

**Maximizing company's Market Valuation i.e. "multiples of Annual Net Profit"-Dr Kanak Madrecha**

The Top Management of every private/listed company is responsible for maximizing company's current /future market value or share value if shares already listed. **Any Company's market valuation in terms of "multiples of Annual Net Profit"** can be maximized by **improving the following 20 financial and non-financial parameters for last 5 years and future projections for next 5 years: -**

1. Annual Sales Revenue (AED Mln) & its average annual growth rate (%) for last 5 years
2. Annual Gross Profit (AED Mln) & its average annual growth rate (%) for last 5 years
3. Annual Net Profit (AED Mln) & its average annual growth rate (%) for last 5 years
4. Annual Gross Profit Margin (%) & its average annual growth rate (%) for last 5 years
5. Annual Net Profit Margin (%) & its average annual growth rate (%) for last 5 years
6. Annual Return on Investment-ROI (%) & its average annual growth rate (%) for last 5 years
7. Annual Return on Capital Employed-ROCE (%) & its average annual growth rate (%) for last 5 years
8. Annual Return on Equity-ROI (%) & its average annual growth rate (%) for last 5 years
9. Debt to Equity Ratio now and average of last 3 years
10. Annual Industry Market Share (%) and its annual growth rate for last 5 years
11. Annual Customer Satisfaction Index (%) and its annual growth rate for last 5 years
12. Annual Employee Satisfaction Index (%) and its annual growth rate for last 5 years
13. Annual Employee Turnover (%) and its annual improvement rate for last 5 years
14. Competence of Management Team & Succession Planning for key personnel – Index (%)
15. Annual Supplier Satisfaction Index (%) and its annual improvement rate for last 5 years
16. Number of local, regional & international excellence awards, certifications and accreditations held for last 5 years
17. Number of patents acquired during last 5 years
18. Corporate Governance Index (%) for last 5 years
19. Local, Regional & Global Legal Compliance (%) for last 5 years
20. Enterprise Wide Risk Management (ERM) Index (%) calculated from risks of losing all key stakeholders – for last 5 years

Of course, long term financial performance of any organization is dependent on consistent adoption of global best practices leading to achievement of non-financial performance that generally converts into financial performance. According to undersigned, **Market Value of any organization = Asset Value + Brand Value + Knowledge Value.** The above 20 parameters reflect and improve directly or indirectly each of the above 3 components of the market valuation of an organization.

Author: Dr Kanak Madrecha (Organizational Excellence Advisor /Management Consultant /Past Jury-DQA, DHDA & SKEA) consulted for 42 large & reputed organizations from 25 different industry sectors to win 93 Excellence Awards in UAE in last 20 years. He was instrumental in developing & implementing number of global best practices in private (including listed local & multinational companies with market leader position in their industry sector), public & government sector organizations and improve their financial & non-financial performance during last 39 years of his experience in UAE & India.

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