

VALUE CREATION INSIGHTS

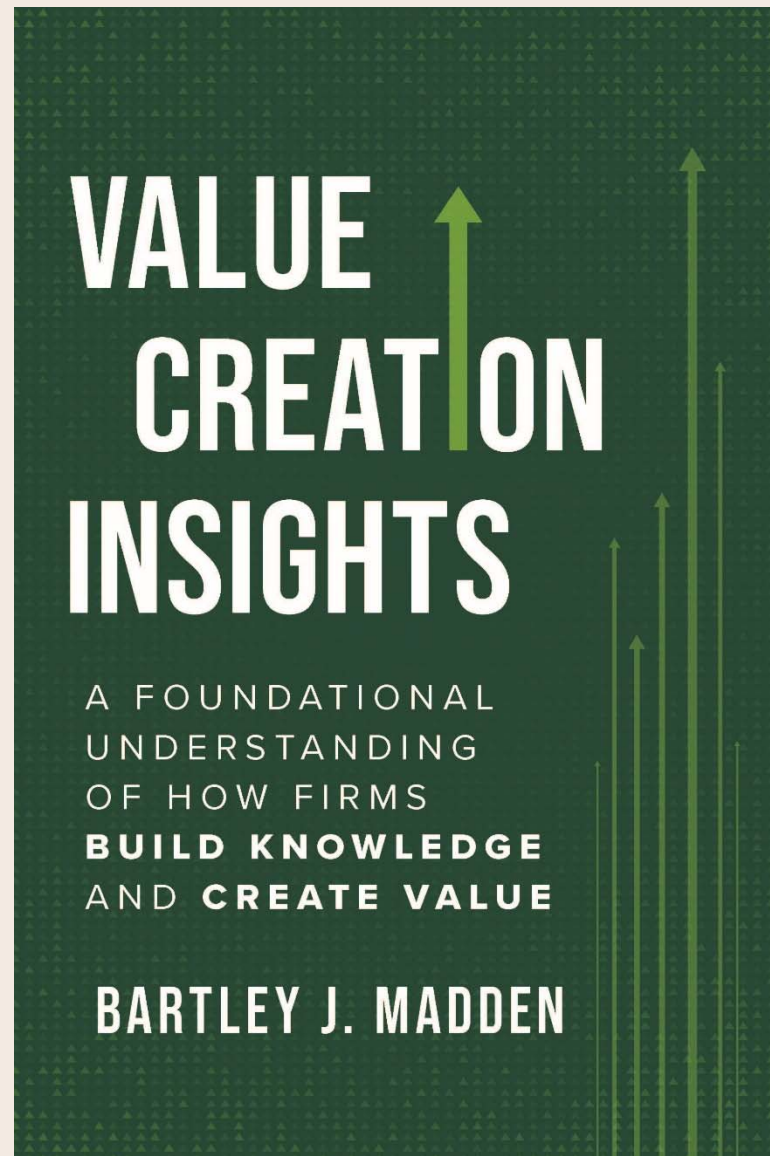
**A Foundational Understanding of How Firms Build
Knowledge and Create Value**

Bartley J. Madden
www.LearningWhatWorks.com

Madden Center for Valuation Creation
Florida Atlantic University

DEVELOPMENT OF THE PRAGMATIC THEORY OF THE FIRM

- Callard Madden & Associates 1970
 - ✓ Life-cycle Framework, CFROI
 - ✓ Holt Global Database
- Independent Research
 - ✓ Systems Thinking and Knowledge Building
 - ✓ Journal Articles and books



Preorder at Amazon

WE NEED A VIABLE THEORY OF THE FIRM

———— AGENCY THEORY ————

- **Business schools**
- **Adversarial principal-agent relationships**
- **Lacks value creation insights for users**

FOUR CRITERIA TO EVALUATE A THEORY OF THE FIRM

- **Systems thinking**
- **The purpose of the firm**
- **Critical determinant of long-term performance**
- **Understand stock prices**

