

Call for Participants

AS OF JUNE, 2015, THE ANNUAL PRIVATE BUSINESS VALUATION CHALLENGE[®] HAS A NEW HOME AT THE J. MACK ROBINSON COLLEGE OF BUSINESS, GEORGIA STATE UNIVERSITY. YOU ARE ENCOURAGED TO CONTACT DAVID BEARD, PHD, AT GEORGIA STATE: EMAIL: dbeard@gsu.edu; PHONE: 404-413-7331.

FOURTH ANNUAL PRIVATE BUSINESS VALUATION CHALLENGE[®] APRIL 24-25, 2015



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If students can value a private business or establishment they can value a large public company. But the converse is not the case. Valuation requirements and data limitations make the private valuation task substantially more challenging. The U.S. Census Bureau 2011 data show nearly 99,000 firms with 100 or more employees. The Wall Street Journal reported only about

5,000 firms listed on U.S. exchanges in 2012. And for-profit (and non-profit) organizations—large, small, public, and private—need the services of graduates with private company valuation skills. You can help develop and refine these skills in your students by participation in the [Private Business Valuation Challenge](#), the only competition of its kind.

VALUATION CHALLENGE DESCRIPTION

The 2015 Private Business Valuation Challenge is a unique opportunity for U, S. university teams of three to five students to assess the stand-alone value of an actual private company and win cash prizes. Twenty-one valuation experts holding senior level positions in their firms act as judges during the preliminary and final rounds of the contest and provide valuable feedback to all participants.

Participating accounting and finance professors and their student teams receive at no cost a recently professionally completed Moss Adams, LLP valuation report (the DEF Corp. case). Only some names and locations have been changed for confidentiality. Participants also receive free access to extensive information and databases of Business Valuation Resources, LLC (BVR) that would otherwise cost each student well over \$5,000. The BVR materials explain why private and smaller public companies and other private establishments and ventures usually exhibit significantly lower multiples of value than larger public firms and demonstrate how to calculate these differences.

A qualified valuation expert may act as a teacher, team coach, or faculty mentor for the participating university faculty member. If assistance in finding a local expert is needed, we have connections with valuation experts throughout the U.S. and will do our best to help. Detailed syllabi and teaching materials used in Seattle Pacific University (SPU) valuation classes are freely available on the web site.

Student teams update the Moss Adams valuation report by one year and create video presentations for judges to view online. The eight teams making the best presentations will be invited to present their valuations in the final round in Seattle on April 24-25 at the [Columbia Tower Club](#) (an exclusive business and social club located on the 75th floor of the Columbia Tower building). Finalists will be awarded cash prizes and videos of their presentations will be made available.



Students evaluated the May, 2014 Valuation Challenge:

“Easily the best experience of my college career.”

“I learned more from this than all my classes this semester. This will stand out on my resume.”

Faculty said:

“It was an exceptional experience... I was impressed with everything...”

“Amazing.”

For more reviews see our Recent Posts (above, right): May, 2014 Valuation Challenge Reviews.

All student participants gain marketable practical skills.

And they will be better prepared to excel in the rapidly growing profession of valuation and in company roles involving:

- Financial analysis and business strategy

- Financing (IPOs, ongoing business requirements, restructuring/recapitalizing, bankruptcy)
- Mergers and acquisitions
- Purchase price allocations
- S to C, C to S corporation conversions
- Buybacks
- Shareholder (buy-sell) transactions
- Exit strategy planning and evaluation
- ESOP planning, implementation, and administration
- Incentive compensation planning and evaluation
- Tax planning
- Economic damages estimates
- Eminent domain issues
- Estate and gift planning and evaluation
- Customer and supplier evaluation

CHALLENGE SPECIFICS

1. The winning team will receive a cash award of \$5,000 and team members will receive commemorations signifying their success. The second place team will receive a \$2,500 cash award and individual commemorations; the third place team, The Joseph Maas / Synergetic Finance Award for Valuation Excellence (\$1,500 cash award) and individual commemorations. Members of the other teams will each receive commemorations signifying excellence in valuation. The teams' achievements will appear in the Challenge's web site and other sites including BVR publications and their presentations will be available on YouTube.

