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It's a classic conundrum – to build versus to buy. Make dinner at home versus take-out. DIY that holiday wreath or roam a tree farm to choose the perfect one for the door. While there are certainly people constructing their own coffee table –

measuring, cutting, sanding and staining – most will drop a bill or two on a vintage-

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Whether your firm spends five percent of your resources on valuation or 95 percent, the most tempting route may be to build your own template within an Excel spreadsheet rather than invest in a software solution. Each option has its own merits, and the decision maker has a few items to consider when building or buying.

- **Compliance**

Perhaps the most important factor in the decision is whether the business valuation performed will be compliant with the industry standards. For example, AICPA members are required to follow the standards outlined by their organization, found in their [valuation toolkit](#). For those outside of the accounting field (or non-members of the AICPA), the American Society of Appraisers and the National Association of Certified Valuation Analysts each have their own set of standards to be adhered to. While one can program a spreadsheet with certain standards in mind, an automated solution that is already linked with any changing regulations is likely to prove to be a more efficient option to ensure compliance.

- **Human Error**

Microsoft Office's Excel is a clear winner for usability. With more than 1.1 billion users around the world, the program allows anyone a user-friendly experience to make complex calculations easy. The flip-side is that with so many users, bad math can run rampant. It's estimated that more than 88% of spreadsheets have some kind of error. Simple formula mistakes or transposed numbers can certainly be caught and corrected quickly with peer review, but even an experienced programmer has a 3-5 percent rate of error. A software solution by nature is less susceptible to error, and does have the advantage of a product development lifecycle – collecting and correcting bugs in multiple phases before a solution even hits the market. However, human errors like transposed numbers or missed digits for manually entered figures can still be a common occurrence.

- Cost

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more than an income statement or years of tax returns is not enough for an accountant to build an accurate valuation of a business. That time spent analyzing is critically important and will lead to a better end result for the client.

By keeping these three factors top of mind when making the decision to build versus buy a business valuation solution will allow you to determine your firm's best course of action. But no matter the outcome, including or expanding [business valuation services will add value](#) to your firm's offerings.

For more information on valuation practices, download a complimentary whitepaper, "[Business Valuations: Challenges and Opportunities.](#)"

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Accounting

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