

# Joan Massons i Rabassa

## Detailed Curriculum Vitae

### Overview

Section	Page
1. My Arrival in the Business World	2
2. Teaching - An Early Vocation	2
3. First Academic Works	2
4. Qualifications and Recognition	3
5. Professional Dedication to Business	3
6. Research	4
7. Teaching Experience at ESADE (Ramon Llull University)	7
8. Teaching Experience Outside ESADE	8
9. Practical Cases Combining Financial Analysis, Planning and Financial Strategy	8
10. Exercises on Financial Analysis and Strategy	14
11. Published Books	16
12. Co-authored Books	26
13. Book in Preparation	27
14. Conferences and Presentations	28
15. Published Articles	29
16. Links to Organisations	30
17. Sporting Experience	30

## **1. My Arrival in the Business World**

My first contact with business finance came about when, at the age of 16, I became a student of ESADE. The school was three years old and at that time the only teaching activity carried out there was the Bachelor's in Business Sciences.

## **2. Teaching - An Early Vocation**

My desire to teach arose from two issues I came across when I was very young. During the 60s there was a strong flow of immigrants from Murcia and Andalusia to Catalonia. Under the Franco dictatorship, the children of these workers did not have access to basic education and many of them had to work from a very young age. In the peripheral neighbourhoods of Barcelona evening schools were created, and it was there where young students, like myself, provided free training to these individuals.

Each day, upon finishing my classes at ESADE, I would spend the first part of the afternoon studying and then, in the evening, I would catch the underground to Hospitalet to teach. The work was unpaid, but I was happy to be part of something meaningful.

On the other hand, after obtaining my Proficiency diploma from Oxford University, I was hired as an English teacher in a language academy in the centre of Barcelona and, later, as a teacher of French literature. This kept me busy, and provided me with some money that, given my student status, was very well received.

## **3. First Academic Works**

Every year, ESADE students were required to hand in a dissertation.

In my first year, I worked on the topic of philosophical alienation in the thinking of Karl Marx. My dissertation was completed under the direction of the distinguished Professor of Philosophy of the University of Barcelona, Doctor Jaume Bofill.

In my second year, I developed a dissertation on Karl Marx's thesis on economic alienation, which was directed by the outstanding Professor of Economics, Doctor Lluís Figa-Faura.

In my third year, I wrote about market research methodology based on an experience I had had while working for the firm Crédito y Docks, in Barcelona.

In my fourth year, I developed the economic and financial planning for an Italian-Spanish pharmaceutical laboratory based in Milan that operated with the brand VISTER (Vismara Terpeutici).

In my fifth course, I finished my degree at ESADE with my final year dissertation entitled: "The Inductive Method in the Pedagogy of Balance Analysis". This dissertation analysed the economic and financial reality of five companies from different sectors. The analysis brought about results that allowed, from a practical point of view, the deduction of an analytically valid conceptual principal. This dissertation was directed by Doctor Jaume Iglesias Sitjes, who later would become my mentor at ESADE. The dissertation was considered excellent by all members of the evaluation panel.

#### **4. Qualifications and Recognitions**

Bachelor's Degree in Business Science (ESADE, Ramon Lull University, 1966)

MBA (ESADE, 1966)

Honorary Giant Carrier in the town of Solsona (1986)<sup>1</sup>

Bachelor's Degree in Economic Sciences (University of Cordoba, 1990)

PhD in Business Management and Administration (ESADE, Ramon Llull University, 2007)

The ACCID (Catalan Association of Accounting and Management) 2012 Award for Academic Excellence (2013)

#### **5. Professional Dedication to Business**

The day after my last class at ESADE, I went to work at the economic division of La Catalana de Gas, at the request of Professor Josep Cervera Bardera, Financial Director of La Catalana de Gas.

I worked there as a financial analyst for a year, until restlessness and the desire to find myself an executive position made me change jobs and join the company Manufactures Petronius SL. as Assistant Manager. I combined this executive job with a

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<sup>1</sup> Giants are typical feature in Catalan culture. Most towns have their own giants.

few hours of finance classes at ESADE, where I was a teaching assistant to my mentor, Doctor Iglesias Sitjes.

The possibility of increasing my dedication to teaching led me to connect with a business group in the construction sector, UNINCO. This gave me more freedom to commit to teaching. Here I began as Financial Director, then I went on to become General Director, and later a Member of the Board.

At ESADE, when Doctor Iglesias entrusted me with the responsibility of giving classes as a Senior Lecture in Finance, I focussed on my main role, Professor of Finance and Business Strategy Advisor.

My only break from this main role was in the year 1985 when I worked as an advisor on the candidature dossier of the city of Barcelona for the 1992 Olympic Games. Then, in October 1986, when Barcelona was named the host city of the 1992 Olympic Games, I was called by the COOB 92 (The Organising Committee of the Barcelona 92 Olympic Games) to work as an operations planning director. The agreement I reached with ESADE was to work for four years on the planning phase of the Olympic Games while teaching the occasional class.

## **6. Research**

The most frequent focus of my research work has been applied research, with the exception of my doctoral thesis as well as the content of certain articles and books.

In 1976, amidst an incipient democracy in Spain and growing support of PSOE (the Spanish Socialist Party), the fear that energy would be nationalised grew within the electric energy production sector. As a consequence of this, the company FECOSA commissioned ESADE to carry out an investigation into the possible economic consequences this would have for expropriated shareholders. I led this investigation under the supervision of Doctor Robert Tornabell Carrió.

As an approximate model and following the advice of Doctor Tornabell, I investigated the process of nationalisation of the electrical industry in Italy, through the founding of the ENEL (National Board for Electricity). The money obtained by the shareholders of the process of nationalisation of the major Italian power companies was channelled into the stock market by reinforcing three networks of large visibly interrelated listed companies. A network in the north under the axis of Milan, a second network unfolded

around Rome and a third around Naples. The investment of money into private companies was important, but with poor returns in the short and medium term.

