Structure of the Analysis
Measurement of Assets Employed

• Cash
• Receivables
• Inventories
• Working Capital in General
• Property, Plant and Equipment
• Leased Assets
• Idle Assets
• Noncurrent Liabilities
• The Capital Charge
Property, Plant and Equipment

- Acquisition of new equipment
- Gross book value
- Equipment replacement
- Disposition of assets
- Annuity depreciation
- Other valuation methods
Residual Income vs. ROI
Alternative Approaches to Evaluating Managers
Evaluating Economic Performance