

Case study on economic value added

[Business](#)



**ASSIGN
BUSTER**

Economic Value Added Case Study:

Economic value added in corporate finance is one of the methods of the evaluation of the profit of the company. *EVA* is the registered trademark of the consulting company Stern Stewart & Co, named after the founders of the model Stern and Stewart. The term EVA was first mentioned in 1989 but got its popularity and wide use after the publication in the magazine Fortune.

The article presented the methodology of the model and the criteria of its calculations. In addition, the magazine contained the interviews with Stern and Stewart who presented the model in detail and explained its use on the basis of the leading American companies whose fortune was evaluated with the help of EVA. Since that time the method of EVA has become popular all over the world and such prosperous companies like TheCoca ColaCompany started to use it actively. Of course, the methodology of EVA can not be called the ideal one, so it has been improving constantly. In order to evaluate the company objectively, numerous amendments have been suggested by the creators.

Today, the founders of the model claim that EVA can influence the management and accountancy of the company under the analysis positively, no wonder, it has become popular all over the world. The most serious amendments applied for EVA were the correction of the calculation of the profit and taxation, the correction of the influence of the finance stored as reserves; the influence of reputation, capitalization, etc. Economic Value Added can be called a well-composed model of the evaluation of the condition of a company and one can devote time to research its real

functionality on the example of the definite case. The student is expected to study the principle of work of the methods of EVA, get to know about the founders of the system, the usefulness of the model for the evaluation of the finance of the prominent corporations of the world, etc. One should learn about the cause and effect of the calculation of EVA, monitor the results and analyze them objectively comparing them with the alternative results achieved through the self-evaluation carried out by the company itself. In conclusion the student is supposed to define the role of EVA on the modern business and predict its further impact.

It does not worth mentioning that a case study is a complicated assignment which requires much responsibility and knowledge. The inexperienced students can get to know about the correct process of writing looking through a free example case study on economic value added in target costing in the Internet. A free sample case study on economic value added found in the net is a good piece of advice for every student who has not gathered his thoughts about writing.