My doctoral thesis is the most meaningful piece of research on my résumé. Although it is true that the content of six books I have had published also integrated elements resulting from a research process, they do not fully derive from an extensive and profound investigation, which was the case for my doctoral thesis.

My thesis was entitled: “The Profitability of Catalan Ski Resorts”. I began working on this thesis in the year 2000, under the direction of Doctor Tornabell Carrió and my PhD viva was held on May 30, 2007. The following doctors made up the evaluation panel and unanimously granted the thesis the qualification of excellent *cum laude*:

Doctor Ramon Adell (President)

Doctor Carles Torrecilla (Secretary)

Doctor Miquel Trias

Doctor Joan Rosàs

Doctor Eduard Berché

I quote the following sentence from the first part of the introduction to my thesis, “the challenge is to set out management principles analytically based in the Catalan ski sector”.

In the second section I wrote “the central hypothesis of this thesis is based on the possibility that there is an economic model of ski resorts that could be viable in the medium and long term.” In this second section, I spoke of theoretical contributions that support the model, citing the Nobel Laureate Paul Anthony Samuelson with regards to his thinking on scope economics. I also mentioned the contribution of the Nobel Prize winner, James Mirrlees, on his Social Cash Flow theory.

In the next four sections of the introduction I went on to talk about the difficulties in obtaining well-elaborated information of an economic or financial nature from Catalan ski resorts corresponding to the period under analysis, 1990-1998. Furthermore, these four sections outlined the necessary field work.

The second (essentially methodological) part of the thesis raised the assumption of work hypotheses. Additionally, it distinguished the economic effects both direct and

induced from alpine ski resorts and concluded by addressing the need to value projects from Cost Benefit Analysis.

Regarding the induced effects, the work focused on the seven regions where the ten Catalan ski resorts are located: Val d'Aran, Alta Ribagorça, Pallars Sobirà, Solsonès, Berguedà, Cerdanya and Ripollès. Following the theories of Mirrlees, the economic base and the regional multiplier were determined based on employment. Following this, it outlined the formulation of the income leakage coefficient outside the areas that had ski resorts.

The next step was to calculate (for 1996) the average household per capita income, the typical deviation and the coefficient of variation (Pearson) of Catalan regions both with and without ski resorts, so as to observe the differences.

The third part was the thesis' most extensive part. It began by defining the model of analysis of ski resorts' economy, and then it focused in, one by one, on each of the ten Catalan stations, which are, from west to east:

Baqueira-Beret, Boi-Taüll, Espot Esquí, Port Ainé, Port del Comte, Rasos de Peguera, Masella, La Molina, Vall de Núria i Vallter 2000.

The fourth part of the thesis favoured a joint vision of the sector and a look outside the Catalan ski culture.

The fifth and last part of the work was dedicated to the conclusions and the instrumental support in the form of bibliography, index of tables and figures.

The conclusions of the work were, essentially, the following:

1. A minimum profitability cannot be obtained without an investment of a determined amount.
2. The Catalan regions with ski resorts are leaders when it comes to the increase of household per capita income.
3. The economic base of Catalan regions with ski resorts is positive, with the exception of Ripollès and Solsonès
4. The ski resort is a cost centre that promotes the profitability of other businesses related to the practice of skiing.

Contributions to businesses: The thesis outlined and showed the way to focus the management of ski resorts combined with other businesses that branch off from the ski resort itself (real estate, shops, hotels, etc.)

Contributions to the Catalan Government: The thesis showed the effect of social wealth that the presence of a ski resort can generate on the region's economy.

## **7. Teaching Experience at ESADE (Ramon Llull University)**

Together with Professor Jaume Iglesias, I introduced a significant change to the teaching methodology at ESADE. It involved applying the recommendations made by the OECD for the Physics and Chemistry faculties of European universities to the teaching of Business Finance at ESADE.

The recommendation of the OECD was to avoid the typical way of teaching classes, i.e. one hour per subject on certain days of the week. Contrary to this, the OECD advocated concentrating each subject into four-hour blocks in the morning or afternoon. In the first hour, the teacher had to essentially present and summarised one or more fundamental principles on which the lesson of the day would be based. In the second hour, this principle was clarified and developed further. During the third and fourth hours, students formed small groups and, led by assistant teachers, put the principle, previously seen with the lecturer, into practice.

Throughout my teaching career, I have designed and taught the following programmes at ESADE:

- Financial Analysis, Financial Planning (Bachelor in Business Science)
- Financial Analysis and Planning (Full Time MBA, Part Time MBA, Executive MBA)
- Financial Management, Marketing Management and Operations Management
- Financial Analysis and Planning (Full Time MBA in English)
- Finance for Marketing (Master in Marketing Management, ESADE-based programme for international university degree)
- Executive Master in Marketing and Sales (University of Bocconi)
- Finances (Bachelor in Law and International Business Law)

## **8. Teaching Experience Outside ESADE**

My contract with ESADE required, until three years ago, total exclusivity, meaning that my teaching outside ESADE for many years was subject to express authorisation.

During the period of exclusivity, I had the chance to collaborate in the following ways:

- Guest lecturer at INSEAD, University of Chile and the Tourism School of Havana.
- Associate Professor at the Spanish Judicial School, when its transfer to Barcelona took place.

At present, I continue to collaborate with ESADE and am a permanent guest lecturer at the following universities:

- Deusto Business School
- Porto Business School
- Business Faculty (University of Vic – Central University of Catalonia)
- Department of Industrial Engineering (University of Chile)
- Bocconi University

## **9. Practical Cases Combining Financial Analysis, Planning and Financial Strategy**

These fifty cases have been inspired by consultancy work, and I have highlighted the part that can prove pedagogically more relevant. In order to respect the companies' desire for anonymity, I have not used their real commercial or social reason.

