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TECHNOLOGY

Business Valuation:

A Specialty That Adds To Practice Value

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Over the past several years, especially since the advent of DIY tax prep and bookkeeping systems, many accounting professionals have sought new services to offer their clients, both as a means of adding a new revenue stream, as well as to help strengthen their client relationships.

For some firms, this has meant adding full payroll service bureau capabilities, like the firm of Greene & McCowan CPAs in London, Kentucky. According to partner Ryan McCowan, CPA.CITP, the practice processes more than 60 payroll runs, totaling more than 150,000 paychecks per year. To read more on his practice, see the [Productivity in Practice feature](#) in this issue.

Still other firms have added or expanded their capabilities in the areas of tax and business planning, financial statement analysis, financial advising, and brokerage and mortgage services. But many professionals have turned to business valuation. While this service has been offered by a few professional accountants for years, it was often too labor intensive and required a high degree of specialty.

But technology has recently caught up, automating many tasks and making the processes involved much more efficient and, therefore, more profitable.

And the future of the service looks good: The demand for business valuation experts has been increasing. Professionals with a Certified Valuation Analyst (CVA) credential from the National Association of Certified Valuation Analysts (NACVA) are frequently called on to provide their financial expertise during divorces, sales of partnerships, shareholder disputes and bankruptcies. They also often provide support for other litigation, as well as in estate planning and gift tax compliance.

In many of these cases, especially in divorce cases, the courts and attorneys representing the parties are not often prepared for valuation matters, which often include family-run businesses and partnerships. So valuation professionals provide neutral expert testimony, either on behalf of one of the clients, or even on behalf of the court in some bankruptcy matters. Increasingly, both parties in divorces are jointly hiring a valuation professional to assess the value of a business. Knowing the real market value of an entity is also important when preparing for its sale and when seeking financing.

In addition to their professional expertise, these valuation experts also often rely on programs built specifically to determine the value of a business entity. The major systems on the market include DealSense Plus+ and Corporate Valuation Professional from MoneySoft (www.moneysoft.com), Express Business Valuation from ValuSource (www.valusourcesoftware.com), and NACVA's (www.nacva.com) line of software, which includes Business Valuation Manager Pro, Express Business Valuation, and the Business Valuation Report Writer, along with a collection of valuation databases.

“A valuation program is vital to being able to offer these services,” said Jay Dunbar, CPA, CVA, partner in the accounting services firm of Dunbar, Broaddus, Gibson, LLP, in El Paso, Texas (www.dbg-cpa.com).

His practice uses the NACVA program and, as the firm's expert in this field, he spends as much as 60 percent of his time on valuation engagements. Of course, the firm also provides more traditional services like individual and corporate taxation, partnerships, financials preparation and consulting. But its valuation services account for as much as 10 percent of the firm's gross revenues.

“Before software automated many of the valuation processes, there were only a few people who could offer the service because they had developed their own systems to manage the complex formulas and calculations,” he said.

“But I’m an accountant, not a programmer. I’m not even really good with Excel and Word. I’m more of a techno klutz than a techno geek, so trying to learn a new system at this stage in my career is not something that I really want to do.

“But the NACVA program and the report writer are laid out in a way that makes it easy for me to use, and it helps organize all of the tasks and provides me with data that is useful to me and that I can present in court.”

Since valuations can be challenged, Dunbar says it’s important to have a professionally designed program whose reputation is known as credible. This is because the assessments he provides in court are challengeable, and he has to be able to justify the calculations. Most of the judges and lawyers know the major systems on the market, though, and have confidence in their calculations, as opposed to practitioners who do everything based on homemade spreadsheets. According to Dunbar, “The program really is pretty much unassailable.”

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