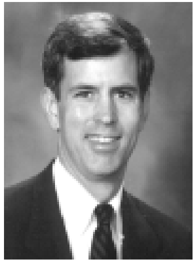
Business Valuation Review

Why Time Travel in Business Valuation Is Wrong

By: George B. Hawkins, ASA, CFA

Introduction. In "Back to the Future" (*Business Valuation Review*, June 2002), Michael Paschall makes a strong case for why it is unacceptable business appraisal practice to make use of information not available to a willing buyer and willing seller as of the valuation date. His discussion focuses principally on various examples of after-the-fact sales of the actual private company being valued. Some of these sales occurred as many as four years after the valuation date yet were still used to value the private company at an earlier date. This misuse of after-the-fact sales data is but one of many examples in real world practice of how later information not known at an earlier date is used by business appraisers, especially in litigated settings. This article will give actual examples of how business appraisers incorporate after-the-fact data in their reports and why such practice is wrong.



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A Growing Problem. For years, Paschall and I have fought the occasional misuse of subsequent information when it cropped up in court cases, educating the court as to why this practice was unacceptable. This was not a significant problem because it was the isolated exception rather than the rule. However, we are unfortunately seeing a recent escalation in the use of after-the-fact data and believe we must speak out on this issue before it becomes a contagion in our field. Furthermore, a recent Editor's Column by Shannon Pratt in the March 2002 issue of *Business Valuation Update* suggests that views on this issue may be "morphing" in a new and ill-advised direction for business appraisers.[1]

In his column, Dr. Pratt suggests there are two categories of subsequent events or information:[2] (1) those that affect value, and (2) those that do not affect value but give "evidence" of value at the valuation date. Dr. Pratt maintains that it is improper to consider the first category—subsequent events that affect value (e.g., later loss of a customer, supplier, etc.)—for use in a valuation, a position with which I wholeheartedly concur. However, Dr. Pratt states that it *is* proper to consider the second category of future information—those later facts that give "evidence" of value that existed at the earlier valuation date. In fact, such data is not "evidence" as will be shown in this article.

I believe Dr. Pratt is just plain wrong on this particular issue. I am particularly concerned about the risk that some appraisers may use and interpret his views in unintended ways, rationalizing a variety of bad practices that go far beyond the few and very narrowly defined examples with which he dealt in his column. In this article, I will take the opportunity to go beyond those few instances outlined in Dr. Pratt's column and examine additional circumstances where I see misuse occurring.

Sloppy Practice, Inexperience, or Advocacy. The reason for the use of later information can be sloppy valuation practice, inexperience, or an honest (but I believe incorrect) belief by the business appraiser that this practice is valid. However, in Banister Financial's experience in litigated valuation cases, after-the-fact data is frequently used to rationalize or support a desired final value at the earlier date. Such practice is advocacy and is completely unacceptable. For a business appraiser's opinion to be worth anything, his or her finding must be unbiased and independent. The facts on a particular valuation date must drive the value, not the desires of the business ap-

(Continued on Page 2)

[1] Shannon Pratt, "Editor's Column: Should Subsequent Events Be Considered in the Present Value of Business Entity," *Shannon Pratt's Business Valuation Update*, Volume 8, Number 3, March 2002.

[2] Ibid, page 1.

praiser or the client. The guiding principle is and must be: what would a potential buyer, standing on the valuation date (not 2 months, 6 months, or 3 years later), with all knowledge of the relevant facts, pay for the business being valued?

Examples of After-the-Fact Information Misused by Appraisers. There is a limitless list of after-the-fact information that could be misused by a business appraiser, much of which may be specific to a company or its industry. However, the problem most commonly occurs in the following broad areas:

- The use of guideline public company annual reports and earnings results not yet available on the valuation date.
- Employing valuation multiples based on the prices paid in subsequent mergers and acquisitions.
- Reliance upon economic and industry data not known at the valuation date.
- The use of financial statement ratio studies not yet published or available.
- The use of officer compensation studies not published or available on the valuation date.
- The use of officer compensation studies that "forecast backward" officer compensation at an earlier valuation date using later after-the-fact officer compensation data.
- Reliance upon actual later financial statements (e.g., a year later).
- The consideration of subsequent events such as the loss or addition of key customers, suppliers or key personnel.

Each of these examples is dealt with below.