I do not cite, in this sense, real identified cases: Inditex, Ikea, Corte Inglés, Mercadona, Grup ENCE, Mango, Makro, Mapfre, etc., because they belong to past times and have no current pedagogical interest or because the company has requested the case for their In-Company Training programme where it has no real pedagogical significance.

<b>Title</b>	<b>Content</b>	<b>Catalan</b>	<b>Spanish</b>	<b>English</b>
Accessoris	The merger of several companies sets forth a future with possibilities of growth; the possibly ways of financing this growth are debated.	YES	YES	YES
Acesa	This motorway concessionaire offers interesting aspects such as its development and high returns. Its only flaw is the low profitability of its investment in subsidiary companies. This case focuses exclusively on financial advising, without touching on planning or financial strategy.	YES	YES	YES
Ainsa	The decision to grant a loan to a company or incorporate it as a subsidiary.	NO	YES	YES
Alfa-Energia SA	An electrical power company that has to study the feasibility of supplying to a new industrial estate.	NO	YES	YES
Alí Babà	A risk-profit dilemma. A decision on whether to continue with two delinquent debtors.	YES	YES	YES
Alt Pallars	A case dedicated to planning that offers alternatives to developing skiing in the region.	YES	YES	NO
Altesa	Possibilities for financing the growth of this company.	NO	YES	NO
Aromas 2001	A study on the compatibility of the dividends policy with the financing of the growth of the company.	NO	YES	NO
Astica	Effect on shareholders' profitability of an indebtedness policy.	NO	YES	NO
Augrisa	Financial analysis with adjustments for inflation.	NO	YES	NO
Baqueira-Beret	Economic and financial analysis of this ski resort between 1965 and 2007.	YES	YES	YES
Hotel chain Floreada	Analysis of the contribution margin of three business units.	NO	YES	NO

Canosa	Investigation into whether there are any negative legal connotations in the management of the company.	NO	YES	NO
Carma	A family business that, after intense controversy, opens up to non-family shareholders with a strong presence on the Board...is this a good decision?	NO	YES	YES
Casarill-Batllevell	A young wastewater treatment company plans its financial strategy poorly. It needs to restructure and redirect the negotiation with potential financiers.	NO	YES	NO
Climisa	A clinic considers an important physical expansion. Many shareholders are against it. The health insurance companies, that are clients of the clinic, welcome the idea, as do the medical staff. The two opposing positions must be argued with supporting figures.	YES	YES	NO
Cobusa	A car dealership with several sales delegations presents doubts about the pricing policy for second-hand vehicles.	NO	YES	NO
COMESA	A failed romance turned platonic relationship calls for business participation. A first report against this operation must be submitted for a revising and reviewing.	NO	YES	NO
Credesa	A sports equipment company that suffers from asset tensions. This case involves assessing the restructuring report proposed by the company.	NO	YES	NO
Cumosa	A family company that manufactures electrical appliances, owned by an industrial group that expresses concern about the asset tensions. The most obvious obsolescence of the factory poses a difficult future.	NO	YES	YES

Diagraf	A graphic design company undergoing big changes due to changing generations in its management.	YES	YES	NO
Dimaqsa	This company's subsidiary could lead it to ruins.	NO	YES	NO
Din-dan	A toy manufacturer that is considering a strategy in order to export to Europe. The alternatives of remaining solely in the Spanish market or opening up to the European market are contrasted.	NO	YES	NO
Dolcasa	A frozen pastry company that is experiencing a strong commercial expansion. This case involves assessing both the economic and financial effects of this growth.	NO	YES	NO
Dolsa	This is a sequential resolution case that can be adapted to long-term university courses where the analysis and planning work becomes broad and profound.	YES	YES	YES
Ediba	A graphic arts and publishing company with multiple thematic branches. It has three subsidiaries in Latin America. The lack of adaptation to the literary demands of Chile, Venezuela and Mexico has unfortunately forced it to enter into a suspension of payments.	NO	YES	NO
Emisa	A case of detailed sequential resolution of an editorial that, despite commercial success, ends in a suspension of payments. This case is adaptable to long-term university courses.	NO	YES	NO
Farmacia Domínguez	Doubt arises as to whether to buy or rent an annexed property in order to develop parapharmaceutical lines.	NO	YES	NO
Ferma	This case requires students to transform a balance sheet from its founding moment by incorporating the gradual setup.	NO	YES	NO

Find It Easily	The case presents the avatars of a company that creates a computer program in its implementation and future planning.	NO	YES	NO
Forisa	A company dedicated to logging and reforestation. The progress of the result in absolute values forces the partners to ignore the loss of profitability.	NO	YES	SÍ
Fustemsa	This is a case that has to do with the interrelation of legal and economic and financial aspects. Two mechanical carpentry companies must reach an agreement regarding the treatment of a German customer.	NO	YES	NO
Hospital Ntra. Sra. de la faena	The economic and financial analysis of a hospital belonging to a private charitable foundation.	YES	YES	NO
Hotel Plaza	The action taken by a bank that has given a hotel the guarantee of a second mortgage, when the bank providing the first mortgage takes legal action against the hotel.	YES	YES	YES
Jocs	Toy manufacturer that does not carry out an adequate financial analysis of four product lines.	NO	YES	NO
La Manufacturera SA	A case study on credit granted to clients.	NO	YES	NO
Lafesa	A pharmaceutical laboratory planning its future. An appropriate financial strategy must be designed taking into account the laboratory's future prospects.	NO	YES	YES
Llabosa	This manufacturer and installer of metal fireplaces receives an important order from a real estate developer. It is necessary to see what the required investment would be so as to complete this order as well as its economic and financial viability.	NO	YES	YES
Lomás SA	A computing solutions company controlled	NO	YES	NO

