



Business Valuation in Turbulent Times

In This Issue

- [Business Valuation in Turbulent Times](#)
- [Happiness in Today's Economy](#)
- [Business Valuation Essentials](#)
- [C2B News](#)

Checkout C2B

[Our services](#)

[Who we are](#)

[What people are saying about us](#)

Places to Go, People to See

[Great Game](#)

C2B Game of the Quarter: "Fact or Crap"

[Year-round Farmer's Market](#)
C2B Venue of the Quarter



The Business Valuation Industry has grown dramatically over the past 20 years, both in size and sophistication. Methods and data have been refined, improved and tested in practice and in court. In October 2008, Yahoo listed Business Valuation positions in the Top 4 most difficult to fill on the basis of a Manpower survey. So how is the industry faring in these difficult times?

The biggest drag on the industry is the dramatic decline in the volume of corporate transactions: dramatic declines have been seen in all sectors of the M&A market and deal volumes are back at the trough last seen in the 2002 recession. The most staggering pullback has been seen in the \$50-\$100 million bracket where volumes in Q1 2009 are off 72% from the same quarter a year ago. Together with the same lack of confidence pervasive in all sectors of the economy and you have an industry experiencing an unexpected growth pause.

Set against this are several developments which will drive activity and encourage you to make sure that you have the right business valuation professionals on your team. The first is a number of proposed tax-raising proposals including the Pomeroy Bill which is trundling its way through the political process. The bill, H.R. 436, proposes eliminating discounts on valuations for estate and gift tax purposes. The closer this gets to passing, the more likely that the demand for valuations for estate planning purposes will sky rocket. This is the time when the need is greatest for the highest quality valuation process to account for the most challenging environment. This is also the time when the decline in business values is most optimal for gifting. Therefore the pressure on valuation professionals for the highest quality reports is greatest. Make sure that you and your clients plan ahead.

Since August 2008, the SBA now requires an independent business valuation for all SBA 7a loans over \$350,000. Once economic activity picks back up, the challenge will be to service this demand, without commoditizing the product and driving down quality to the extent that the valuations become meaningless. The Residential Real Estate Appraisal system has shown us that this is not the way to go.

The turbulent economic environment will also drive greater focus on goodwill

[Real life "Fact or Crap" page](#)

In the era when who knows what to believe.....

[Cool Photography](#)

This really caught our eye - some of the shots of SF and the North Bay were fabulous. Watch it in slide show!

Contact Us

www.consultants2business.com

info@consultants2business.com

Consultants 2 Business LLC
2785 Napa Valley Corporate Drive,
Napa CA 94558 -6216

Tel : 1-707-251 0769
Fax: 1-707-251 0804

impairment testing under FAS 142, and generate significant contributions to the general debate on fair value accounting. Add that to the challenges of valuing businesses at particular periods of time against a background of volatile public equity markets which in minutes add or shed billions to the value of some of our largest companies.

Now is the time more than ever, when buyers and providers of business valuations should make sure that their valuations are carefully researched, theoretically sound and that they are replicable and defensible under outside scrutiny.

Back to [Top](#)

Happiness and Today's Economy



For over three decades, the prevailing view held by Social Scientists of what we call Happiness – and they call SWB or subjective well-being – has been dominated by the Set-Point Theory of Happiness. A team of psychologists from North-Western University and the University of Massachusetts published a study in 1978 which proposed that people had a relatively stable “happiness set-point” after changes to their circumstances, whether positive or negative. Many subsequent studies have refined the concepts of stability, but it seems as if we revert to our equilibrium state of happiness after 11-13 months.

In trying to assess what our business environment will look like in the future, it is worth looking at what we really know about happiness to try to understand when the sense of gloom will lift.

That our society has recently undergone the economic equivalent of a series of psychological shocks is undeniable. We have all experienced something akin to an earthquake, where our very notion of what we perceive as absolutes – such as solid ground - is fundamentally challenged. Few of us can claim to be happier after what we have experience since 2007, and this state of economic terror is as much to do with fear as anything.

What does this imply for our economy? Well, if you track what we first knew as the Sub-Prime Crisis (and only history will tell us its final moniker), the realization that something awful had happened crept through society progressively from August 2007 to September 2008. when the TARP debate debacle forced even the most hardened economic ostrich could avoid the full force of economic reality.

Hopefully, as we pass the 6-month point following the worst of the financial crisis, more and more of us will pass the 11-13 month checkpoint and we will revert to our previous state of subjective well being. Although our economic lives are affected by each business cycle in a unique way, will be different in, we will have adjusted and the

normal level of transactions will resume as confidence, liquidity and the velocity of money return to less-distressed levels.

Back to [Top](#)

By the Numbers



74.8 % of statistics are randomly made up to justify an argument. These are not:

Estimated World Population Today	: 6,778,359,242
Estimated US Population	: 306,337,469
US Housing Units (2007)	: 127,901,934
Land Area of USA	: 3,537,438 sq. miles
People per sq. mile	: 86.6 people
Members of the House Banking Committee	: 72
Date of previous serious banking liquidity crisis	: 1998
Members of 1998's House Banking Committee still sitting	: 20 (28%)
Latest US Employment Rate (April 09)	: 91.1%

Back to [Top](#)

C2B News

Consultants 2 Business LLC is pleased to welcome Lisa Glover to our team as our marketing coordinator. Lisa has extensive experience in office administration and will be responsible for as much as we can give her.

C2B is also proud to announce its new Bookkeeping and Accounting Services. Outsource your bookkeeping and accounting functions and have them overseen by an experienced CFO – get meaningful useful financials on a timely basis !

Back to [Top](#).



Contact Us

www.consultants2business.com

info@consultants2business.com

Consultants 2 Business LLC
2785 Napa Valley Corporate Drive,
Napa CA 94558 -6216

Tel : 1-707-251 0769

Fax: 1-707-251 0804