

CPA

Practice **Advisor**

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It's almost a rite of passage – at some point during one's school career, many experience a best friend moving away. At age 8 (or even 28), this is a devastating blow to one's social circle. Later, as a business professional, a similar cycle is sure to occur; a favorite client retires or sells their business. Some degree of turnover is anticipated in any industry, but the effects of a retirement or sale can cause a similar gut-punch... this time to the bottom line.

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three years, and 38 percent of business owners planned to do so within the next five years. With the baby boomer generation aging, there are bound to be many business owners who are interested in exploring their options for moving on from their businesses, and preferably for a nice profit.

This generational shift showcases a valuable opportunity for CPAs and accounting firms to play a critical role in an exit strategy for a business owner eyeing retirement or selling a company. Providing a valuation service is a natural extension of accountancy, and, for the right customers a significant value add. Accountants are able to help business owners evaluate how much their company is worth now, and they can coach these owners on the best way to maximize the value of their business.

Because business valuations can range from the simple to the complex, it's important that the CPA or firm that offers these services can provide the client accuracy, clarity, and organization, as well as a concrete plan of action for business if it's needed.

Additionally, two other paramount components to an effective business valuation service are efficiency and solid documentation. Both are tools of the accounting trade, in fact. However, since the practice of business valuation is sometimes viewed as a subjective one, it's immeasurably important that the professional reviewing the company can provide consistent, justifiable and replicable calculations. **Considering an automated solution** is a good step to ensure these criteria are met with every valuation.

Business valuation is truly a growth segment within the accounting field – by both revenue opportunities and demand from clients. By adding the practice to a CPA or firm's repertoire is a good way to ensure that their own business doesn't get lost in the competition.

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