Inappropriate Use of Subsequent Guideline Public Company Financial Results. Business appraisers often use the guideline public company valuation method. Under this method, valuation multiples drawn from public companies in the same or similar line of business are applied to the privately held company being valued. The business appraiser uses the public company's share price as of the valuation date to compute various multiples based on the public company's earnings, cash flow, EBITDA, etc., and then applies these multiples to the private company's results to estimate its value. The mistake made concerning this method usually involves the basis of the earnings (or cash flow, etc.) results used from the public company to compute this multiple. Dr. Pratt states the following:

> If the valuation date is a calendar year [such as December 31], some would only use data through September 30 for the guideline companies because year-end results would not have been released as of the year's end. I use actual year-end results for the guideline companies as well, because they coincide with the company's year-end, and because analyst's predictions of year-end results have been available.[3]

The problem with this logic is that when an investor buys a publicly traded stock on December 31, he or she only knows what is publicly available about the public company on that date. Earnings have *not* been released for the year and will likely not be available to investors until February, March, or even later in the subsequent year. Until they are subsequently released, an investor on December 31 cannot possibly know with any certainty what the public company will later report as its actual earnings. The share price of the public company as of December 31 must reflect one or more of the following:

- The actual known and latest quarterly results available as of September 30.
- Earnings estimates (i.e., forecasts) by stock analysts who follow the public company of what they *believe* (but do not know with certainty) the company will earn for the year ended December 31 or the coming year(s).
- "Guidance" given to analysts by a public company's management of what it *believes* the company will earn for the year. (Note that many public companies do not provide such "guidance" indications.)

The only item known with certainty is the result for the latest quarter ended September 30. Earnings estimates are educated guesses by analysts who follow specific public companies. However, these educated guesses may come nowhere near the actual full year results for the December 31 year. These actual results will not be known to analysts or the investing public until several months after year-end. When the actual results do become known they may

(Continued on Page 3)

[3] Ibid, page 2.

have a huge impact on the stock price at that time. On virtually every business day, the financial press reports on a public company that released annual earnings that failed to live up to analyst predictions, causing the stock to plummet in light of this new information (or causing the stock price to soar if earnings exceeded expectations). If an investor had the benefit of time travel to know this subsequent actual earnings information on December 31, he or she might do one of several things:

1. Not buy the stock, knowing it to be overvalued. Under the law of supply and demand, the demand on December 31 for the stock would therefore diminish, causing its price to drop. Under this scenario, the investor would have protected himself or herself from future losses.
2. If the investor owned the stock, he or she would sell it (or sell it short) knowing it to be overvalued in light of future subsequent information. Under the law of supply and demand, the supply of investors looking to sell the stock on December 31 would increase, causing its price to drop. Under this scenario, the investor would have avoided future losses in the stock, or, alternatively, profited from the short sale of the stock.

Even Astrologers Are Not This Good. Not even the investor's astrologer knows with certainty the earnings that will later actually be reported by the above public company. I only wish I had the benefit of this hindsight in my own personal investing! Of course, in the real world nobody has this luxury.

As noted, some public companies issue "guidance" to analysts where the CEO might say he or she is "comfortable" with the analysts' forecasts of full year earnings in the range of $1.00 to $1.10 per share. If this information is publicly available on December 31 it might reasonably be considered in computing the price/earnings or other multiples on that date. However, this kind of estimate is not a hard, known result as are the actual earnings that are subsequently issued in the public company's annual report several months later. Once the auditors come in after year-end and perform their work it is entirely possible (and often happens) that even the December 31 estimates of management are materially different compared to how the full year actually turns out when the results are tabulated. Although Dr. Pratt appears to believe that the full year's result is foreseeable at December 31, it simply is not. Whatever is believed on December 31 has an element of uncertainty associated with it that is not present once the final year-end number is later known. Therefore, estimates that are available on December 31 still in no way rationalize, support or make acceptable the use of later after-the-fact earnings information to compute the public company's valuation multiples on December 31.

The investor can draw information about earnings from various resources, including analyst estimates (forecasts) and a public company's own management pronouncements as to the outlook of the public company as of the December 31 valuation date. However, this is a far cry from time traveling several months into the future to use information not known on the December 31 valuation date. One can only use what was known on the December 31 date. Therefore, it is wholly inappropriate to compute valuation multiples from a public company on December 31 (to then be applied to the private company) using subsequent earnings information reported after the valuation date.

