

# BVWire Survey

## (February 2016)



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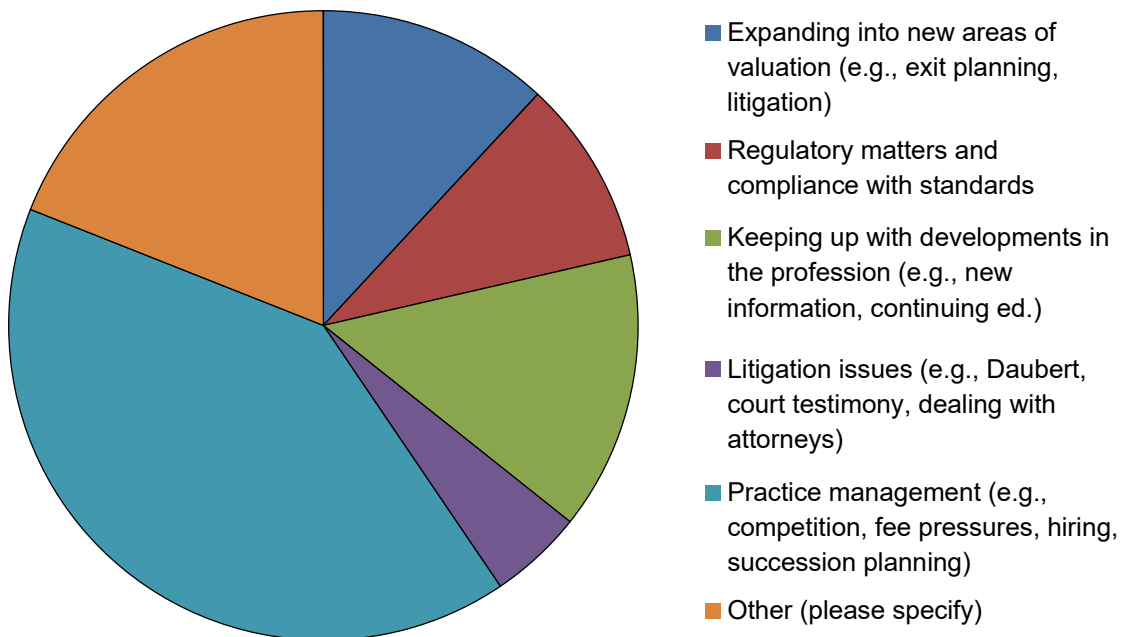
[bvresources.com](http://bvresources.com)  
+1-503- 291-7963  
[info@bvresources.com](mailto:info@bvresources.com)

## BVWire Survey February 2016

**Question:** What is your biggest concern in 2016 with respect to your business valuation practice? (one choice only)

ANSWER OPTIONS	RESPONSE PERCENT
Expanding into new areas of valuation (e.g., exit planning, litigation)	11.9%
Regulatory matters and compliance with standards	9.5%
Keeping up with developments in the profession (e.g., new information, continuing ed.)	14.3%
Litigation issues (e.g., Daubert, court testimony, dealing with attorneys)	4.8%
Practice management (e.g., competition, fee pressures, hiring, succession planning)	40.5%
Other (please specify)	19.0%

**What is your biggest concern in 2016 with respect to your business valuation practice? (one choice only)**



OTHER (PLEASE SPECIFY):
Exaggeration in the media regarding real growth opportunities when IBISWorld projects 2.5% long term (i.e., inflation)
How other practitioners "cheapen" the value of a business valuation
Business development
Too much work, keeping up with projects
Growing my business in areas I enjoy
Growing our valuation practice
Dealing with all the work we have coming in the door
The fraudulent legitimacy of the credential mills

PLEASE COMMENT OR ELABORATE ON YOUR RESPONSE.
Competitive forces seem to be increasing, including more sophisticated online/computer solutions. Fee pressures on some types of work have become more prevalent in some markets.
There does not appear to be any real growth in any niche; it's more a matter of taking market share from competitors. Groups selling credentials and resources to the profession seem to be attempting to create a perception of need.
The continuing issuance of regulatory compliance and standards by parties and entities with no real-world experience at the transaction level is a continuing problem. This is particularly true of AICPA. Secondly, practice management will continue to be a problem for firms and practitioners that treat and view business valuation as another accounting process instead of a "consulting" function requiring separate marketing and client development time of not less than 20%. Those that cannot live with that reality and persist in the application of utilization rates on the service should discontinue the service or seek a strategic partnership.
Bigger issue is potential elimination (or close to it) of estate and estate planning work in 2017 and beyond.
Keeping up with developments and practice management are close behind.
Prospects seem to increasingly focus on the lowest bids under the assumption or misunderstanding that they are buying a commodity product. This problem is compounded by competitors' apparent willingness to undercut one another to win projects. Are there too many valuation professionals chasing too few opportunities?
Customers will "shop" us all; however, we should be alluding to the specialized nature of the work we perform and should get paid accordingly.
When dealing with litigation, you have no control over your schedule. Meeting deadlines, trials being continued, waiting to testify, and receiving requested documents add stress to a practice that focuses on litigation. However, I still love this work! It is better than preparing tax returns and working on audits.
Need to expand referral base and attract more and better projects.
The ability to get into valuations that are yearly repeat business such as financial reporting, ESOPs.

**PLEASE COMMENT OR ELABORATE ON YOUR RESPONSE.**

Expanding staff to a level that will accommodate the demand for our valuation and litigation services and the continued need to market the services to maintain a high-level growing practice, which may include branching into new niche areas.

I have noted less gift tax and other tax valuation work each year (which was our major valuation practice) and more BV competitors providing similar services in the community over the past few years. However, we do also litigation BV work, etc. We intend to expand our valuation practice in exit planning.

Fee erosion.

Increasing fee competition and a lack of perceived value even in litigation cases is making it increasingly difficult to market services.

Growing practice—operational challenges— including technical proficiency.

Burden and expense associated with complying with the new fair value credential.

I still run into people/firms in the BV profession that charge below-market fees for our services.

This is a niche area, and the talent pool is small. So it is difficult to attract talent for lesser-known brands.

From Sydney, Australia, and can see significant change occurring around the world. We need to stay on top of that.

We are growing so quickly, it's tough to manage. But we get it done, and we are actively hiring multiple people. The future is very bright at Willamette Management Associates.

# Trustworthy business valuations start here.

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Every informed stakeholder in business valuation, performance benchmarking, or risk assessment turns to Business Valuation Resources (BVR) for authoritative deal and market data, news and research, training, and expert opinion. Trust BVR for unimpeachable business valuation intelligence. BVR's data, publications, and analysis have won in the boardroom and the courtroom for over two decades.

### Deal & Market Data

- Pratt's Stats
- Public Stats
- BIZCOMPS
- Economic Outlook Update
- Factset Mergerstat/BVR Control Premium Study
- The FMV Restricted Stock Study
- Valuation Advisors Discount for Lack of Marketability Study
- ktMINE Royalty Rate Data & License Agreements
- First Research Industry, State & Province Profiles
- Butler Pinkerton Calculator – Total Cost of Equity and Public Company Specific Risk Calculator
- Mergerstat Review & Mergerstat Review Monthly
- Valuation Handbook Risk Premium Toolkit
- Valuation Handbook – Guide to Cost of Capital
- International Valuation Handbook – Guide to Cost of Capital
- International Valuation Handbook – Industry Cost of Capital
- BizMiner Industry Financial Reports
- PitchBook Guideline Public Company Comps Tool

### News & Research

- Business Valuation Update
- Business Valuation Update Australia
- BVLaw
- Business Reference Guide Online

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- Webinars
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