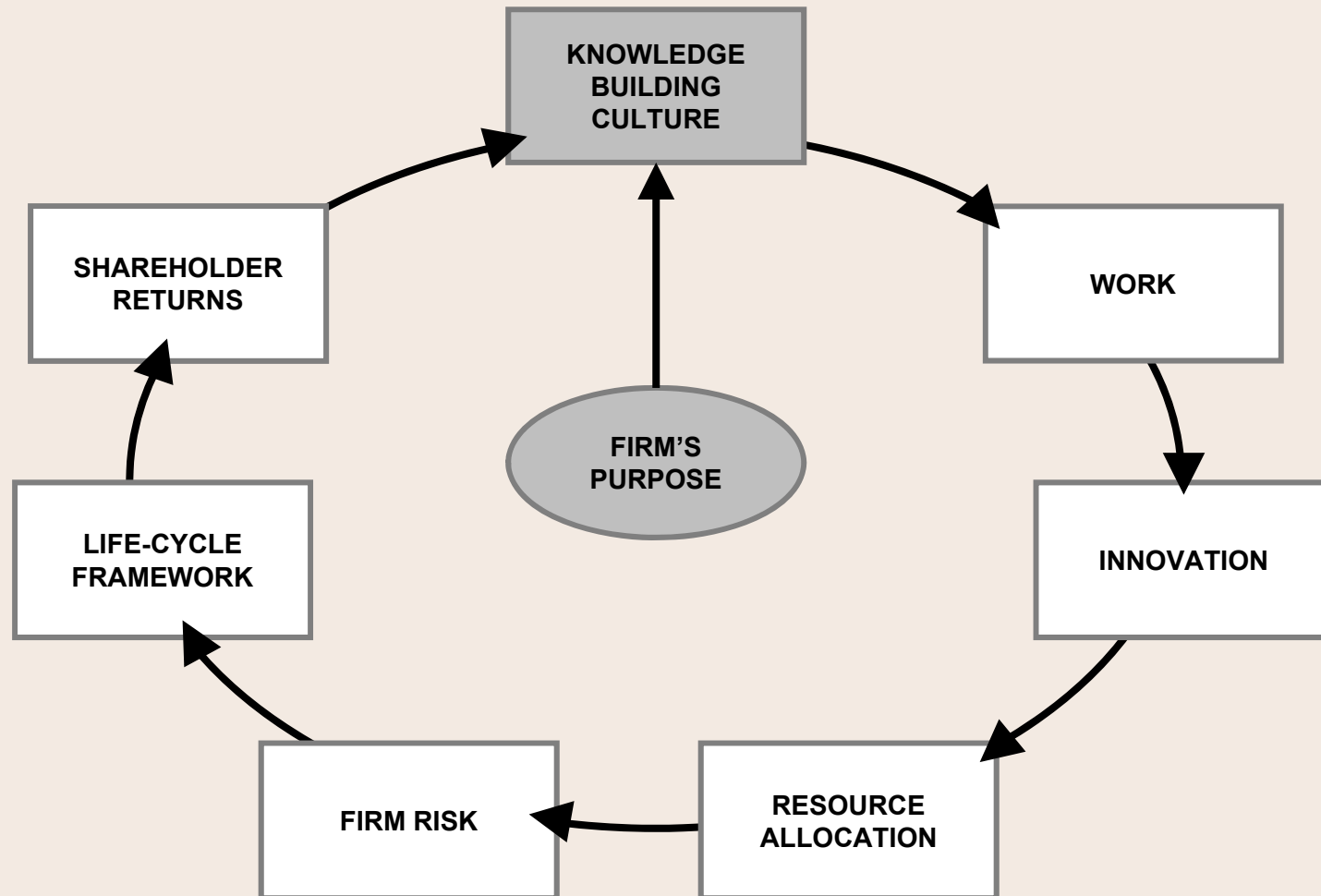
STARTING POINT – THE FIRM’S PURPOSE

- **Communicate a vision**
- **Survive and prosper**
- **Sustain win-win relationships**
- **Take care of future generations**

