



Presented by:
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Determining the “Value” of Your Business Unit

Certified Public Accountants & Business Consultants



CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Determining the “Value” of Your Business

- Our Credentials

- Clark Schaefer Hackett (*Accounting & Consulting Firm*)
- Kent Pummel, CPA, ABV/CVA is a Shareholder with Clark Schaefer Hackett and is a Certified Valuation Analyst and is skilled at the highly disciplined specialty of evaluating an organization’s worth.
- Bill Clayton, MBA is a Principal with Clark Schaefer Hackett and has more than 20 years of experience in healthcare management with responsibilities ranging from Systems Implementation Engineer to Chief Operations Officer.

Our Credentials

- Manage Independent and Hospital Owned Medical Groups
- Conduct Valuations for Healthcare Entities
- Negotiate Physician Compensation Programs
- Implement and Manage Co-Management Programs
- Conduct Operational Turnaround for Healthcare Entities
- Coordinate Audits, Tax Management and Outsource Accounting
- Placement of Key Staff (CEO, CFO and Practice Managers)
- Conduct Revenue Cycle Improvement Programs
- Conduct and Review 990s
- Implement Accountability (benchmarking) for Healthcare Entities
- Business Advisors / Strategic Partners for our Clients

Determining the “Value” of Your Business

- Webinar Goals
 - Types of Valuations
 - When do you obtain a valuation of a business unit
 - General understanding of different types of valuations

Determining the “Value” of Your Business

- *Introduction of Kent Pummel, CPA, ABV/CVA*

Kent Pummel is a Shareholder with Clark Schaefer Hackett and is a Certified Valuation Analyst and is skilled at the highly disciplined specialty of evaluating an organization’s worth. Kent is a resource to perform valuations for healthcare practices who would like their value calculated before they apply for loans, during ownership disputes, for mergers and acquisitions, or prior to succession planning. He has experience valuing organizations for estate and gift tax purposes, buy-sell arrangements and divorce.

Determining the “Value” of Your Business

- Qualifications of Valuation Specialist?
 - Certifications
 - Experience
 - Actively in Associations
 - Publications / Speeches
 - Expert Testimony
 - Court Experience

Determining the “Value” of Your Business

- When do you use Valuations?
 - Which types of business transactions?
 - Give us some examples?

Determining the “Value” of Your Business

- Why do Valuations?
 - Buying or selling of a healthcare business unit
 - Partnership
 - Buy-sell transaction
 - Divorce
 - Compliance
 - Disputes
 - Other

Determining the “Value” of Your Business

- How do you normally conduct a “valuation”?
 - Reports needed?
 - Deliverables?
 - Methodology?

Determining the “Value” of Your Business

- Reports Needed
 - Income tax returns
 - Financial statements
 - Discovery with management
 - Valuation publications / Goodwill registry
 - Financial analysis
 - Financial survey data comparison

Determining the “Value” of Your Business

- Deliverables
 - Executive summary
 - Detailed reports
 - Models used
 - Assessments
 - Assumptions & credentials
 - Special reports

Determining the “Value” of Your Business

- Income approach

Average Normalized Cash Flows	\$ 75,000
Capitalization Rate	÷ <u>25.00%</u>
Value of Invested Capital	300,000
Practice Debt	<u>(50,000)</u>
Equity Value - Income Approach	<u><u>\$ 250,000</u></u>

Determining the “Value” of Your Business

- Asset approach (including goodwill)

Excess Earnings	\$	150,000
Goodwill Multiple	x	<u>20%</u>
Goodwill Total - Excess Earnings		30,000
Cash		100,000
Accounts Receivable, Net		320,000
Fixed Assets		25,000
Less: Liabilities		<u>(225,000)</u>
Equity Value - Asset Approach	\$	<u>250,000</u>

Determining the “Value” of Your Business

- Market approach

Revenue as Normalized		\$ 2,500,000
Median Price to Revenue - Goodwill Registry 2014	x	<u>10%</u>
Equity Value – Market Approach		<u>\$ 250,000</u>

- Questions
- THANK YOU!
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Next Webinar

Coming in April:

New Compensation Models for Physicians