

Use LinkedIn to Prepare Better Business Valuations

By Rod P. Burkert, CPA/ABV, CVA

You've heard of LinkedIn, right? It's the world's largest online professional network, having more than 135 million members in over 200 countries and territories. Currently, professionals are joining LinkedIn at a rate of more than two new members per second. Not a member? If you would like help in preparing better business valuations, you should be.

LinkedIn is an incredible resource for obtaining and exchanging knowledge. (It's also a great way to connect with fellow professionals, potential referral sources, and prospective clients—but only if you follow the tip at the end of this article.) It all happens in the LinkedIn groups; they empower you to discover and participate in high-level discussion forums in all sorts of industries all over the world. Here are the LinkedIn groups that focus on business valuation in which I am an active member.

- AICPA Forensic & Valuation Services Section Members
- Business Valuation & Advisory Network
- Business Valuation Professionals
- Business Valuation Resources
- Corporate Valuation Professionals
- Experienced Business Appraisers
- NACVA-CVA/AVA Certification
- Organization of Appraiser Professionals
- The BOAT (Business Owner Advisory Team)

- The Business Valuation, Forensic Accounting, & Litigation Support Group for Attorneys
- The Institute of Business Appraisers
- Valuation
- Valuation Metrics

What do these groups provide? They offer a 24/7 buffet of our BV body of knowledge. You can get one-on-one assistance from the creators of valuation tools and models. Example 1: Espen Robak. He'll explain why his *Pluris DLOM Database* can help you determine a reasonable marketability discount. Example 2: Peter Butler. He spends a ton of time helping people better understand the application of Total Beta for quantifying company-specific risk. In fact, there is a whole subgroup of the Experienced Business Appraisers that is devoted solely to the discussion of the company-specific risk premium.

If you need assistance with international valuation issues and resources, you will find it in the groups. There are questions from practitioners in the trenches who request advice and reference sources for handling specific valuation matters (on subjects you thought you knew the answer to). Here's a sampling of current discussion threads being debated in my valuation groups.

- Valuing a business (that may have a prospect of being sold) for an interest being gifted to a charitable organization.

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Business Valuation Update™ (ISSN 1088-4882) is published monthly by Business Valuation Resources, LLC, 1000 SW Broadway, Suite 1200, Portland, OR, 97205-3035. Periodicals Postage Paid at Portland, OR, and at additional mailing offices. Postmaster: Send address changes to *Business Valuation Update*™, Business Valuation Resources, LLC, 1000 SW Broadway, Suite 1200, Portland, OR, 97205-3035.

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- Can you share your thoughts on tax affecting in valuing LLCs for 409A profits interests purposes?
- Private company secondary market trading information.
- I'm trying to decide which DLOM database to subscribe to, the FMV database or the Pluris DLOM database.
- Operating leverage—how to measure?
- When estimating private company value, what is an acceptable standard deviation expressed as a percent?
- Questions on normalization for a smaller entity.
- I need to look up for the risk free rate, beta, market risk premium, etc., for companies in Singapore. Where do I get the information?
- Net asset approach when valuing minority interest.
- In today's economy, is it appropriate to use the capitalization of earnings method when valuing a local residential home-building company?
- In valuing a promissory note, what sources do you use to: 1) determine yields for the various bond grades; and 2) match the risk associated with the payor to those bond grades?
- I'm curious to know how people are treating a 50/50 ownership position as it relates to DLOC.
- Use of Duff & Phelps risk premium report to value debt-free company.
- Valuing a 4% interest in an operating company, fair market value, going concern. Because of real estate, net asset value greatly exceeds capitalized cash flow value.

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- How would you value a non-controlling interest of an entity that has a zero value as a going concern but a positive value in liquidation?
- Does the net asset value set a floor on value for a controlling interest?
- Can anyone point me to a credible source that sets forth the methodology for establishing the economic value of seller financing?
- Are there situations when FMV cannot be determined?
- Best place to obtain risk free and risk premium for emerging markets.
- Has anyone used the Country Risk Rating Model for developing cost of equity?

Is there a cost to participating in LinkedIn groups? Well, the basis for any lasting professional relationship is engagement. You've got to be active in the LinkedIn community—it's how you build trust and not be seen as a troll—so you will have to make an investment of your time.

I also imagine there is a perceived risk that you're exposing your knowledge level, or lack thereof, to your peers and future opposing experts. But I don't see the risk of participating in these forums as being greater than it would be if you wrote articles or made conference presentations to the same audience. And it's still up to you to investigate and evaluate the guidance you receive from the groups (or any other source for that matter)

and apply it appropriately to the facts and circumstances of your valuation conundrum.

So jump in! I look forward to meeting you in a valuation group and helping each other prepare better business valuations. You can connect with me at www.linkedin.com/in/rodburkert.

Best LinkedIn tip ever. Do you want more valuation work? Probably the most effective way that people can find you on LinkedIn is to do a key word search for what you do and where you do it—for example: “business valuation Philadelphia.”

When you create your LinkedIn profile, the area just below your name is called your “headline.” That's where you broadcast what you do (not your position) to the LinkedIn community. (Mine says: Experienced business valuation expert specializing in closely held companies.) Please don't use the headline to write that you are “Partner (or Shareholder, Director, or other nebulous title) at My Firm Name, LLC.” Your headline should include key words that will come up when people perform a search for something they're looking for—something you offer—like “business valuation,” “409A,” or “forensic accounting.” Putting your position in your headline will guarantee that you'll only be found by the people who already know you.

Rod Burkert, CPA/ABV, CVA, is the founder of Burkert Valuation Advisors LLC and offers a report review service for sole practitioners and small firms. Rod is a past-chairman of NACVA's executive advisory board, a member of the editorial board of The Value Examiner, and an instructor in several NACVA training programs.