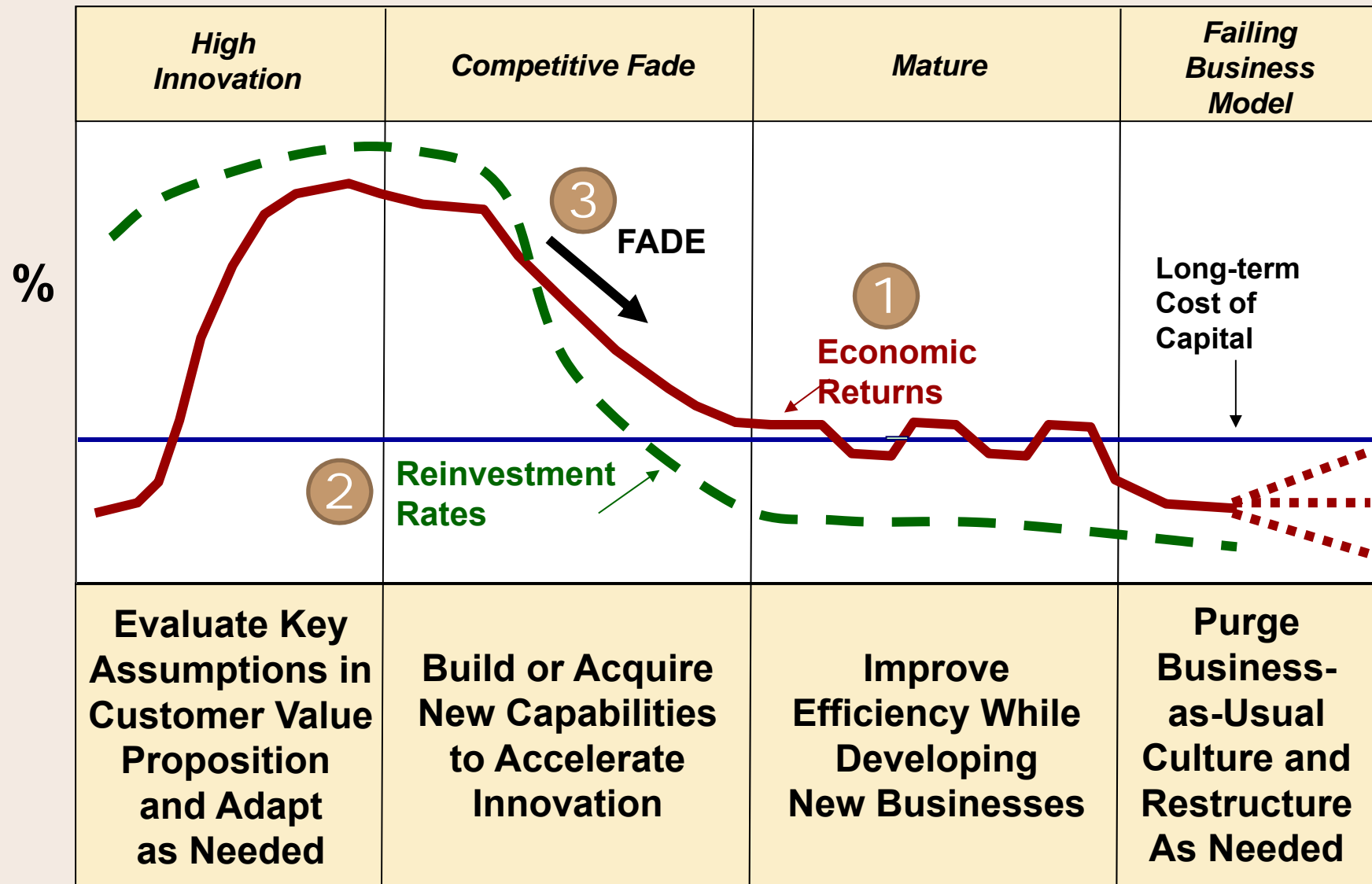


Maximizing shareholder value

