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A Habit of Reading Financials: Easier Than an MBA and More Important Than English by Naoki Shibata

0 いいね! 0 ツイート

Original title: MBAより簡単に英語より大切な決算を読む習慣

Category: Finance & Accounting

(80 von 100)



Why: I want to consume more knowledge from financials.

Goal: Learn habits that would allow me to understand financials.

Action: Take a Peek at Neighbors Account Book.

3 Key Concepts

1. Start from an executive summary and not the table of numbers.
2. Deconstruct an industry into main profit equations.
3. Memorize the reference numbers from standard players.

Summary

How to take a peek at an account book?



First, understand the main drivers of financials. Then, learn about these business drivers here: [Seeing the Big Picture](#) by Kevin Cope.

Second, put up a time limit of 15 min per account.

Lastly, start from the summary. Look for the top line, bottom line, and YoY.

This book gives the perspective to account reading in an accessible way. I recommend you try the following tips to make it your habit to read more and understand more from financial statements.



The habit of Taking a Peek at Someone else's Account.

10 Habits to Read Financial Statements

1. Read like you're **taking a peek** at neighbors' book bank.
2. Keep in mind it is **simple math** with + - x / (the rest is rounding numbers)
3. Start with an executive **summary** and then tables of numbers.
4. Aim to **understand its past**, not to predict its future.
5. Deconstruct an industry to main **profit equations**.
6. Memorize important **reference numbers** from a standard player in the field.
7. Understand "**Unit Economics**" of each industry (or ARPU – Average **Revenue per Unit**).
8. Check out Year-on-Year (YoY) performance **growth**.
9. **Compare multiple firms** in the same industry.
10. Analyze deep enough that you can explain how firm A **differentiates from the rest**.
11. (Bonus) Read with a **time limit** of 15 min per firm.

KPI of EC Business

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There are 2 types of EC Business.

- **Direct Sales**
aka Winner (biggest seller) takes all
Net Sales = Listing Price – Merchandize Cost
- **Market Place**
aka More sellers more buyers
Net Sales = Handling Volume x Take Rate
Take Rate are from listing fee, sales markup charge, Ad fee, etc.

As you can see, if you are providing EC as a marketplace. You should start with building a great place for sellers to sell.

Free listing fee, low markup charge, and help on ads.

With more sellers, buyers will perceive your marketplace as a good place to buy 😊 Then more revenue for everyone.



To sum up

Shibata offers examples of how to read financials based on industry. He suggests that we deconstruct the main drivers of each particular industry before diving into tables of numbers.

With that, we know exactly which numbers to look for!

Goal check: I learned habits of reading financials that are practical.



Wasu's Review
(5.0 / 5.0)

Get this book on Amazon [here!](#)

[A Habit of Reading Financials PDF Summary](#) FREE Download

Bonus: Author's blog on how to read financial statements (only in Japanese): <https://irnote.com/>

Related



[Seeing the Big Picture by Kevin Cope](#)

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In "Finance & Accounting"



[The Personal MBA: Master the Art of Business by Josh Kaufman](#)

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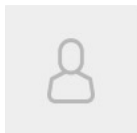
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