	by the contribution margins of different business units in two markets: public and private. This case involves planning and debating the viability of a new line of business.			
Magusa	A luggage manufacturing company undergoing a huge growth in sales. Its partners discuss three future strategies. Stability, sustained growth through owners' equity, or growth financed by credit.	NO	YES	NO
Matecsa	A publishing house for technical publications updated through subscription. It operates two editorial lines. Its excessively conservative policy has brought the company into a suspension of payments.	NO	YES	YES
Mayorel	A company dedicated to the sale of wholesale heating and cooling appliances is looking to become an industrial company in the heating sector.	NO	YES	NO
Mecaflora	Manufacturer of machinery for parks and gardens. An increase in capital that the main partner cannot agree with creates tensions among shareholders.	NO	YES	NO
Mollesa	This furniture manufacturing group, with factories in Catalonia, France and Germany, launches a highly selective new line of furniture that causes financial difficulties.	NO	YES	NO
Niesa	A company dedicated to the construction of caravans and prefabricated housing. A new shareholder presents doubts regarding whether or not to invest in the company.	NO	YES	YES
Ofsa	A company dedicated to distance learning. Very liberal credit conditions with clients create delays in payments.	NO	YES	YES

Pansa	The closure of a shoe distributor can lead to the closure of twenty workshops in a town in Alicante. The workshops need to join forces and create a feasibility plan for the new company.	NO	YES	YES
Prelsa	A manufacturer of electronic components with a reduced client portfolio. The bankruptcy of an important client is about to prove disastrous and will condition future behavioural patterns of the main shareholder.	NO	YES	NO
Pronasa	A meat company. This is a greatly detailed sequential case for a long-term course. Changing generations in the company's management changes its culture and creates fear among shareholders.	YES	YES	YES
Supervacances	One of the lines of a company dedicated to leisure and adventure is deficient. A system aimed at controlling the different contribution margins detects a problem.	YES	YES	YES

## 10. Exercises on Financial Analysis and Strategy

The exercises of my own authorship that I use in my teaching can be found in a file consisting of two hundred and twenty-seven exercises. All of them are available in Spanish, forty-seven in Catalan and forty-eight in English.

Listing the contents and describing each exercise one by one, as I have done with the practical cases, would be exhaustive. The exercises are classified according to the following monographic topics:

1. I have, at my disposal, sixty-five exercises dedicated to the analysis of business debt, the vision that the company offers on its solvency and its ability to pay its debts in a timely fashion. It should be understood by monographic exercises those in which the overriding theme is what I describe here. Evidently, other elements of economic analysis appear in the majority of these sixty-five exercises, but the main

pedagogical focus is on balance and equity as well as aspects of a financial nature.

2. The second topic is aimed at exercises focused on the specific economic structure of business units or centres that are profitable for the company. Furthermore, there is an economic analysis of various business units centred on the concept of contribution margins. I have created thirty-six exercises on this monographic topic.
3. The third topic of a monographic nature allowed for the creation of eighty-four exercises focused on the business economic analysis pivoting ROA, ROE and financial leverage. These eighty-four exercises also include ROCE criticism and the unfortunate ratios used in the EBITDA.
4. I have devoted thirty-seven exercises to the topic of economic and financial planning and strategy.
5. Finally, and given that the previous exercises are of a monographic nature, I have created a further 15 exercises that combined all the previous topics in an integrated way.

The distribution according to the language of the exercise is as follows:

	<b>Catalan</b>	<b>Spanish</b>	<b>English</b>
1. Solvency and punctuality of payments	12	65	24
2. Economic analysis of business units.	7	36	8
3. ROA and ROE. The ROCE and EBITDA ratios.	15	84	10
4. Planning and financial strategy.	9	37	2
5. Integration of financial knowledge	4	15	4
<b>TOTAL</b>	<b>47</b>	<b>237</b>	<b>48</b>

## **11. Published Books**

### **1. *Análisis financiero de la Pyme* (Financial Analysis of SMEs)**

The decision to write my first book sparked from an assignment "La Caixa" (now CaixaBank) set ESADE. The aim of the book is to provide knowledge on the analytical aspects of business finance to owners and managers of SMEs, all the while respecting the characteristics of these companies, such as their financial constraints and capacity for expansion.

The book is divided into two parts. The first part presents the fundamental ratios of the economic and financial area with an initial conceptual exposure followed by practical application to a company.

We named the second part, "Diagnosis of working capital management" and here we provide a conceptual description of the financial resources that are more accessible to SMEs. Then, we carry out a cash management application for a company.

### **2. *Finanzas. Análisis y estrategia financiera.* (Finances. Financial Analysis and Strategy.)**

This text was entered in the running for the Prat Gaballí award (Prat was the founder of the publishing house Hispano Europea). I reached the final stages of the competition. Nonetheless, the publishers showed interest in publishing the book due to its purpose and characteristics.

The first edition was published in 1985, with a foreword by Doctor Xavier Adroer i Tassis, ESADE's third Director General and a great driving force behind the institution.

I had noticed that the most read financial literature at that time, more often than not by North-American authors, was very general and somewhat superficial in the subject of business economic and financial analysis through ratios.

My book had the chance to stand out from the financial literature of that time, if only I was able to stress well the underlying logic of business financial indicators. This would guarantee a greater degree of depth on this specific topic. Secondly, my aim was for

this book to become an authentic reference manual on how to put into practice the implementation of ratios and obtain conclusions that would guide business management.

