

ASA BV Committee Members Share Insights and Advice

The business valuation community is fortunate to have an impressive number of professionals who give a most precious asset—their time—to help enhance and guide the profession. They volunteer to serve on committees, teach courses, act as mentors, help organize conferences—do whatever they can to give back to the profession.

BVU had the pleasure of speaking with some of the dedicated individuals who serve as members of the Business Valuation Committee of the American Society of Appraisers (ASA). The incoming chair of the committee is Jeffrey Tarbell, who is a director in Houlihan Lokey's Financial Advisory Services business. We also spoke with vice chair Kenneth J. Pia, partner-in-charge of the Business Valuation Services group at Marcum LLP. Also giving their insights are Erin Hollis, the committee's treasurer, who is director of valuation at Marshall & Stevens Inc., and Ronald L. Seigneur of Seigneur Gustafson LLP, who serves as the committee's secretary.

BVU: *What is the role of the ASA BV Committee?*

Tarbell: The committee was formed in the early 1980s by a group of appraisers who shared a common interest in advancing the business valuation profession. Today, like then, the committee consists of industry leaders who volunteer their time toward two primary efforts: (1) the development and delivery of best-in-class business valuation education; and (2) the advancement of our profession through the establishment and endorsement of professional standards such as the ASA Business Valuation Standards, USPAP, and IVS.

BVU: *Do you have any specific goals for your tenure as committee chair?*

Tarbell: I have two primary goals for the next two years. The first goal relates to the Certified in Entity and Intangibles Valuation (CEIV) credential. Much has been accomplished to date, with the issuance of the Mandatory Performance Framework (MPF), Body of Knowledge, our own CEIV education course (BV 401), and the on-demand exam. However, work remains in order to develop a joint quality monitoring program with our CEIV partners. The second goal pertains to our efforts to serve the large and growing international marketplace of business valuation professionals with high-quality and timely BV education.

BVU: *Ken, you're also on the ASA's subcommittee for business valuation education, whose work I assume dovetails with the BV committee?*

Pia: Yes, the goal is to make sure our curriculum material is as up-to-date as possible and includes all of the current hot topics in the profession, which is ever-evolving. Our educational offerings range from principles of valuation (POV) courses, which are more foundational in nature, to our webinars, which offer more higher-level technical material. All of this leads up to our Advanced Business Valuation Conference, this year in Houston, October 7-10, which covers the most relevant current technical material in the profession.

BVU: *You mentioned the new CEIV credential. More thoughts?*

BUSINESS VALUATION UPDATE

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Business Valuation Update™ (ISSN 1088-4882) is published monthly by *Business Valuation Update*™ (ISSN 2472-3657, print; ISSN 2472-3665, online) is published monthly by Business Valuation Resources, LLC, 111 SW Columbia Street, Suite 750, Portland, OR 97201-5814. Periodicals Postage Paid at Portland, OR, and at additional mailing offices. Postmaster: Send address changes to *Business Valuation Update (BVU)*, Business Valuation Resources, LLC, 111 SW Columbia Street, Suite 750, Portland, OR 97201-5814.

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Hollis: The ASA's commitment to the CEIV credential is for a universal standard of reporting and regulatory oversight.

Pia: Any time you can advance a subspecialty not only with education, but also with a credential is a good thing. People who prepare financial statements should be relying on people who are credentialed in the right areas. The MPF, I believe, is an overall best practice approach to fair value for financial reporting, and the more consistent business valuation professionals can become, then the better off the profession will be.

Seigneur: I am excited to see this credential coming to market as it has required a dedicated and collaborative effort by a large number of individuals representing their respective constituencies in a relatively short period. The CEIV appears to be fully responsive to the regulatory environment that will benefit from the competence and consistency in practice that the CEIV credential recognizes. The ASA has been a leader in the process, including the significant efforts to coordinate the new educational curriculum supporting the CEIV.

BVU: *In addition to the CEIV efforts, are there any other new ASA initiatives designed to enhance the profession?*

Tarbell: We always have a full plate of initiatives. One notable one is that the BV Standards Subcommittee has begun a project to review and update the ASA BV Standards and the Principles of Appraisal Practice and Code of Ethics. These documents are due for a refresh, and we have an outstanding group of folks looking at the issues.

