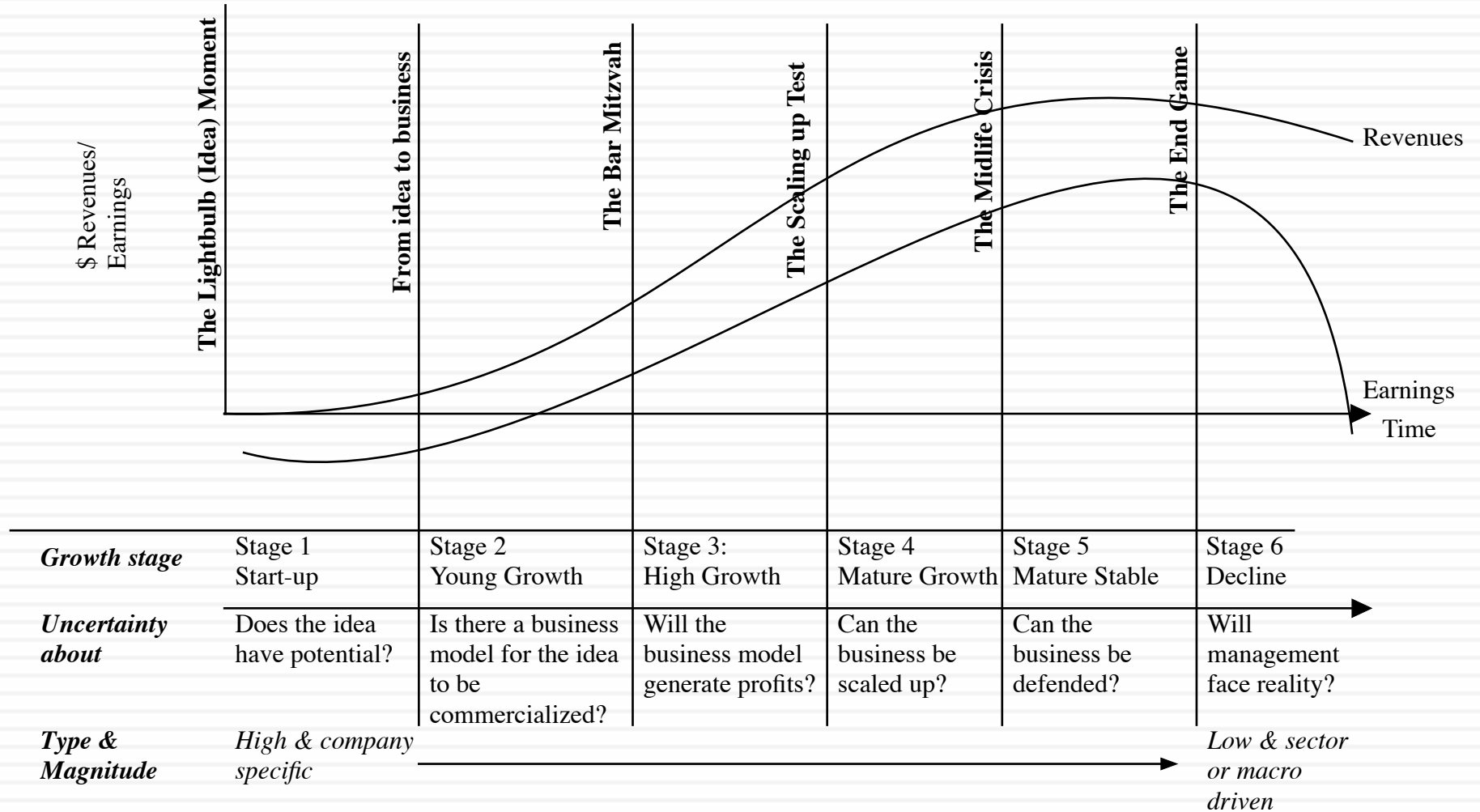
Narrative versus Numbers



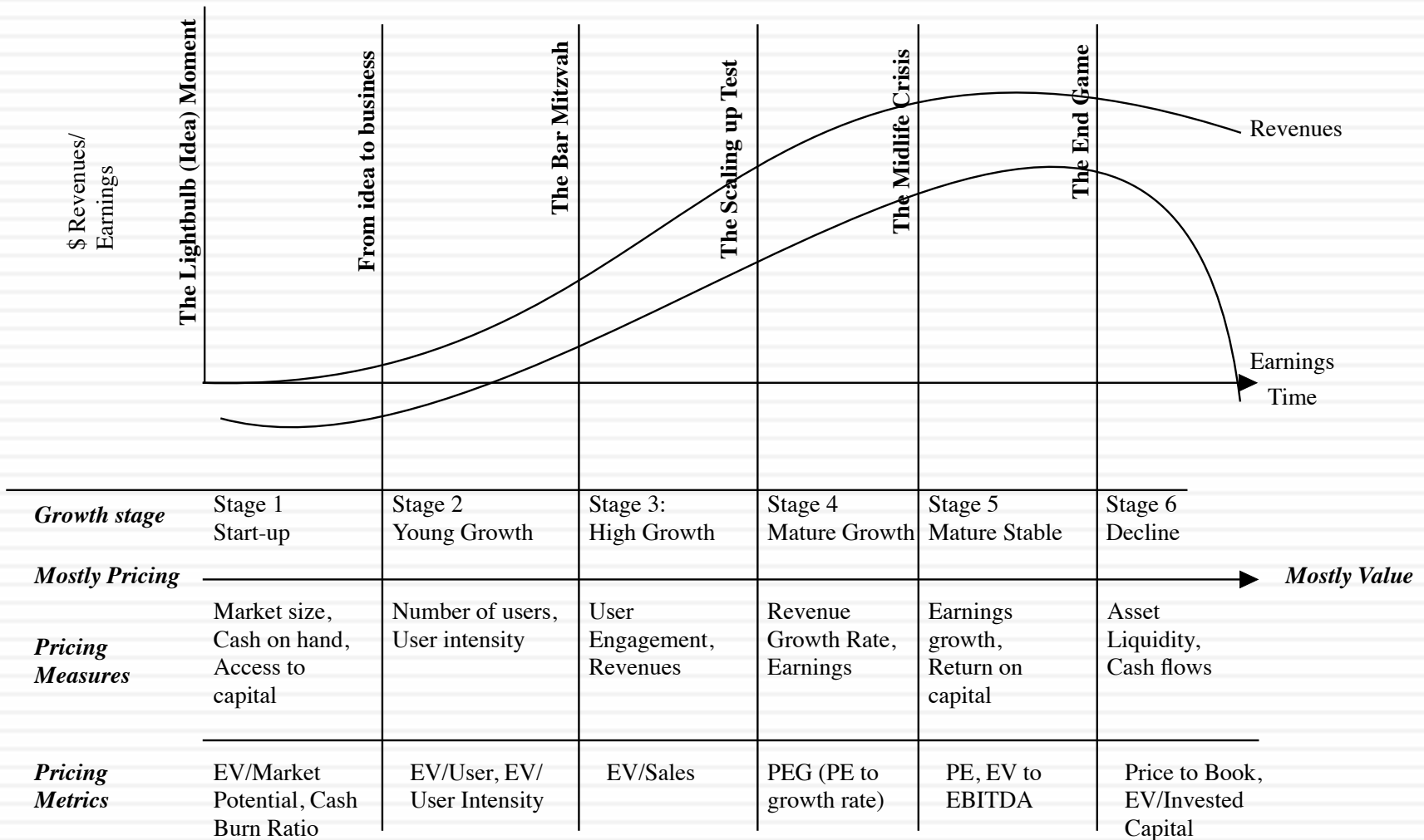
And your job as founder/manager



The Evolution of Uncertainty



The Pricing Game



	<i>Potential</i>	<i>Idea</i>	<i>Business Model</i>	<i>Harvesting</i>	<i>Moving on</i>
Description	See a big market that can be exploited	Product or service to exploit the market	Business model to generate profits on product or service	Ongoing business	Market decline
Drivers of value	How big is the market? What is the product/service? Are producers happy? Are customers happy? What are the inefficiencies in the market?	How innovative is the product? How easy is it to imitate? How much do customers like it? How do existing producers react to it?	How profitable is it? How scalable is the model?	How sustainable are the profits? What are the inefficiencies embedded in it? What are the threats from new entrants?	How quickly will
Certainty spectrum	Possible	Plausible	Probable	Probable	Probable
Valuation technique	Option	Decision trees/Probabilistic analysis	Cash flow based valuation	Cash flow based valuation	Cash flow based valuation
Uncertainty	Increases value	Trade off	Decreases value	Decreases value	
Determinants of success in valuation	How well you gauge market potential & pick idea generator	How objectively you can assess product quality and competitive standing	How well you can forecast future profitability & scalability	How well you can value an established business	How well you adapt to your changed circumstances