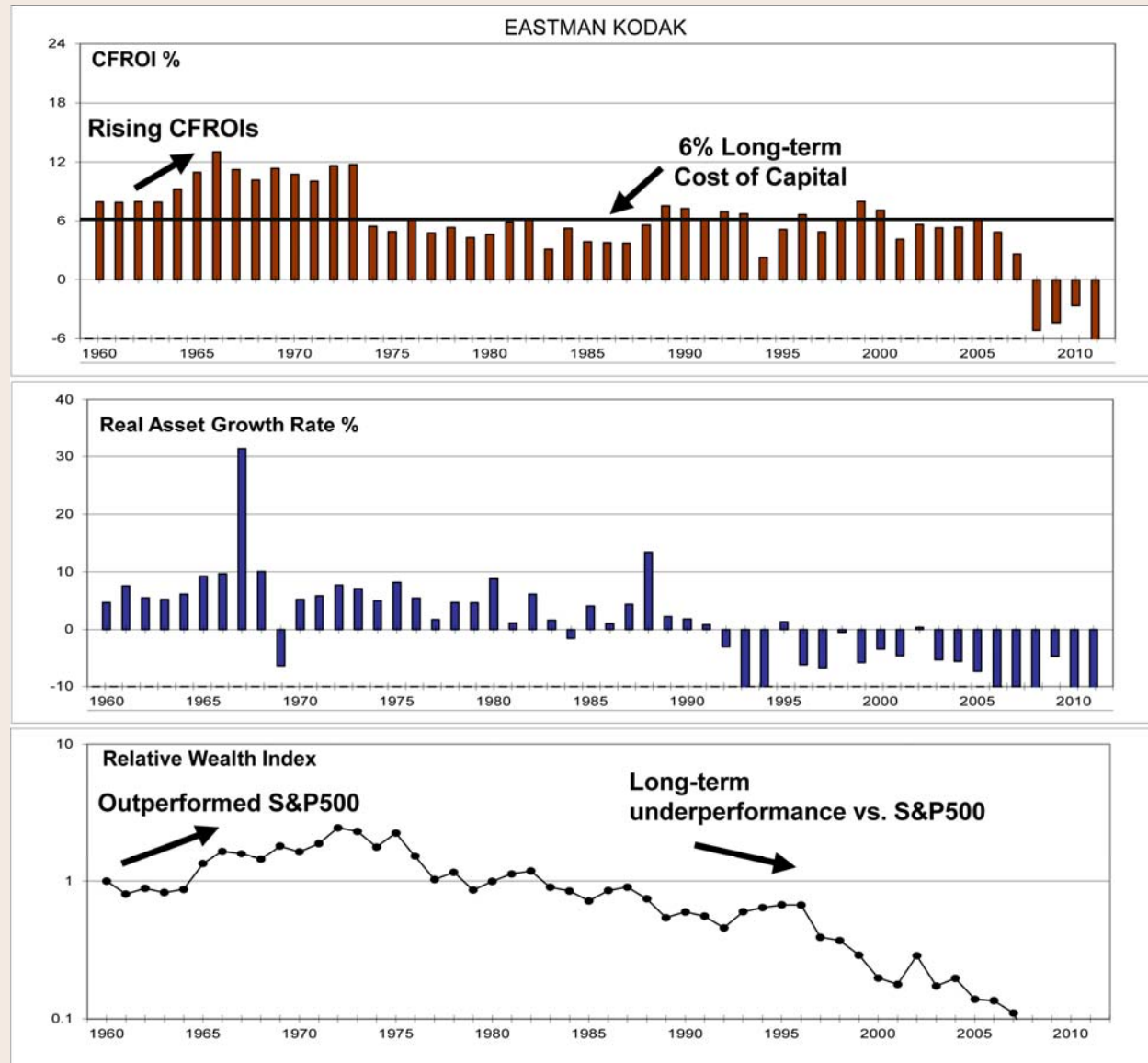
COMPONENTS OF THE PRAGMATIC THEORY OF THE FIRM



