

At some point most business owners will need to find out how much their business is worth.

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Paid in Value

At some point most [business owners](#) will need to find out how much their business is worth. They will be faced with the task of [finding someone](#) to perform a business [appraisal](#) or valuation. In such unfamiliar territory owners often don't know where to start.

Types of Business Valuation Professionals

They are a number of professions that offer [business valuation services](#). In most areas there is no specific regulation of this profession. Business valuation services are not usually a primary source of revenue, so locating business valuation professionals can be difficult. Here are some types of professionals that commonly offer business valuation (BV) services.

1. CPAs ' Many CPAs offer BV services in addition to their normal accounting, auditing, and tax work. CPAs often have a combination of business, accounting, finance, and tax knowledge that is well suited for valuing businesses.
2. [Financial Consultants](#) (non-CPA) ' Financial consultants have varying levels of expertise so their backgrounds should be checked carefully.
3. Business Brokers ' Brokers normally stick to valuing the businesses they have listed for sale. They tend to rely on 'quick and dirty' methods that work well for determining asking prices, and are not intended to be formal valuations.
4. [Commercial Real Estate](#) Brokers/Agents ' Commercial real estate professionals sometimes value businesses they list for sale. They are good at appraising real estate, but typically lack the skills and experience to properly value intangible assets like goodwill.

No one type of BV professional is inherently better than another. Examine each professional's qualifications carefully.

Business Valuation Credentials

There are four major organizations that offer business valuation certifications. Each certification has unique prerequisites and renewal provisions. They all require membership in the granting organization.

1. The American Institute of CPAs (AICPA) grants the Accredited in Business Valuation (ABV) credential that requires being a CPA, passing an exam, and BV education and experience. Their online ABV directory can be accessed at www.aicpa.org/accredrefweb/abvsearch.asp
2. The American Society of Appraisers offers the Accredited Member (AM) and Accredited Senior Appraiser (ASA) designations that require passing exams, and BV education and experience. Their online member directory can be accessed at www.bvappraisers.org/fin d/.
3. The National Association of Certified Valuation Analysts (NACVA) offers several designations including the Certified Valuation Analyst (CVA) that require passing an exam and BV education. Their online member directory can be accessed at www.nacva.com/US_guide/US_guide.html.
4. The Institute of [Business Appraisers](http://www.go-iba.org) offers several designations including the Certified Business Appraiser (CBA) that require passing an exam, and varying degrees of BV education and experience. Their online member directory can be accessed at www.go-iba.org/directo ry.asp.

Just like the types of professionals, no one BV credential is inherently better than the others. Having a BV designation is not a guarantee of competency, but it does demonstrate that the professional has met the minimum requirements for that credential. Conversely, the absence of one doesn't prove incompetence. It does raise the question of why the professional does not have one. Many BV professionals have multiple designations. That's great, but one BV credential is enough.

Searching the member directories of these organizations is the best way to find BV professionals near you. Business Valuations & Strategies maintains links to all four directories in one convenient location at [www.bus-val-strat.com/ Search BV Professional.htm](http://www.bus-val-strat.com/Search BV Professional.htm).

Business Valuation Experience

The first question many business owners ask a BV professional is whether they ever valued a business like theirs. Although that is a good question, it misses the point. Regular and recent BV experience is much more important than specific industry experience. BV procedures are generally the same regardless of the industry or type of valuation. BV professionals are good at research and have many excellent resources to learn the ins and outs of most industries.

Ask to see samples of their business valuation reports. You may not understand some of the real technical stuff, but you should be able to make sense of what was done and why. The valuation result or conclusion should also make sense to you. The best BV professionals in the world are worthless if they can't write a report that can be understood by non-financial people.

Final Selection

Hopefully you have found more than one qualified BV professional to choose from. Each professional should be personally interviewed and questioned about fees and turnaround time. After the interview select the most qualified professional that meets the rest of your criteria. A checklist or scorecard that lists each important factor and rates each professional on every factor can help make the process less confusing and more logical.

Looking for a qualified professional to do a business valuation is not easy. If you take some time, do some research and approach it systematically, you will find a qualified professional that is right for you.

About the author: David E. Coffman is a Certified Public Accountant (CPA) who is Accredited in Business Valuation (ABV) and a Certified Valuation Analyst (CVA). He authored the 'Guide to Selecting the Right Professional to Value Your Business' to help small business owners through this process. The Guide is available at <http://select-bv-prof.com>.

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