Growth

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This note was written using Quarto and compiled with RStudio, an integrated development environment (IDE) for working with R. The source code for this note can be found here and the current version of this PDF can be found here

Figure 1 is a rough replication of Exhibit 9.1 of Koller, Goedhart, and Wessels (2020, 157). While the numbers do not line up exactly, the broad thrust is similar (e.g., *Biotechnology* has high median growth and the widest dispersion). I think it is helpful to make it possible for readers to see the choices underlying a plot (and to produce their own version with their own choices).

Some observations:

- While "Compustat" is listed as a data source in the note to Exhibit 9.1 of Koller, Goedhart, and Wessels (2020), it is not clear what sample restrictions were imposed (e.g., size).
- The industry mapping is not entirely clear. I had ChatGPT guess a possible mapping. I then cleaned this up a tad and posted it in a Google Sheets document. I would proably need to go through carefully "by hand" to check that no firms are inadvertedly omitted or put in the wrong industry group.
- I like the way the word "Industry" appears (in **bold**) at the top of the y-axis labels (industries) in Exhibit 9.1 of Koller, Goedhart, and Wessels (2020). I couldn't quite replicate that here.
- I couldn't get the legend seen in Exhibit 9.1 of Koller, Goedhart, and Wessels (2020) to look good in Figure 1.
- I had ChatGPT help me with the creation of the markers at each quantile.
- Updating Figure 1 to cover different periods is quite easy.
- Other plots in Chapter 9 of Koller, Goedhart, and Wessels (2020) might be amenable to creation in the same way.

References

Koller, Tim, Marc Goedhart, and David Wessels. 2020. *Valuation: Measuring and Managing the Value of Companies*. 7th ed. Wiley. https://books.google.com/books?id=VuReDwAAQBAJ.

Figure 1: Variation in revenue growth by industry