LIFE-CYCLE FRAMEWORK

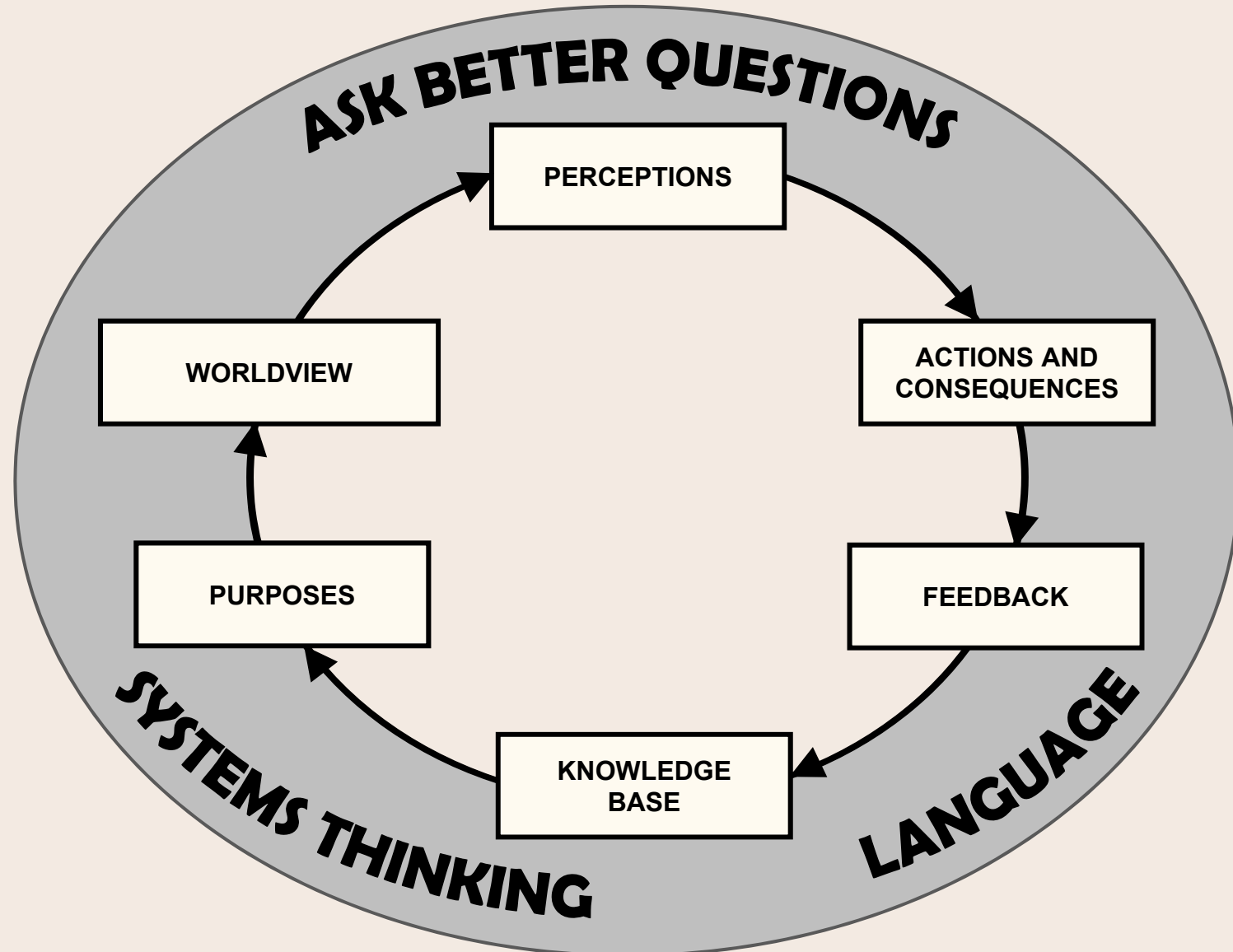


EASTMAN KODAK 1960 TO 2011

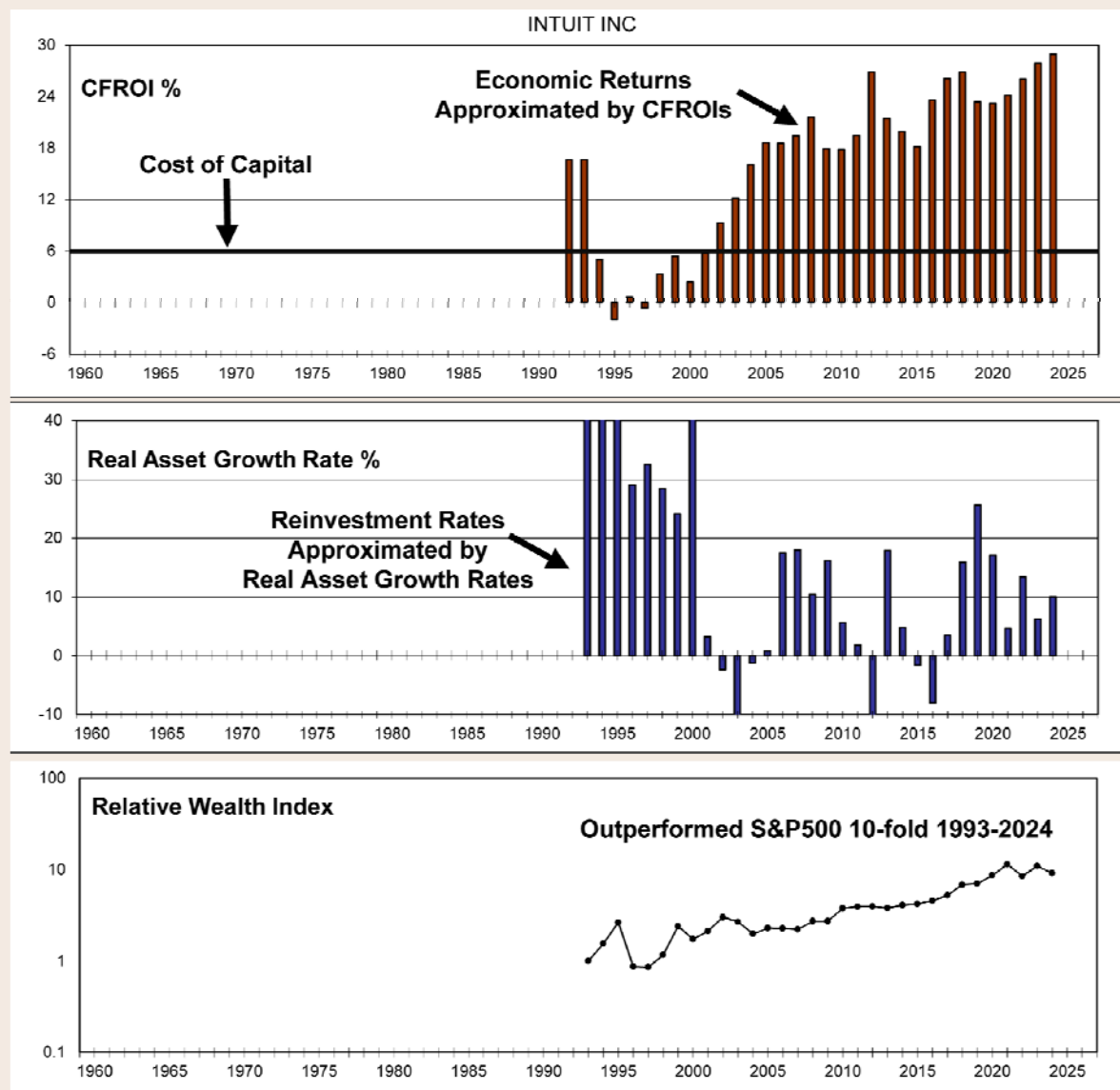


Source: Holt Global Database

THE KNOWLEDGE BUILDING LOOP



KNOWLEDGE-BUILDING CULTURE – INTUIT 1992 TO 2024



Source: Holt Global Database

**DOWNLOAD KEY ARTICLES AT
WWW.LEARNINGWHATWORKS.COM**

FINANCE

“Extending the Pragmatic Theory of the Firm with Shared Values and Social Norms”

ACCOUNTING

“Increasing the Value of Accounting to Researchers, Practitioners, and Policymakers: A Pragmatic Theory of the Firm”

INVESTORS

“Institutional Investors as Architects of Change: Toward a New Theory of Value Creation.”

IMPLEMENTATION OF THE PRAGMATIC THEORY OF THE FIRM

