

## ON THE COVER



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## BEFORE WE MOVE FORWARD: A LOOK BACK AT 2018

By Nancy McCarthy, Senior Editor,  
The Value Examiner



HEAD OF JANUS, VATICAN MUSEUM, ROME,  
PHOTO BY LOUDON DODD

The month of January is allegedly named for the Roman god, Janus. Janus is the symbol of beginnings, gates, transitions, time, duality, doorways, passages, and endings. He is usually depicted as having two faces, since he looks to the future and to the past. This editorial pays homage to the past and looks forward to new beginnings.

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### 8 AN EMPIRICAL ANALYSIS OF MARKET APPROACH DATA (AND SOME LESSONS LEARNED)

By Keith Sellers, CPA, ABV

The purpose of this article is to explore several issues that crop up in virtually any business valuation utilizing a Market Approach, whether the data involved is from publicly traded comparable companies or completed transaction data. The motivation for this article, in part, was stimulated by several articles which discuss issues including choice of central tendency (arithmetic mean, median, harmonic mean, etc.) as well as choice of and or/ reconciliation of pricing ratios and their results.

### 22 RETHINKING USING ARITHMETIC MEAN RETURNS IN CALCULATING SMALL COMPANY RISK PREMIUMS

By Joshua Feldman, CPA, CFE, CVA, AIAF

The majority of valuations this author has seen for small companies employ some form of buildup method for determining discount rates for Income Approaches. This article will attempt to demonstrate how this reasoning is flawed and how using an appropriate methodology to determine size premiums avoids the need for the contortions used to derive a more realistic answer.

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By Nancy McCarthy, Senior Editor, The Value Examiner

We have been hearing how Artificial Intelligence is going to change our world. TVE spoke with Richard French, of Kyron Robotics Systems, to get a sense of how RPA technology enables organizations to create virtual workforces that increase processing efficiency, reduce errors, and cut operational costs.

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#### HOW CLIENTS BUY: A PRACTICAL GUIDE TO BUSINESS DEVELOPMENT FOR CONSULTING AND PROFESSIONAL SERVICES

**Authors: Tom McMakin and Doug Fletcher**

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

If you are looking for a better perspective to understand how clients buy our professional services—particularly if you are hoping to improve the odds of making that happen for your services—you must read *How Clients Buy: A Practical Guide to Business Development for Consulting and Professional Services* by Tom McMakin and Doug Fletcher (John Wiley & Sons, © 2018, 262 pp.).

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*By Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA*

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

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*Production:* Mills Publishing, Inc.; *President:* Dan Miller; *Art Director/Production Manager:* Jackie Medina; *Magazine Designer:* Jackie Medina; *Graphic Designers:* Ken Magleby, Katie Steckler, Patrick Witmer; *Advertising Representatives:* Paula Bell, Karen Malan, Dan Miller, Paul Nicholas, Chad Saunders *Administrative Assistant:* Caleb Deane.

Mills Publishing, Inc., 772 East 3300 South, Suite 200, Salt Lake City, Utah 84106, (801) 467-9419. Inquiries concerning advertising should be directed to Mills Publishing, Inc. Copyright 2018. For more information please visit [millspub.com](http://millspub.com).

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United States—\$215  
International—\$255 U.S. Funds  
Free to accredited university libraries

#### SUBMISSION DATES

Issue	Submission Dates	Publish Dates
May/June	Apr. 15	July 1, 2019
Jul./Aug.	Jun. 15	Sept. 1, 2019
Sept./Oct.	Aug. 15	Nov. 1, 2019
Nov./Dec.	Oct. 15	Jan. 1, 2020

#### ALL SUBMISSIONS

*The Value Examiner* is devoted to current, articulate, concise, and practical articles in business valuation, litigation consulting, fraud deterrence, matrimonial litigation support, mergers and acquisitions, exit planning, and building enterprise value. Articles submitted for publication should range from 500 to 3,000 words. Case studies and best practices are always welcome.

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All articles should be thoroughly edited and proofread. Submit manuscript by e-mail (in standard word processing format) to Nancy McCarthy: [NancyM1@NACVA.com](mailto:NancyM1@NACVA.com). Include a brief biography to place at the end of the article and a color photo of the author. See authors' guidelines and benefits at [www.nacva.com/examiner/Publishing\\_Articles.pdf](http://www.nacva.com/examiner/Publishing_Articles.pdf). *The Value Examiner* accepts some reprinted articles, if accompanied by appropriate reprint permission.

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