The first part of the book is purely theoretical, illustrated with short numerical examples. The second part of the book is completely practical and lays out extensive business cases of sequential development, applying the principals and indicators from the first part.

The book consists of fourteen chapters. The first two are aimed at pointing out the importance of economic and financial analysis in the company and framing its scope of action. The third chapter deals with a topic of great importance in practice, but highly neglected in the work of business finance professionals. Here we refer to the structuring of balance sheet accounts to allow for an effective analysis of the balance sheet. The chapter contains a review of the official accounting plan in Spain highlighting its conceptual errors and deficiencies.

The following four chapters deal with the subject matter of the company's asset analysis and business solvency, emerging from the classic error of confusing the warranty positions against the debt of the company with its ability to pay its debts in a timely fashion.

Chapters eight, nine and ten are devoted to business economic analysis. The structuring of the profit and loss account of the official accounting plan in Spain is criticised by denouncing its deficiencies and conceptual errors. The most significant contributions from these three chapters are the basis and way of analysing the individualised economy of business units or business benefit centres, business opportunities provided by the theory of marginality, the concept of the global ROA as opposed to the operating ROA and the "mental divorce" that makes differentiating the management of assets from the management of liabilities obligatory in the business world.

The objective of the last four chapters of the book is to explain the subject of economic-financial planning and the financial strategy that will shape corporate liabilities in the future.

Chapter eleven offers a thorough tour (in the style of a reference manual) of the link between the general planning of a company and the economic and financial planning that derives from it. The text lays out a systematic route that allows us to move from the planned state of results on to forecast movements of current assets, on to the double current and capital financial budget and finally to the forecast balance sheet.

Chapter twelve outlines a topic that is greatly neglected in professional practice, that is to say, the analysis of the origin or causes of a company's planned financial needs. At the time of its publication, the book set out a new concept, that is, my theory of the major financial gap in contrast to the financial needs calculated by the treasury's double budget. The major financial gap theory has given me profitable progress in financial consultancy tasks.

Chapter thirteen is intended for a conceptual vision of the financial resources within the reach of companies. I say, "conceptual vision", because I carry out a critical reflection on five aspects of each resource that end up delimiting its scope of orthodox application: principal amount, term, purpose, required guarantees and cost.

The final chapter of the book focusses on business financial strategy. That involves wrapping up the first theory-based part of the book by relating all the content from previous chapters with complex decisions on capital versus debt. Profitability versus risk.

The book concludes with the indisputable question on the optimal structure of liabilities, developed but never resolved, by the Miller-Modigliani model. The risk versus profit dilemma does not have an optimal answer. My text defends the possibility of narrowing down, orienting or framing (never resolving) the strategic field of finance through a trilogy based on the expectations of the future ROA generation, current indebtedness and future free cash flow.

The second part of the book, as I mentioned previously, is completely practical and consists of two hundred and fifty pages. These pages are dedicated to the detailed analysis of two companies during a five-year period, showing how the conclusions of the historical economic and financial analysis can determine and lay the foundation for the future planning and financial strategy of these companies. The building of planning tables is meticulous in addressing a large number of headings of balance sheet items and income statements, just as we would find in practice in any given company.

### **3. *Análisis financiero en inflación* (Financial Analysis in Inflation)**

In 1986, I had the opportunity to lead the dissertation of a gifted student, José García Nebot. The subject of his dissertation was to explore the state of affairs of companies amidst an inflation that was raging at that time in Argentina and Brazil and threatening Europe, since Spain had experienced worrying inflations of two digits. An important document inspired many teachers to bring the topic of inflation to business financial analysis classes. This document was called the "Sandilands" report.

The content of the dissertation was an important element in reforming my financial analysis subjects for the Bachelor's degree and the ESADE MBA. It was a complex matter, technically difficult to address, but a necessary reflection on the national and international context. The exemplary student, García Nebot, joined my team as a student teacher and soon after he became a senior lecturer.

The demand of conferences on the subject and the powerful content of García Nebot's dissertation inspired me to co-author a book with my ex-student. The publishing house Hispano Europea agreed to launch the publication, which took place in 1988.

The book has four main parts and seventeen chapters.

The first part formulates the adjustments for inflation to be made on the various items of the balance sheet and statement of results, in the sense that these are private-sector adjustments of companies outside the regularisation plans that a government can issue. It is a subject of MIS (Management Information Systems) rather than public accounting.

However, chapter five is devoted to the analysis of the Spanish fiscal regulations regarding the updating of balance sheets.

The second part of the book is dedicated to applying the three system adjustments explained in the first part to practical case.

- a) Adjustment by general price index
- b) Adjustment for replacement cost
- c) Adjustment for replacement cost, readjusted by the general price index

The third part of the text was the most innovative at the time, since we return to the company seen in the second part and we elaborate an economic and financial analysis under the changing light of the adjustments by inflation. Furthermore, we alter the economic and financial planning of this company with the inflation adjustments and we see how these adjustments affect the future financial strategy of the company.

We begin the fourth part of the book providing a recommendation on the possibility of simplifying the methodology of financial statement adjustments. Following this, we design three more practical cases, in which we deal with different problems influenced by the impact of inflation.

#### **4. *Finanzas para profesionales de marketing y ventas* (Finances for Marketing and Sales Professionals)**

Two ESADE professors deserve special mention when it comes to knowing the origin and development of the Marketing classes in ESADE: Sergio Barraza and Fred Wechsler. We met one day, and they asked if I could investigate and conceptualise the trouble points between companies' sales and marketing directors and financial directors.

