

# On The Cover



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## Introducing THE VALUE EXAMINER Special Issue: Who's Afraid of DLOM?

By Nancy McCarthy, Senior Editor, The Value Examiner

For the past several years, *The Value Examiner* has devoted one issue to a single subject. This year, our board of directors agreed to shed some light on discount for lack of marketability or DLOM. The measurement of the appropriate DLOM continues to be a serious subject, particularly as it is applied to gift and estate taxes, shareholder litigation, buy-sell agreements, and family law. This issue raises some interesting questions even as it provides intriguing theories.

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## 8 DOES ONE SIZE FIT ALL? DISCOUNTS FOR LACK OF MARKETABILITY ACROSS SIZE AND TIME

By Ashok Abbott, MBA, PhD

The business valuation body of knowledge regarding discount for lack of marketability (DLOM) is evolving rapidly. This article presents a comparative analysis of the three major option models commonly used in business valuation for determining applicable DLOM, describes the underlying assumptions for each model, and identifies fact situations where different models may be more appropriate.

## 18 OPTION PRICING MODELS AND THE DLOM: WHY OPMS ARE NOT A SILVER BULLET

By Sarah von Helfenstein, MBA, CVA

Over the past two decades, business transactions have grown increasingly complex, attended by burgeoning business-related regulation, taxation, and litigation. This article attempts to tackle one such silver bullet—the use of option pricing models (OPMs) to develop the DLOM.

## 24 INTERVIEW WITH JAMES ALERDING: INSIGHT INTO DLOM

By Nancy McCarthy, Senior Editor, The Value Examiner

R. James Alerding, CPA, ABV, ASA, is the owner of Alerding Consulting, LLC. He has authored or co-authored several books, including *Financial Valuation Applications and Models*. Mr. Alerding graciously sat down to an interview with *The Value Examiner* and shared some of his insights into DLOM.



### BOOK REVIEW

## DISCOUNT FOR LACK OF MARKETABILITY GUIDE AND TOOLKIT

By Harold G. Martin Jr., CPA, ABV, CFE, ASA, CFE

The new *Discount for Lack of Marketability Guide and Toolkit* by Jim Hitchner, Jim Alerding, Josh Angell, and Kate Morris provides practitioners with the information and tools necessary to properly calculate and support a DLOM using both qualitative and quantitative methods. *The Value Examiner* is pleased to present this review, originally published in the *BVR Business Update*; Vol. 23, No. 3, March 2017.

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**CONTEMPORARY RESEARCH IN VALUATION AND FORENSIC ACCOUNTING**

*By Peter L. Lohrey, PhD, CVA, CDBV*

The purpose of this column is to provide the readers of *The Value Examiner* summaries of contemporary research in business valuation and forensic accounting. The manuscripts covered are selected from numerous academic research outlets that include relevant topical coverage of valuation and related forensic accounting issues.

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**VALUATION OF COMPENSATION FOR PHYSICIAN SERVICES: MEDICAL DIRECTOR COMPENSATION**

*By Bob Cimasi, MHA, ASA, FRICS, MCBA, CVA, CM&AA; and Todd Zigrang, MBA, MHA, FACHE, ASA*

In this column, the authors provide a brief overview of the classification and valuation of compensation for four common types of services rendered in the healthcare delivery industry. The fourth—and final installment in this series—discusses Valuation of Compensation for Physician Services: Medical Director Compensation.

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*By James Crumlish, CPA, CGMA*

The hurricane season of 2017 has been dramatic. Hurricanes Harvey, Irma, and Maria, among others, have dealt American citizens and companies a devastating blow in Texas, Florida, the U.S. Virgin Islands, and Puerto Rico. This article discusses the insurance options available to both, individuals and companies.

**44 PRACTICE MANAGEMENT**

**BACK-TO-BASICS  
A SHORT PRIMER ON OPTION PRICING MODELS AND THE DLOM**

*By Sarah von Helfenstein, MBA, CVA, MBA*

This primer will strip away the mystery and demonstrate that OPMs are neither simple nor direct.

**50 PRACTICING SOLO**

*By Rod P. Burkert, CPA, ABV, CVA, MBA*

The author interviews sole practitioner Gladys Riccobono, CPA, CVA, MAFF (and a current candidate for the CFF and CFE designations), from Fort Myers, Florida.

**Editor's Notes:**

To err is human, we are told, and last month's issue of *The Value Examiner*, was very human. We inadvertently ran a previous Practicing Solo column featuring Chris Mutchler from Bremerton, Washington and, in the Back-to-Basics Column written by Garth Tebay and Jill Christopher, we inadvertently transposed numbers in two of the charts. Garth and Jill's article has been updated online and can be viewed by going to [www.nacva.com/valueexaminer](http://www.nacva.com/valueexaminer). While we are happy to give another shout-out to Chris, we regret the errors and will redouble our efforts to bring you the best work of all our contributors.

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