BVU: *What do you see as the main challenges BV practitioners face today?*

Tarbell: Regulation is always an issue. We've taken some very big steps in the area of fair value for financial reporting through the establishment of the CEIV credential, but that's just one of many BV specialties. Regulatory threats persist in other

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areas as well, including employee stock ownership plan valuation and estate/gift tax valuation, to name a few.

Hollis: Major challenges include price and value dilution of valuation services based on those practitioners who are not credentialed and who do not adhere to a professional standard of care and ethics. Individuals who are not credentialed by a recognized valuation organization or educated in accepted valuation methodology saturate the marketplace with substandard work product and below-market price points and, in general, do a disservice to users of valuation services.

Seigneur: We are all being challenged ever more to become specialists within the specialty of business appraisal. Examples are ESOPs, family law, economic damages, financial forensics, compensation and the like. Keeping up with the evolving best practices and current technical resources in each niche area is a significant challenge that requires a constant commitment to life-long learning. I personally do a lot of expert witness work and see a tremendous opportunity for the next generation of technically competent younger appraisers and financial forensics folks to fill a growing void as the baby boomer generation continue to slow down and exit this aspect of our profession.

BVU: *Jeff, speaking of ESOPs, I see you're doing a session at the upcoming ASA Business Valuation Conference in Houston titled Issues Attracting Scrutiny of ESOP Valuation. Can you give us a few takeaways from your session?*

Tarbell: Between the [GreatBanc] Fiduciary Process Agreement and some recent federal court decisions, we now have a clear understanding of the DOL's hot button issues and the processes that it wants to see fiduciaries and their appraisers follow. I plan to discuss the valid and the not-so-valid issues addressed in these cases, and present solutions that I hope will help to keep appraisers and their fiduciary clients away from such trouble in the future.

BVU: *Of course, this is a crucial time for the Houston area and BVR is happy to support this event.*

Seigneur: We will be attending this conference in the middle of a special city that has a decade or more of rebuilding just ahead. Our firm has sponsored a family in need from Rockport, just to the south of Houston, and I would encourage others to find ways to help the area recover in some small way.

Hollis: The networking opportunities at events such as this are invaluable. I'm looking forward to seeing my fellow ASAs and mingling with the speakers in Houston.

Pia: This year's conference has a particularly strong slate of speakers and topics. Also, there's an emphasis on the practical aspects so that you will walk away from the sessions with something that you can put into practice right away.

BVU: *What advice would you give to individuals entering the profession?*

Seigneur: Seek out mentors and pay attention to what they can teach you. Be willing to make the shared sacrifice to better yourself. And by shared sacrifice I mean be willing to undertake activities on your own time to enhance your capabilities and knowledge. Write articles, give presentations, serve on volunteer committees and boards, and do so without an expectation of immediate compensation for doing so.

Hollis: I agree about a mentor. Having an excellent mentor is one of the best ways to learn the profession, and a good mentor will make you want to stick with the profession. Valuation is a unique blend of finance, economics, accounting, business, and law. The practice never gets stagnant.

Pia: You need a good solid education in valuation from college courses and through hands-on training at a firm. More colleges are adding valuation to their curriculum—I developed and teach a private company valuation course at Quinnipiac

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University in Connecticut. We also have a number of employees here at Marcum that we hired out of Texas Tech.

BVU: *Any other comments or remarks you'd like to make?*

Hollis: Do not underestimate the value of a credential, in both time or recognition. Not all credentials are equal. Something worth having is something to work hard for. You can never know enough, and someone will always know more than you. So do not shortchange yourself with mediocre education.

Pia: I'm very optimistic about the various committees now in place at the ASA. We are all very

involved and committed to enhancing the ASA credential, which is evident by the progress made over the past five or six years.

Seigneur: Our annual gathering of some of the world's best minds in the areas we all work in is always rewarding and worthwhile. If you attend in Houston this year, make it a point to leave with at least three or four new friendships and lifelines you might be able to use and vice versa when back in the trenches.

Tarbell: The Business Valuation Committee is always eager to hear from ASA members who are looking for ways to get involved. If interested, please email me at jtARBELL@hl.com. Other than that, I look forward to seeing everyone in Houston! ♦