I worked on the topic in order to identify how to conceptually approach issues such as:

1. The different interest in the selection and maintenance of clients by commercial and financial institutions. This reminded me of client solvency, default risk and profit not obtained through rejecting a client or, on the other hand, liberalising its credit.
2. The different points of view regarding the variety and volume of finished project stock, how this affects the delivery period as a competitive weapon and how it affects the ROA and the financial needs when this inventory reaches an unsustainable quantity.
3. The evolution of inventories turnover as an element of risk for the company's liquid assets.
4. The evolution of the payment period as a competitive weapon but not without risk for business finance.
5. The ability to finance through indebtedness of certain commercial investments especially those of an immaterial nature.

6. The importance of focussing commercial costs on whether they are variable or fixed and the effect on the gross margin.
7. Price policies and commercial promotions through the theory of marginality.
8. The analysis of the profitability of commercial zones, product lines and/or strategic clients.
9. The impact of commercial actions on the operating margin and asset turnover to act on the company's ROA.

As a result of this work, we launched various training opportunities at ESADE. The Marketing Management programme, the Masters in Commercial and International Management that ESADE shared with the University of Luigi Bocconi in Milan: *Executive Master in Marketing and Sales*.

The diffusion of these training activities led to the Editing Director of Ediciones Deusto de Planeta De Agostini proposing I wrote a book on commercial interaction and finances.

The first edition of the book was released in 1996. The foreword was by Doctor Lluís Pugés, Director General of ESADE.

The book consists of eleven chapters that include four practical cases showing clear interaction between the commercial and financial functions. Each chapter consists of two parts. The first part is conceptual, supported by short numerical examples, and the second part is of a practical nature. More concretely, it involves applying the ideas touched on in the first part to a company, launching a true marketing culture. The same company is represented throughout the first eight chapters of the book with analytical applications and conclusions that are sequentially linked.

Chapters nine, ten and eleven present three companies with specific problems, in which commercial and financial decisions interact in a way that is decisive to its management.

The first four chapters address points one to five of the previously mentioned issues: client solvency and the management of stocks and the collection period.

Chapters six, seven and eight are related to points six to nine of the issues previously described: actions on the contribution margin, the profitability of business units and the

alternative effect on the margin and asset turnover that results in a determined ROA ratio.

The last three chapters are dedicated to the problems of three companies and present, first of all, a company with the desire and possibility to increase its sales. However, the differing nature of the two product lines requires a distinct growth strategy. On the other hand, the actions of the sales team have a different impact on the eleven commercial zones identified across Spain, and doubts arise as to whether to choose contracted or freelance salespeople. This forces the company to harmonise its desires of a commercial nature with its financial possibilities and the up keeping of certain economic results.

Secondly, we present the case of a company who, guided by the drive to motivate those responsible for fifty-three commercial zones and promote their autonomy, has created an authentic “Game of Thrones” with negative repercussions for specific clients in each commercial zone. The traditional company measured the success of a commercial zone by sales volume. This chapter proposed a radical change and shows the figures from the contribution margin of the various areas to move forward to show a more effective concept that eliminates this “Game of Thrones” scenario. This concept is the contributory ROA that requires the management of stock levels and client credit in each area to be far more rigorous.

Finally, the book ends with the case of a toy manufacturer, in a way that, being conscientious of market trends, concentrates its production during supply months to retailers leading up to Christmas and the Kings’ celebration.<sup>2</sup> This concentrated productions entails excessive costs and asset tensions. Studying the behaviour of the product dossier shows which toys can be subjected to stable production over the months prior to being supplied to stores, and for which toys it is necessary to wait until toy shops have placed an ordered for them. These decisions change the planning for the coming year with clear advantages for costs and assets planning.

## **5. Finanzas prácticas (Practical Finances)**

In 1994, “La Caixa” set ESADE an assignment. It involved improving the preparation of risk analysis in the selection of analysts in the Barcelona headquarters. I was greatly

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<sup>2</sup> In Spain, it is customary to celebrate the arrival of the Three Kings on the 6th of January.

excited by this programme, given that it was a good opportunity to work with highly-trained experts in economic and financial business analysis.

The first minutes of class showed me that I had set my expectations too high and that the group of risk analysts' previous training was not as powerful as I had thought. However, there was an exception in the group: Ramon Vidal Vizmanos; with him it would be possible to take off.

After the course, Vidal and I met up to discuss different topics. The sum of Vidal Vizmanos' conceptual clarity and strong practical experience, resulted in my decision to invite him into join ESADE as a professor, where I discovered he had a pedagogical ability that was certainly out of the ordinary.

As a result of this collaboration, we decided to co-author a book together. The publishing house Hispano Europea agreed to edit the book and it was released in 1997 with a foreword by Doctors Isidre Fainé and Robert Tornabell.

The aim of the book is purely practical and its target audience are expert readers who can enrich their knowledge on business finance through the eleven practical cases presented.

The difficulties that can be analysed from these cases are the following:

- Companies that share shareholders, but that *de jure*, do not form a group, even though, *de facto*, the shareholders think they do. Without a rigorous analysis of each company, an entity with difficulties can lead to the downfall of another company with a good economic and financial evolution.
- Commercial growth must be planned. Commercial and economic success does not always guarantee fluid assets.
- The international expansion of a company by creating subsidiaries abroad with the participation of shareholders from the foreign country can create different visions of management and asset tensions that prove difficult to resolve.

- A shareholding point of view centred exclusively on the absolute figure of the dividend can make us forget the indicators of business profitability and the reevaluation of the action.
- In a process of strong competition based on the detriment of sales prices, it is necessary to assess if a merger with the most direct and aggressive competitor, yielding in the price of shares, would not compensate the price wars.
- The economic analysis of business units has to be done, analysing the contribution margin and avoiding the distribution of general fixed costs in the different business units.
- An ethically dubious business conduct and a country's tariff policy can create problems for a company.
- A reduced client portfolio can cause serious problems when a strategic client fails. A company that goes through such a scenario will welcome a suspension of payments. Making a new comeback requires a very accurate analysis of future prospects.

