

A Revised Model for Consolidated Financial Statements



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Motivated by the growing number of publicly traded subsidiaries, we propose a new model for consolidated financial statements and a revised definition of control. Also, recent corporate governance regulation for publicly traded corporations has undermined the ability of a parent company to control the individual assets of its publicly traded subsidiaries. The proposed model defines control based on simple and measurable criteria, such as the existence of ordinary cash flows between the parent and the subsidiary, operating relations between the parent and the subsidiary and the absence of independent corporate governance mechanisms for the subsidiary. The new model is expected to increase the relevance of the financial statements and eliminate some of the distortions caused by the current model, because under our proposed model investments in publicly traded subsidiaries will generally be measured at fair value.

Are you passing by your digitalization opportunities? Reengineering for the digitalization age



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The digitalization revolution is at its height. Every organization whether financial, a travel agency, a consumer goods company, hospitality, healthcare, etc. converts its processes into digital and cellular format. Often, the company takes the existing process and “computerizes” it. In other cases the company sees the process of “digitalization” as an instrument to reduce headcount, thus passing by the potential to increase the benefit of additional sales. This paper proposes a seven-step methodology to perform digitalization of the organization’s major processes. This digitalization will increase the organization’s value both in for-profit and non-profit organizations. The methodology is based on the reengineering approach, the Theory-of-Constraints, and the two-step process for a radical change of processes.