Alternatives for Computing Public Company Multiples. Where does this leave the business appraiser searching for and attempting to use a valuation multiple? Obviously the facts and circumstances of the guideline public companies and the private company may dictate which multiple or multiples make the most sense. However, standing on December 31, when a public company's earnings have not yet been released in final form (and probably will not be for three or more months) the following options are left:

- Computing the multiple of the public company based on analyst estimates (on the valuation date) of its full year earnings, then applying this multiple to estimated full year earnings for the private company.
- Computing the multiple of the public company based on its actual trailing 12 months' results, going back twelve months from the latest financials available, September 30, and then applying this multiple to the trailing 12 months' results for the private company.

(Continued on Page 4)

- Computing the multiple for the public company based on an annualization of its actual results for the nine months ended September 30, then applying this multiple to annualized results for the private company. This approach may be inappropriate in a highly seasonal company.
- Computing the multiple for the public company based on its actual results that are already known for the prior fiscal year, then applying this multiple to the latest year's results for the private company.
- Some similar variation to the above.

Valuation Multiples from Subsequent Mergers and Acquisitions of Similar Companies. In this instance, the appraiser uses the multiples paid in transactions occurring at a later time and suggests that they are "evidence of market conditions" at the earlier valuation date. This is nonsense. On the valuation date, a real world buyer has no way to jump forward in the future, learn the prices to be paid in transactions that have not even occurred, compute their multiples and then use them at an earlier date to decide what to pay for a company. This creates the benefit of hindsight that simply does not exist in the real world.

The time traveling business appraiser often rationalizes the use of after-the-fact merger and acquisition data by hiding behind the same or similar "market conditions" argument. The appraiser will maintain that the sale a year later shows what people in that time frame and those market conditions were paying for companies and is therefore indicative of value at the earlier date. Putting aside the fact that real world buyers cannot do this, there are significant problems with this argument about "market conditions."

"Market conditions" are constantly changing on a daily basis. What we call "market conditions" is really the sum total of factors and decisions that individually and collectively affect businesses, the competitive dynamics in an industry, the industry outlook, the economic outlook, interest rates, and an infinite number of other internal and external factors. Jumping forward in time, gleaning a multiple from a company sale that has not yet occurred, and then claiming that market conditions are the same is making a huge and unsupportable leap of faith.

Incredibly, sometimes business appraisers will actually use merger and acquisition transaction data as much as five years after the valuation date, maintaining that the use of such data was indicative of "market conditions" at the earlier valuation date. However, suppose that the transaction data used is based on a sale that occurred only four months after the valuation date. Wouldn't this be close enough in time to be indicative of "market conditions" and therefore reasonable for a business appraiser to use as a valid comparable? To the layperson this might sound reasonable and have commonsense appeal to it. After all, the sale occurred only four months after the fact. The problem with this assumption arises in trying to navigate the slippery slope of whether or not "market conditions" are really similar, even though the dates are only four months apart.

Example of Market Conditions That Change. Let us see how "market conditions" that affect a company might change in even a four-month period. Suppose the company being valued has a major market share in its region and is only one of several competitors left in the territory. Suppose also that the industry is rapidly consolidating, increasingly dominated by a handful of national companies aggressively making acquisitions. The company has been independent for many years and to the outside world intends to stay that way. However, on the valuation date it decides to sell to one of the major public companies in its industry.

Once this valuation date decision becomes known, this leads one of the company's few major remaining competitors in the region to decide shortly thereafter that this was the right time to sell his company also. Four months later, the competitor sells for what is reported to be a substantial multiple, one that is higher than the multiple paid for the other company being valued for its transaction four months earlier. Thus, an appraiser reviewing the validity of the price paid four months earlier uses this after-the-fact multiple, reasoning that the later, higher multiple indicates the transaction occurring four months earlier was under-priced and that the valuation on which it was based is wrong.

Ignore the economy, interest rates, industry conditions and numerous other factors that changed in that subsequent four-month period. What else changed that might call into question the validity of the appraiser's assumption that market conditions were the same four months later? It is really quite simple.

(Continued on Page 5)

The two competitor companies collectively had a major share of the market in their region. As a result of the transaction involving the company being valued, this left only one competitor in the region for the large national companies to partner with or acquire if they still wanted a presence in the region. Although the field of potential acquisition candidates was limited four months earlier to two targets, now there was only one four months later. This was the acquiror's last bite at the apple, increasing the pressure that each potential acquiror aggressively price its offer. If the acquiror's competition purchased the company instead, the company with the losing offer could be permanently shut out of a major position in that region of the country. Also, given that the first company to be acquired was bought by a major national company in the industry, the "market conditions" with respect to the regional competitive environment also changed before the transaction four months later.