2. Each school may select one team to participate in the Challenge; regional extensions of larger universities are considered separate entities and may enter separately. A team consists of three to five students who are college seniors

and/or master's degree students at the participating university or who have graduated within six months of the date of the Challenge. The team might be selected from a class in valuation, advanced finance, or advanced accounting; or it may be formed independently. Preparing for the Challenge is significantly more involved and time consuming than the typical finance competition. Professors have found it helpful to include the additional learning requirements as part of their classes or at least give directed research credits to participants. Please see Valuation Guidelines on this site.

3. The competition is limited to 24 schools for 2015; regional extensions of larger universities are considered separate and may enter separately. Due to confidentiality concerns, the valuation report can only be issued to a limited number of schools. Those wishing to participate should email [Dr. Herb Kierulff](#) on or before January 15, 2015 to indicate a firm intent to register, and formally register (supply the names and contact information of students and faculty) by the end of January. Early formal registration is strongly encouraged because preparation for the Challenge is time consuming for those new to private and small public company valuation. Herb will provide a registration form for participating universities. Schools responding after the limit is reached will be put on stand-by. All schools receiving database access and the case accept the obligation to participate fully in the Challenge up to and including the final round if chosen to come to Seattle. In addition, each person connected to the Challenge promises to use the BVR materials for this competition only. BVR materials are not to be used by anyone else or for any other purposes such as consulting. Also, the valuation case must be considered confidential, not to be shared or discussed with anyone outside the associated faculty and Challenge team or class(es) in which it is used for instruction. Each school must have at least one faculty member acting as an instructor/consultant to the team and as a contact person. The material may be offered to entire classes

if the team is to be picked from a class of 50 students or fewer.

4. On or before noon on April 1, 2015, each of the participating teams should make a video presentation of their valuation available for judges on line and email the URL to Dr. Kierulff. The video must be no more than 40 minutes, and must download and play properly to qualify for judging. Each video will be evaluated by a team of senior level valuation professionals who will choose the eight best presentations. We will provide a judges' evaluation guideline, a suggested guide to the presentation, and videos of the May, 2014 teams' presentations.

5. We will forward the valuation professionals' comments to each participating team and the eight best presentations will be announced on or before April 6. The teams may change their presentation materials based upon the professionals' feedback but must submit the web addresses of their final work to Dr. Kierulff no later than April 23. Materials may not be changed after that date.

6. The eight teams and their professors or professors' representatives invited to Seattle will participate in the in-person Challenge at the Columbia Tower Club. A team from SPU will also participate. At that time each team will make a presentation of up to 40 minutes followed by up to 15 minutes of Q&A from a panel of judges. Only teams that have already presented may view another team's presentation. During the day, other learning opportunities may be provided for those not in the process of presenting. In the evening of April 25 there will be a dinner and speaker at which time the winners of the Challenge will be announced. Videos of all presentations and pictures with the judges will be provided after the Challenge.

7. Special rates at the Renaissance Hotel, Seattle will be available and our travel agent will make travel and hotel

reservations at no extra charge. Teams and their faculty members will be responsible for transportation, lodging, and some meals. The Challenge sponsors will cover the costs for the Columbia Tower Club, lunch on the 24th, and lunch and dinner on the 25th. Contact the Program Director, Professor Herbert Kierulff, DBA, at herbertkierulff@gmail.com to reserve a place.

8. Please keep current with us on this web site since it will contain information relevant to the Challenge and will be updated from time to time.

DEF Road Construction Corporation Valuation Guidelines

Governing Standard	Revenue Ruling 59-60
Purpose	Valuation for administrative purposes and stock transactions
Standard of Value	Fair Market Value
Premise of Value	Value as a going concern.
Client Name	Company Board of Directors
Business Name	DEF Corporation
Type of Entity	S Corporation
State of Incorporation	Washington, USA
Principal Business Location	Somewhere, USA
Business Interest Valued	20%

Valuation Date	30-November-2013
Report Date	24-Apr-15
Appraiser Name	School of Business Name
Appraiser Firm	University Name
Characteristics of Ownership	Non-controlling (minority)
Minority Discount	Include
Marketability Discount	Include
Assumptions	<p>Management is competent. The financial forecast is reasonable. The Asset Method of valuation is not relevant to this assignment.</p> <p>Use the Income and Market Methods for this assignment and include a book balance sheet to represent the Asset Method.</p> <p>Use Federal and State tax assumptions found in the case.</p>

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