

# Shareholder value - key to corporate development

Pergamon Press - Unlocking Shareholder Value: The Keys To Success



Description: -

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Consolidation and merger of corporations -- United States.

Corporate profits -- United States.

Stocks -- Prices -- United States.

Corporations -- Valuation -- United States. Shareholder value - key to corporate development

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## Strategy talk: Does shareholder value still have a place in strategy?

They recognize the challenge of postmerger integration and the likelihood that competitors will not stand idly by while the acquiring company attempts to generate synergies at their expense. Clearly, if a company is vulnerable in these respects, then responsible managers cannot afford to ignore market pressures for short-term performance, and adoption of the ten principles needs to be somewhat tempered.

## Corporate governance: how does it affect the value of a company?

Is it better to build a financial safety net or take on more risk? We focused our sample on the largest cross-border deals completed between 1996 and 1998 so the results capture the experiences of leading blue chip companies. Neither is sufficient in itself to deliver the benefits. In the survey, those companies that moved beyond mere lip service and made a concerted effort to prioritise their people were rewarded with a far greater likelihood of deal success.

## Corporate donations and shareholder value

Some companies, choosing to prioritize social responsibility, elect to prioritize the social and financial welfare of employees and suppliers over shareholders; this, in turn, shields shareholders, the owners of the company, from liability when the law would not be lenient should the company engage in poor behavior. Just eliminating the practice of delaying or forgoing value-creating investments to meet quarterly earnings targets can make a significant difference. Indeed, maximizing shareholder value is not always the goal of successful companies.

## Shareholder Value

A recent example is Kmart.

## Value Based Management

The Hard Keys As a result of our benchmark analysis, we found that successful companies achieved long-term success by prioritising three key activities in the pre-deal phase the so called hard keys which had a tangible impact on ability to deliver financial benefits from the deal. The intrinsic or extrinsic worth of a business measured by a combination of financial success, usefulness to society, and satisfaction of employees, the priorities

determined by the makeup of the individuals and entities that together own the shares and direct the company.

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