Therefore, in this example, "market conditions" did in fact change. What would have been the price for the company being valued four months earlier had it been the last to sell? We obviously cannot know, but we can certainly say that market conditions clearly changed. Readers might allege that this hypothetical is constructed to force changed market conditions, but that in the real world this may not be the case. The problem is how does one know? As noted earlier, an infinite number of internal and external forces impact companies.

Business Valuation Will Become Junk Science. Once business appraisers start time traveling into the future, all sorts of things can be rationalized by a limitless array of arguments about industry conditions and how they might or might not have changed. If business appraisers accept the notion that we, as a profession, ought to legitimately be allowed to time travel into the future for our assignments, how far in the future should the time machine be allowed to venture on each assignment—four months, two years, five years, or some other period? Imagine the extra fees this could generate for business appraisers, arguing for days in court over the correct time-travel cutoff date in each valuation matter. Where would it end? And in the final analysis, will this result in a value and an appraisal work product that our clients and the courts can trust and rely upon? The courts will be subjected to outlandish reasoning and "expert" testimony to support this voodoo, and business appraisal will become viewed as junk science, causing our profession to lose respect.

The Acid Test—The Real World Buyer. It seems clear to me that the acid test is this: in the real world, would a buyer and seller have use of this data? If the answer is no, do not use it. If a transaction is pending on the valuation date and has not yet closed, it might be permissible to consider the publicly reported price and multiple known on the valuation date; however, the business appraiser needs to recognize the problems in doing so. Many deals do not close, fall apart or are changed, so the appraiser may or may not ultimately choose to rely upon this information, and if using it, might give it less weight.

Do "Market Conditions" Negate the Legitimate Consideration of Past Transaction Data? Business appraisers consider and use data on mergers and acquisitions of similar companies that is available as of a specific valuation date. That data might be recent, very dated or both. Does the foregoing discussion of why "market conditions" can change in assessing after-the-fact transactions rule out the use of past transaction data that was available as of the valuation date? No. Business appraisers must legitimately ascertain if the past transactions identified are still reasonably useful, if patterns can be identified, etc., in determining if or how those transaction multiples ought to be applied in a given valuation assignment. If the circumstances are determined to be very different at the valuation date, it may well be that the past transactions are not valid for use. However, a major difference is that a real world buyer or seller can choose to utilize or ignore multiples in past transactions. The buyer cannot do so with respect to future transactions that have yet to occur, unless they have mastered time travel.

Economic and Industry Outlook Not Known at the Valuation Date. A buyer standing on a valuation date and making a hard decision about a company purchase simply cannot know nor have access to future economic or industry conditions. Even Alan Greenspan, Chairman of the Federal Reserve, does not have a perfect crystal ball and makes difficult monetary policy decisions with imperfect information. Every day new data is released that changes or refines both the actual state of the economy and its potential outlook. None of this information was known even a day earlier. A good example is the release of an

(Continued on Page 6)

unexpectedly bad consumer sentiment statistic one day after a valuation date that then causes economists to rethink their entire outlook for the economy and causes stock prices in general to decline. The person that bought stocks the day before did not know this information and could not consider it in his or her decision to buy stocks at the time. Despite the obvious reasons stated, it is utterly amazing how many valuation reports cite economic and industry studies and forecasts that come after the valuation date.

Use of Subsequent Financial Statement Ratio Studies. Business appraisers and buyers and sellers will gauge a company's performance relative to other peers in the same industry using industry or other survey data on the profitability and performance of similar companies in the industry. One such example of this data is *RMA Annual Statement Studies*. The Risk Management Association, a banking industry association, publishes (in September of each year) this widely used and relied upon survey of performance results for companies in hundreds of different specific industries. The study provides data on companies with fiscal years ending up through March 31 of the current year.

A buyer (or seller) valuing a company on a valuation date of April 1 will only have the prior year's *RMA Study* available as the latest one against which to compare the company, not the study to be released in September. However, suppose a business appraiser is preparing a valuation report in October or November but with a valuation date as of the earlier April 1 valuation date. Occasionally we see business appraisers use the current year's report (released in September) that was not available on the valuation date. Typically, these appraisers will rationalize this by saying that the data was available, even if not yet in published form, if only a buyer were to collect it.