As for methodology, the book raises each case as a problematic situation of which a way out must be provided. The reader can try and elaborate an answer to the problem presented in the practical case. After the heading of these eleven cases, we attach a teaching note entitled "case development" (the frivolous word "solution" is not valid here) which gives an answer to the problem observed in the case.

## **6. *Finanzas para profesionales del ámbito jurídico* (Finance for Professionals in the Legal Field)**

A few months after editing the book *Finanzas para profesionales de marketing y ventas* (Finances for Marketing and Sales Professionals), the editing director of Ediciones Deusto contacted me again and asked if I could propose a new publication.

When ESADE launched the Ramon Llull University's Law Faculty, I created the Financial Analysis course for the undergraduate Law degree. The focus of the subject

was in answer to the sentence that I had heard straight from the mouth of several lawyers: "Accounting in the faculty was a doddle ..."

Additionally, it was about localising which aspects of business finance could complete the training of a lawyer. My consultancy work with law firms and experts in judicial processes helped me design this course. This experience proved useful to the Bachelor's in Law programme, the Master in Business Management for Lawyers and the International Business Law programme at ESADE, as well as the training for judges at the Judicial School.

There was, therefore, enough content for a book, which was published in 2009 and consists of nine chapters with the following contents:

The first chapter aims to demystify the accounting complexity of the balance sheet so as to establish a logical and practical accounting base that allows lawyers to make peace with the odious subject from their law degree

Chapters two, three and four deal with a crucial topic for lawyers: how to understand the company's ability to guarantee its debts through its equity balance, the solvency shown by its current assets and the ability to return debt when contractual concessions are awarded to companies that have defaulted.

Chapters five and six tell lawyers how business profitability is conceptualised, distinguishing the fruit of asset management from the impact of liabilities. The management of extra-functional assets is presented bearing in mind its responsibility for the board of directors when faced with the general interests of the shareholder.

Chapters seven, eight and nine deal with the topic of feasibility plans. Frequently, the secretary of the board of directors is a lawyer. This individual should not become a silent guest at board meetings where important actions, such as future planning and financial strategy are discussed.

In the last part of the book, I present two extensive practical cases of which the main topic is the development of a clear correlation between financial and legal issues. The first of these cases presents the error of proportionally distributing the costs of a hotel chain headquarters to various hotels within the chain constituted in business units. A consequence of rejecting this bad practice is the dismissal of an excellent hotel

manager who has spoken out against it. The ethical and legal connotations of this unfair dismissal and the financial and economic consequences of losing a good manager come to light through the analysis of the hotel's financial statements.

The second case shows that in order to acquire the shares of a partner that leaves the company, the other members take the decision to pay an excessive dividend that commits the liquid assets of the company and leads to the mortgaging of the headquarters' building. This is done behind the back of a bank that has helped the company a lot in the past.

## **12. Co-authored Books**

### **1. *Lo que se aprende en los mejores MBA (What is Learnt on the Best MBA Programmes)***

This text was directed by Doctor Oriol Amat and published in 1999 by Edicions Gestió 2000 SA. I wrote the fifth chapter, focussed on financial planning and strategy. This chapter consists of the following parts:

1. Introduction
2. Does economic and financial planning subsist in isolation? Hierarchical and functional relationships in the planning process.
3. How technical and commercial planning fits with economic-financial forecasts
4. The documents of economic-financial forecasts
5. The forgotten purpose of analysing the causes of future financial need
6. Conceptual basis for a debate on financial strategy

### **2. *Cómo elaborar un plan estratégico en la empresa (How to Create a Business Strategy Plan)***

This book belongs to the collection Cuadernos Cinco Días. It was edited by this publishing house in the year 1999 with the collaboration of ENDESA. Together with another ESADE professor, Doctor Jordi Fabregat, I wrote Chapter nine, entitled "The capacities of business (III): financial resources". This chapter was divided into the following fourteen sections:

1. Economic and financial planning
2. Analysing the origin of financial needs
3. Financial strategy
4. Decline of assets
5. Growth policy
6. The equity versus debt dilemma
7. The profitability of the equity-debt dilemma
8. The effect of financial leverage
9. Technical approvals in the equity-debt dilemma
10. Funding sources and the aim of the company
11. Balance assets
12. Markets
13. Products
14. Conclusions

### **13. Book in Preparation**

I have co-authored this practically-finished book with Ramon Vidal Vizmanos. The title we would like to propose to the publishers is *“Cuarenta pecados capitales en Finanzas”* (“Forty Capital Sins in Finance”).

The book compiles forty common errors and bad practices to avoid in the business financial management.

These forty errors have been grouped into six different chapters, which are:

1. The arrangement of accounts and the way of presenting a balance sheet for analysis. This chapter cites frequent errors in the preparation of balance sheets that allow a rigorous analysis. We address the deficiencies and conceptual errors of the official accounting plan in Spain.
2. The company’s asset analysis. Here we identify errors of the following nature: using the company’s own funds to hide debt. The credit account taking over as permanent financing. Deficit maneuvering funds, an ungrounded fear? Subscribed and paid capital.
3. Assets and liabilities circulating as an image of business solvency. Does a surplus of circulation guarantee timely payments from third parties? Exaggerated requests to current solvency.

4. Timely payments. The effect of guarantees as a sole credit motor. The “rescue sale” myth. The financial availability linked to economic result. Bank-company planning.
5. The state of results. Dividend cover. The inconsistency of no-cost financial resources. Attribute interests to functional areas.
6. Indicators of profitability. ROA and ROE created with excessively high expectations. Conceptual errors in the official accounting plan in Spain. Financial expenses on sales, a deceptive ratio. The ROCE, an error. The EBITDA, a letdown. Ratios derived from the EBITDA. Amortisation, a poorly understood consumption.

