

Advance Praise for Investment Decisions and the Logic of Valuation

“The subject of valuation and project selection has a long history originating in multiple disciplines including financial economics, accounting, and engineering. Historically these literatures evolved along three different paths that were sometimes overlapping but often not such that they appear disjointed. This makes it difficult for students and business professionals to take advantages of the unique contributions of each. Carlo Alberto Magni has simplified this problem for us in his book titled *Investment Decisions and the Logic of Valuation*. He has done a masterful job of melding the contributions of each of these disciplines in a single volume. Carlo Alberto has the rare gift of analytical sophistication and superb communication skills. This is a book that every student of finance will want to have on their book shelf.”

—John Martin, *Carr P. Collins Chairholder and Professor of Finance, Baylor University, co-author of Valuation. The Art and Science of Corporate Investment Decisions*

“This textbook takes a refreshing approach to engineering economics by integrating traditional engineering topics such as statics and dynamics. As a leading authority on determining the economic value of projects, this book affords Dr. Magni the opportunity to cohesively tie together the various aspects of investment appraisal. It is only a matter of time before his rate of return analysis is the mainstream approach in corporate finance.”

—Joseph Hartman, *Provost and Vice Chancellor for Academic Affairs, University of Massachusetts Lowell, editor-in-chief of The Engineering Economist (2004–2012), author of Engineering Economy and the Decision-Making Process*

“Professor Magni has created a very unique pedagogical framework for describing the complex interrelationships between finance, accounting and economic decision-making using engineering analogies that will appeal to engineering students and to professionals involved in the justification of project investments.”

—Thomas Boucher, *Professor of Industrial and Systems Engineering Emeritus, Rutgers University, editor-in-chief of The Engineering Economist (2013–2016)*

“Engineers, economists and accountants have all had a hand in the development of the tools needed for making rational investment decisions. But the results have been scattered across the three disciplines, with each tending to focus on the aspects that most bear on their concerns. Carlo Alberto Magni is a leading authority on how to use rate of return measures properly, measures treated by most economic texts as misguided and therefore quickly dismissed, even though they are used widely in practice. His magnificent book guides the reader through a very difficult area, one that not only provides the necessary tools for the job, but which shows how to tie together the cash flow and accounting forecast inputs in a coherent and systematic fashion when doing so. All three groups will learn much from this novel and important text.”

—Ken Peasnell, *Distinguished Professor of Accounting Emeritus, Lancaster University Management School*

“Measurements of capital, income, cash flow, and rates of return are regularly employed in decision-making as well as in analyzing and appraising capital investments. For decades, the relationship between these concepts remained obscure if not largely misunderstood. In this novel book, Carlo Alberto Magni, a virtuous scholar and a leading authority on the correct measurement of rates of return, eloquently presents the golden link that relates them all in a simple, logical, comprehensive and intuitive manner. This important book is an eye-opener, rich with examples and is highly recommended to all who wish to analyze investments and use these basic concepts properly, whether they are economists, accountants, engineers or finance people. The book provides an enormous benefit even to experienced professionals in assessing investment profitability.”

—Moshe Ben-Horin, *Professor of Finance and President of Ono Academic College*

“Put in a room a manager (possibly an engineer), an accountant and a financial mathematician. Close the room and throw away the key until they reach an agreement about how to evaluate investments. If the financial mathematician is Carlo Alberto Magni and if the agenda is the index of this book, well, try to recover quickly the key.”

—Lorenzo Peccati, *Emeritus Professor of Applied Mathematics, Bocconi University; co-editor-in-chief of the European Journal of Operational Research (2005–2014)*