This, too, is nonsense. Practically speaking, how many buyers in the real world spend hundreds of thousands of dollars to prepare and send out a survey to collect and then analyze data in their industry to find out the financial performance of hundreds of industry peers? Most of those companies are privately held and would not share their information with the inquirer anyway, so how would they obtain this information? The reason RMA obtains this information so readily is because it comes from thousands of RMA's member banks throughout the country. Each time a company applies for a line of credit or a loan with a bank, their bank compiles the borrower's annual financial statements by industry classification code. After the end of each year, RMA's member banks electronically submit all of this financial information by industry grouping (but without the borrower company's name) to RMA for inclusion and tabulation in its survey. It is ludicrous to assume a buyer would be willing and able to individually compile a similar database to analyze a prospective company for purchase.

Officer Compensation Studies That Forecast Backward in Time. A major consideration in most valuations is whether or not a company's actual financial results need to be adjusted to reflect officer and shareholder compensation at a market rate. That is, if the owner is taking out $500,000 per year in officer compensation expense, but the "market" cost to hire a non-owner to competently run the company is only $200,000 per year, the company's bottom line economic earnings potential, as reported, is understated. The net profit of the company would need to be restated to reflect a $200,000 market level of compensation versus the $500,000 that was actually paid. In making such adjustments, the business appraiser will typically attempt to identify and use officer compensation surveys on similar compensation paid in the same industry in similarly sized companies for officers with like duties and skills.

In making compensation adjustments, the appraiser must identify officer compensation surveys that were published and available on or prior to that valuation date. Unfortunately, however, that is not what some business appraisers actually do. In several recent instances, we have encountered business appraisers relying upon various published surveys of officer compensation. In some of these studies, the appraiser can input into the compensation software program the earlier year for which the compensation is needed. The survey then generates the officer compensation statistics for that year for the specific industry in which the company being valued operates. Although this appears reasonable, this can sometimes be problematic. Some surveys do *not* give actual survey data collected from the earlier date covering that prior year that would have been available to a buyer in a published survey on that earlier date. Instead, some surveys take present day compensation data and make a "backwards forecast" of what the average officer com-

(Continued on Page 7)

pensation for that industry ought to have been at the earlier date.

The skeptic might say such a "backwards forecast" is good enough. However, it does not represent a real number for the earlier year and is not something a buyer or seller would have had at the earlier date. Since officer compensation adjustments often have a material impact on the income stream to be valued, it is therefore appropriate that the appraiser use the data that the buyer would have had at the earlier valuation date. Therefore, in using such survey tools, the business appraiser should query the provider of the survey as to how earlier compensation amounts are determined and if those compensation figures truly represent amounts from an earlier date. This inquiry is necessary to avoid inadvertently using data that would not have been available to a buyer on an earlier valuation date. If the data is indeed a backwards forecast, perhaps an earlier compensation survey available at the earlier valuation date can instead be purchased from the provider.

On the surface, this compensation issue might sound like a trivial example not material enough to worry about if violated. However, if the data truly was not available at the valuation date it should not be used. Additionally, once business appraisers start rationalizing using the "little things" it is not long before creeping incrementalism sets in and they will start rationalizing the use of the "big things."

Use of Financial Results for the Year Following the Valuation Date. Dr. Pratt suggests two circumstances where a business appraiser can use actual annual financial statement results for the year following the valuation date even though that data was not available at the earlier valuation date. He cites two examples:[4]

1. "The business continues on its historical path of normal growth or decline." In this instance, Dr. Pratt says it is acceptable to use a company's actual financial results for the year after the valuation date, particularly when "financial information is missing or not available."
2. "The business is affected by foreseen or predictable changes/events." Dr. Pratt cites as an example a company that has a new sales contract that would cause the company to greatly expand, requiring a move to a new manufacturing facility; enhance productivity; and lower the cost of sales. He also cites the example of the release of a new product based on years of research and development.

