

Value Drivers

Accounting & Finance

The handful of variables that actually move value.

What moves value, and how.

Drivers

Revenue growth rate

Operating margin

Capital intensity of growth

Tax rate

Cost of capital

Effects

Growth only adds value above the cost of capital

Margin improvement flows straight to cash

Lower capital intensity means more free cash

Risk reduction lowers the discount rate

Growth funded at a return below the cost of capital destroys value.
Growing is not the same as creating value.