#### **14. Conferences and Presentations**

I have been unable to keep an exact record of the conferences and presentations at congresses, round tables and workshops, that I have delivered throughout my career. However, I have a record of the topics I have most frequently and most recently spoken about.

I have participated as a speaker at:

- Case Workshops of the EFMD (Dublin, 1982; Madeira, 1984, Barcelona, 1986 and Saint Petersburg, 1989) presenting some of the cases that I have mentioned in section eight of this résumé.
- The 5th National Economics Congress (Las Palmas of Gran Canaria, 1995)

The main topics I have covered at conferences have been the following:

- a) Review of the 2008 official accounting plan in Spain
- b) Myths and truths surrounding the EBITDA
- c) Ratios that lie: *ROCE*, *EBITDA/interests*, *EBITDA Margin*, financial debt/*EBITDA*
- d) The *clásico*. Barcelona Football Club versus Real Madrid, assessing economic and financial ratios.

## 15. Published Articles

In this section, I have also been unable to carry out a systematic collection of my published works, however, I have included a selection below. Please note that these articles are in Spanish or Catalan.

I have written several articles on the real estate sector for the newspaper, La Vanguardia.

The following references are articles published in the journal Alta Dirección.

Massons, J 1978, 'Recomendaciones sobre el Plan Oficial de Contabilidad de la pequeña y mediana empresa en una óptica de análisis económico-financiero', *Alta Dirección*, no. 82, pp. 105-115.

In this article, I make nine recommendations so as to steer clear of shortfalls and conceptual errors from the 1974-year plan.

Massons, J 1979, 'El factoring. Mercado específico de aplicación', *Alta Dirección*, no. 83, pp. 167-180.

The article opens up on the advisability of using this financial resource, addressing the following aspects:

- Factoring subjects. The factor, the client, the buyer.
- Factoring services. Buyer selection- information, financing, cashing, buyer statistics, insurance.
- The margin on sales and factoring costs, threshold of profitability and factoring.
- The risk of a reduced client portfolio and factoring.

The following references are articles published in the journal ACCID.

Massons, J 2009, 'Implicaciones estratégicas en la gestión del circulante', *Revista de Contabilidad y Dirección. Gestión del Circulante. Bases conceptuales y aplicaciones prácticas*, no. 9, pp. 79-84.

This article aims to show the consequences of the decisions made by companies' directors regarding their current assets and short-term financing. A look at the current business panorama from the double perspective of a financial consultant and a professor shows an accentuated lack of knowledge on the implications of working capital management in the strategic and political approach and development of companies.

Massons, J 2015, 'Ratios que mienten, *Revista de Contabilidad y Dirección. Nuevas tendencias en información financiera. Bases conceptuales y aplicaciones prácticas*, no. 20, pp. 219-246.

This work analyses four ratios that are conceptually wrong, since their numerator and denominator do not respect the relationship of cause-effect or mutual dependence, which is a *sine qua non* condition of any indicator in the form of a ratio.

These ratios are:

ROCE (Return on Capital Employed)

Financial debt / EBITDA (Financial debt / EBITDA)

EBITDA Margin

EBITDA/Interests (EBITDA/ Interest expenses)

It should also be considered that the three ratios presented by EBITDA are erroneous for the way of using EBITDA that can only be confined to issues of corporate valuation and the analytical comparison with the ordinary financial budget.

## **16. Links to Organisations**

Partner of the Economics Circle.

Secretary General of the Financial Club of Barcelona (1980-1990)

Academic sponsor of the ESADE Alumni Finances Club

## **17. Sporting Experience**

In 1975, when the Director General of ESADE, Doctor Xavier Adroer, invited me to join the school as a member of the teaching staff, I spoke to him about the need for a certain level of understanding from the school regarding my mountaineering activities. By that stage, I had already started and therefore intended to continue participating in extra-European mountaineering expeditions.

Doctor Adroer laughed at this requirement of mine. I never did find out if he laughed due to the school's obvious understanding at such a requirement or if he did not actually believe me.

At that time, extra-European expeditions were a powerful challenge, unlike nowadays, where they have been greatly facilitated. In destinations such as the east coast of Africa, North Africa, Peru, Turkey, Nepal and so on, organisational means were very limited. Concepts such as medical assistance or mountain rescue in the case of accidents were practical non-existent. On the other hand, these expeditions had a notable cost, meaning we were forced to apply for official funding.

The extra-European expeditions I have participated in have been the following:

1. Operation High Atlas, 1971
2. Operation Kurdistan 1973 (Cilo Dađi, Turkey)
3. Operation Kirenia 1974 (glaciers of Kilimanjaro, southern wall of Mawenzi and Mount Kenya)
4. Operation Djurdjura 1975 (Northern Algeria)
5. Operation Quichua 1976 (Cordillera Blanca, Peru)
6. Expedition Saraghrar 1977 (Himalayas of Pakistan)
7. Expedition Dhaulagiri 1979 (Himalayas of Nepal)
8. Expedition Ama Dablam 1981 (Valley of Everest, Nepal)
9. Operation Hoggar 1983 (Tamanrasset, Algeria)
10. Catalan Expedition to Everest 1983 (North Face, Tibet)
11. Catalan Expedition to Everest 1985 (North Face and first Catalan expedition to reach the summit of Everest)

Following this last expedition, I co-wrote a book with Conrad Blanch, head of the Everest expedition, which was published by Edicions 62 under the title "*Hem fet el cim!*" (We have reached the summit!)

Other sporting experiences include my role as an Olympic torch bearer for the Terres de l'Ebre in 1992.