In example number one, even if a company has a steady history of recent growth or decline, this is no guarantee that next year's results are so perfectly knowable in advance as to rationalize using the later year's actual results. The buyer did not have the later year's actual results. The buyer has to take what was known at the valuation date (the historic results and perhaps a forecast of a later year's results) and factor in his or her "best guess" expectation of the future. These forecasted earnings are discounted to present value by the buyer at a rate of return that reflects the risk that these earnings may not be realized as forecasted. There is no guarantee of anything about any company when it comes to the actual results a company will realize and report a year later. Another terrorist incident of the magnitude of September 11, 2001, could shake the economy and hurt a company's sales and earnings despite a past history of steady trends. If it were as simple and as assured as Dr. Pratt's position, a company's earnings for the coming year would simply be converted to value at a risk-free U.S. Treasury bond rate. In the real world, this is simply not the case.

Similar problems exist with respect to Dr. Pratt's second example concerning a new plant or product. Companies build new plants and introduce new products all the time, making educated (but still uncertain) guesses about the financial impact of the plant or product. As with any forecast, management sometimes estimates too high, too low, or perhaps somewhat close to what actually later occurs. However, we have never seen a company's forecasts, no matter how well-reasoned, that exactly equaled the later actual results. The business world is littered with new product ideas that were also the subject of years of research and planning, but which failed miserably, never produced a dime of earnings, and certainly never met the expectations of the companies who introduced them. With the uncertainty of future results comes risk to the buyer in deciding what he or she will pay. The basis for using actual year later data as set forth by Dr. Pratt lacks support or merit.

(Continued on Page 8)

[4] Ibid, page 2.

Time Travel *(continued)*

Forecasts of Future Results Are Still Fair Game. As noted earlier, it is improper to climb into a time machine and travel forward in time, snatching next year's actual financial statements off of the CPA's desk, and then hurtling back in time to the earlier valuation date to use those actual future results. However, this is not meant to suggest that it is improper for the business appraiser to make use of an educated forecast of a company's future results in his or her business valuation, such as in the use of the discounted future income method. Also, in using the capitalization of earnings method, even though it is based on actual known and reported historic results available on the valuation date, by definition the appraiser is making a forecast of the future. Rather than making explicit year-by-year forecasts, as under the discounted future income method, the capitalization method simply assumes a constant annual future growth rate. The key is that those forecasts of the future are subject to error and uncertainty. This is why those results are converted into a value estimate through the use of a discount rate that is meant to incorporate this risk and the time value of money.

Subsequent Events That Affect Value. Dr. Pratt suggests that subsequent events that affect value are off limits for consideration. On this issue we completely agree. Subsequent events are not known and have not occurred at the valuation date, therefore how can they be considered by a buyer? Although the list is limitless, the most commonly and mistakenly used subsequent events that affect value include the following:

- Lawsuits or other liabilities or contingencies.
- Additions or losses of key customers or suppliers.
- Additions or losses of key personnel such as an executive, a salesperson, etc.

The gray area on this issue, however, relates to whether a buyer could have reasonably foreseen the event at the earlier valuation date. In other words, would a willing buyer, standing on the valuation date, have concern that a key salesperson might leave given that the salesperson had an offer of employment to move to a competitor? If a circumstance was reasonably foreseeable, the business appraiser might consider what the potential implications would be to the company. However, because the event was not known with certainty, how it will be weighted and considered in reaching a final value will depend upon the circumstances and analysis.

Note that considering the possible future impact of a reasonably foreseeable event is not meant to support the use of actual after-the-fact impacts of such an event when or if it actually occurs. The buyer of any company on a given date always must make decisions about future events that might impact a company. The buyer must make this decision with the information known or forecasted as of the valuation date, whether it be based on a company's future earnings potential, customers, employees, the economy, or any other factor.

Conclusion. The use of subsequent data occurring after a valuation date is unprofessional, lacks support, and runs completely contrary to the definition of fair market value. Fair market value is as of a given valuation date and can only reflect the information known on that date—not the circumstances, occurrences and information that have yet to occur and can only be obtained through time travel. Stepping beyond the valuation date opens the door to all kinds of problems in the valuation profession, including appraisers who attempt to use the benefit of hindsight—which is never available in the real world to a buyer or seller—to prove a point and support a desired end result. While there may be business appraisers not acting as advocates and who honestly believe that the use of after-the-fact data is sound practice, I wholeheartedly disagree with this practice and believe its use sets a dangerous precedent. Also, once the appraiser steps over the valuation date and starts to consider selected future facts and information, the users of the valuation report (such as the courts) have to question what other future information the appraiser also considered that was not known at the valuation date and is not stated in the report or testimony. The entire report and its findings become suspect. Hindsight has no place in business valuation.

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