

# The Four Phases to a Business Valuation Engagement

## Phase 1 – Engagement Acceptance

- Meet Competency Requirements
- Disclose and Resolve Conflicts of Interest

## Phase 2 – Engagement Arrangements

- Define the Valuation Assignment
  - Client Name \_\_\_\_\_
  - Business Name \_\_\_\_\_
  - Type of Entity \_\_\_\_\_
  - Principal Business Location \_\_\_\_\_
  - Property to be Valued \_\_\_\_\_
  - Purpose and Intended Use \_\_\_\_\_
  - Effective Date (date of value) \_\_\_\_\_
  - Standard of Value \_\_\_\_\_
  - Scope of Work \_\_\_\_\_
  - Type of Report (see Phase 4) \_\_\_\_\_
  - Timing (Special Deadlines) \_\_\_\_\_
  - Fee Arrangement \_\_\_\_\_
- Request Client Documents, Questionnaires, and Schedules
- Obtain Signed Engagement Letter and Retainer

## Phase 3 – Business Valuation Process

- Receive and Analyze Client Data
- Perform External Economic and Industry Research
- Make on-Site Visit and Interview Management
- Complete Internal and External Analyses, Adjust Historical Financial Statements, Consider Projected Financial Statements, Apply Valuation Approaches and Methods, Apply Premiums and Discounts (if appropriate), and Arrive at a Valuation Conclusion

## Phase 4 – Reporting

- Oral
- Written:
  - Appraisal Report*
  - Restricted Use Appraisal Report*
- Combination Oral and Written