

The Secret Life of Money: Everyday Economics Explained

Tess Reid, Daniel Davies

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EVERYDAY ECONOMICS EXPLAINED



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Tess Reid, Daniel Davies : The Secret Life of Money: Everyday Economics Explained before purchasing it in order to gage whether or not it would be worth my time, and all praised The Secret Life of Money: Everyday Economics Explained:

1 of 2 people found the following review helpful. needs an aggressive editorBy AnonThe book is supposed to be geared toward a general audience, but it's frequently too technical and jargony in parts, and alternately too simplistic and general in others. Contains a few interesting nuggets, but overall scattered and poorly written (with lots of

unfunny, forced humor). It would have benefited from aggressive editing to remove the bad writing and force a coherent structure on it. 1 of 1 people found the following review helpful. Short, but great insights on the hidden economics of various business types! By Olaf Alex Firstly and most importantly, this is a great and useful little book. The title "Secret life of money" is perhaps slightly unfortunate because business and economics are already too often conflated with money. „Business models, hidden economics and cost structures of various everyday businesses“ or something similar might have been a better fit. As the authors themselves put it, this book is about „looking under the hood“ of business models - showing how businesses actually work. "Hopefully, if you look at the things that make, say, the gymnasium industry tick, or what's special about Scotch whiskey or payday lending, you'll notice the same kinds of things showing up in other very different businesses." The question of how these businesses tick breaks down into how the respective businesses make money and what that means „to us in our daily lives of interacting with these businesses“. The book easily does all this and then some. In the unpretentious but precise language of the practitioner writing for a broad audience, lots of interesting concepts and examples are discussed, such as: * „Captive“ businesses and pricing models (economics of lift aka elevator companies) * Economic model of the trade show business * Short-Selling * Minsky Moments, leverage and financial bubbles * The cost structure of waiting for whiskey and wine to mature. * Payday lending (perhaps not as lucrative as it seems) * Economics of credit cards (more lucrative than it seems...) * Depreciation as an accounting concept - and how it works in practice. * „Graveyard (retail) sites“ - and (in a later chapter) how gymnasiums (i.e. fitness clubs) work against this logic by subscribing all those non-users in „sweaty January“ * Hedonic regression * The cost of learning curves * (My favorite) „Kenyan Flowers“ (freight rates on „backloads“ – marginal cost vs. average cost) * Home mortgage financing and the leverage effect * Why genetic screening is related more to preventing adverse selection than generally pricing insurance premiums * The economic cycle of the „claims management business“ * When it's not about statistical rules but rather about intuiting that they may not apply in the case at hand (what Taleb would call „Fat Tony“ wisdom) * Goodwill and brand value * Middlemen and the role of knowing who your counterpart is * Airline miles as money printing - cured by inflation of sorts * Some economic observations on the insurance industry * Scheduling of maintenance men and the "travelling salesman problem" * Generally: marginal cost vs. average cost, in practice Very small, idiosyncratic quibbles: the entire shoe example does not really add value to the explanation of short selling and fungibility; some issues surrounding „rip-off“ items (plagiarized brand items) are not fully thought through, and while the brief discussion of creditor risk and insolvency is perfectly fine, specifically mentioning the legal concept of fixed vs. floating charges is a bit too „english“ perhaps, at least assuming this book obtains the international readership it deserves. Also, bit of system or structure might have been useful, as it is currently written as a more or less arbitrary (it seems to me at least) sequence of the analytic „nuggets“ mentioned above. All in all I highly recommend this book - the treatment of each of the above points is quite short, but probably more useful and insightful from a practical business perspective than the swath of „Freakonomics“ type literature when it comes down to understanding everyday economics and business models. BTW - one of the authors, Dan Davies, is an enthusiastic blogger and tweeter (@dsquaredigest), including e.g. on the Greek financial crisis. If you like the book you should consider following him - at least I have learned a lot from him, on many subjects. 1 of 1 people found the following review helpful. Good (but no d-squared digest) By Declan Trott The premise of this book is that economists should understand more about how business works, so they will make better management consultants and investment bankers. I am not sure I agree with this goal, but if you do, then 'Secret Life' is not bad. The Kindle preview (especially the numerous and lengthy chapter titles) gives a clear idea of the subject matter. Compared to Davies' blogging, the book is pedestrian in both style and content. But if you are a non-economist wanting to pick up a few ideas, an economics graduate heading into the business world, or trying to teach economics to business students, you could do a lot worse.

Ever wondered who rip-off label jeans are actually ripping off? Or why maintenance men never call when they are meant to? This is a lighthearted and authoritative guide to the secrets behind the everyday economics that regulate our lives - whether we know it or not.