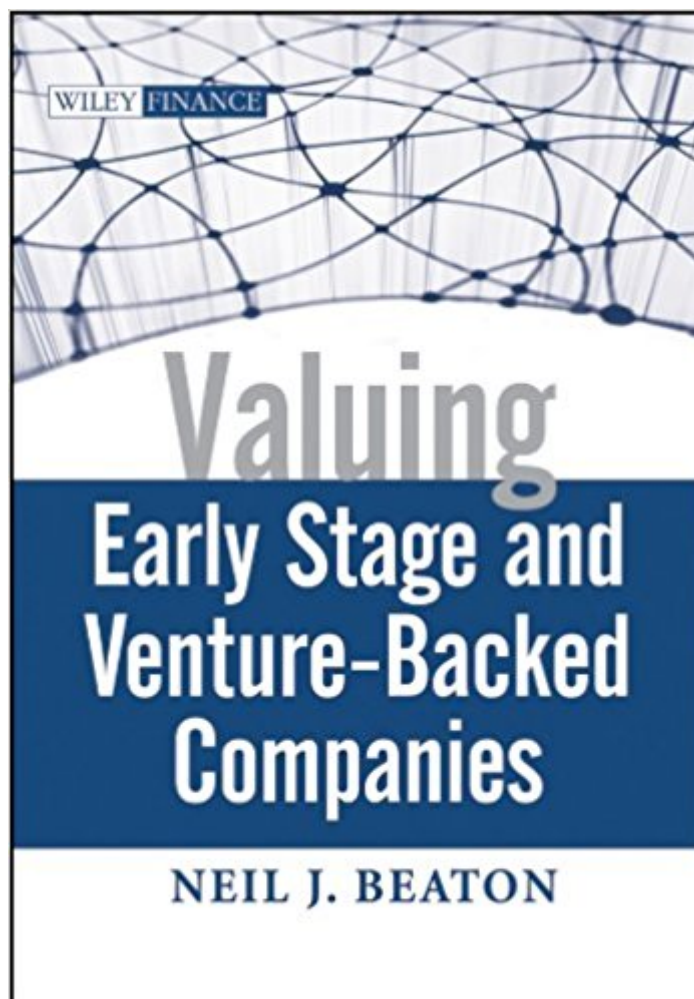


The book was found

Valuing Early Stage And Venture Backed Companies (Wiley Finance)



Synopsis

Find out what your early stage business is really worth—and what you can do to increase its value even more. One of the most misconstrued concepts in business today, valuation has also rapidly become one of the most important for business owners in today's unpredictable financial atmosphere. An experiential and practical guide drawn from author and valuation expert Neil Beaton's fifteen years of focused start-up work, *Valuing Early Stage and Venture-Backed Companies* equips you with a solid foundation of the ins and outs of early stage and venture-backed valuations—no matter what your field. This step-by-step guide offers contributions from top valuation practitioners, walking you through:

- New techniques for applying options methods
- The pros and cons of the option pricing model
- Early stage preferred stock rights
- Applicable discounts for early stage companies
- New procedures for implementing the probability-weighted expected returns method
- Valuation theory, the consensus view on application, and the tools to apply them

The popular and widely used AICPA Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, *Valuing Early Stage and Venture-Backed Companies* replaces bewildering computations with technical expertise to help you figure out what your business is really worth, and how you can increase that value starting today.

Book Information

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Customer Reviews

Relatively little coverage is devoted to actually valuing these types of companies. Rather, most of the book is about allocating equity among the various classes. I think the title needs to be revised to match the contents. The author has a charming style, but the graphs and text is often unclear.

This reference tool provides an overview of VC term sheets and the issues encountered valuing pre-revenue firms and those with minimal revenue. It is a primer. The book gets 3 stars since the author does not go into detail discussing the issues one encounters developing the real options and/or discuss the software used. There are several software providers and it would have been valuable--for this reader--to know what he used and how it compares to others in the market.

First of all, as an appraiser practicing in Russia, I would like to thank Mr. Beaton for cutting time from making money on his valuation job in GT for the benefit of developing of valuation industry. It is a great source of knowledge for Russian appraisers who have less practical exposure to valuing venture backed companies. Clearly the author has an excellent understanding of the topic. The current edition of the book mainly is a subject of interest of practitioners who have extensive experience in valuing early stage companies. For practitioners who lack of this experience and for students the book could be high-level and therefore less useful. In this respect I would be grateful if in the next edition Mr. Beaton will expand his text in the following areas: 1. More detailed description of calculations within case studies provided (for example on p.100 it is undisclosed how the values and allocation were calculated). I noted that Mr. Beaton's goal was not to repeat what had been told by Pratt, Hitchner and other practitioners. But in order to increase the readers circle of this text, it is critical to be done in case studies sections at least. 2. Excel support could be very useful for this case studies (better without add ins which could be uninstalled on the readers' computers). 3. In Chapter 2 Mr. Beaton describes different economic and contractual rights of shares which could add complexity to valuations. It would be very useful if the author would provide at the end of this book and on CD-ROM the case study with "the most complicated example" valued by Black-Scholes-Merten model, binomial option-pricing model and PWERM. If that would be done it would be clearly one of the best textbooks on valuations in specific areas. The current edition I rated at 3-star (minus one star for the lack of description and minus one for the absence of Excel support). Nevertheless the raring, the book is a solid source of knowledge in this specific area of

valuations.

I am a CEO of a technology company. My purpose for reading this book is not as a practitioner. My interest is for practical purposes to discern how my company will be valued, when dealing with venture capitalists. I found the information to be highly instructive, well written, timely and beneficial when applying to our financial planning and capitalization purposes. Thank you Mr. Beaton.

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