



# The Market Approach to Valuing Businesses

By Shannon P. Pratt

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**The Market Approach to Valuing Businesses** By Shannon P. Pratt

## Your Best Approach to Determining Value

If you're buying, selling, or valuing a business, how can you determine its true value? By basing it on present market conditions and sales of similar businesses. The market approach is the premier way to determine the value of a business or partnership. With convincing evidence of value for both buyers and sellers, it can end stalemates and get deals closed. Acclaimed for its empirical basis and objectivity, this approach is the model most favored by the IRS and the United States Tax Court-as long as it's properly implemented.

Shannon Pratt's ***The Market Approach to Valuing Businesses***, Second Edition provides a wealth of proven guidelines and resources for effective market approach implementation. You'll find information on valuing and its applications, case studies on small and midsize businesses, and a detailed analysis of the latest market approach developments, as well as:

- A critique of US acquisitions over the last twenty-five years
- An analysis of the effect of size on value
- Common errors in applying the market approach
- Court reactions to the market approach and information to help you avoid being blindsided by a litigation opponent

Must reading for anyone who owns or holds a partial interest in a small or large business or a professional practice, as well as for CPAs consulting on valuations, appraisers, corporate development officers, intermediaries, and venture capitalists, ***The Market Approach to Valuing Businesses*** will show you how to successfully reach a fair agreement-one that will satisfy both buyers and sellers and stand up to scrutiny by courts and the IRS.

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## **Editorial Review**

### **From the Inside Flap**

The market approach is an increasingly popular way to determine a business's value—for both buyers and sellers. Praised for its objectivity, this approach reviews the annual sales and other financial variables of comparable businesses for guidance in valuation. When well implemented, the market approach is the model most favored by the IRS and the United States Tax Court.

You could say that Shannon Pratt wrote the book on the market approach. Published in 2000, his groundbreaking book *The Market Approach to Valuing Businesses* set the standards and explained the theory and methodology for this evolving approach. Expanded and updated to encompass the latest rulings and source data, the new Second Edition is an indispensable reference for beginning and experienced appraisers, intermediaries, buyers, sellers, attorneys, CPAs, or judges. It covers:

- Both The Guideline Public Company Method and The Merger & Acquisition (Transaction) Method
- A discussion of past transactions, offers to buy, rules of thumb, and buy-sell agreements
- Pricing for purchases and sales
- Valuation for gift and estate taxes and marital dissolution
- Shareholder matters, including dissenting stockholder suits and resolutions of value under buy-sell agreements
- How to find and analyze comparative market transaction data
- Analysis of the most recent cases in family law, tax, and shareholder dispute courts

Complete with sample cases, an extensive bibliography, an appendix on data resources, the Quantitative Marketability Discount Model, and a list of business brokers and their specialties, *The Market Approach to Valuing Businesses* is an authoritative, state-of-the-art treatise for both valuation professionals and nonprofessionals.

### **From the Back Cover**

#### **Your Best Approach to Determining Value**

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#### About the Author

**Shannon P. Pratt, CFA, FASA, MCBA, CM&AA**, is the Chairman and CEO of Shannon Pratt Valuations, Inc. a premier business valuation firm located in Portland Oregon, and is the founder and Editor Emeritus of Business Valuation Resources, LLC. Over a distinguished career of close to four decades, he has performed valuation engagements for M&A, ESOPs, gift and estate taxation, marital dissolution, shareholder oppression and dissent, and numerous other purposes. He has conducted numerous fairness and solvency opinions, has testified in a wide variety of federal and state courts across the country, and frequently participates in arbitration and mediation proceedings. Dr. Pratt is one of the most successful and respected authors in his field. He is the author or coauthor of several industry standards, including *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, *Valuing Small Businesses and Professional Practices*, *The Market Approach to Valuing Businesses*, *Standards of Value*, *Business Valuation and Taxes*, *The Lawyer's Business Valuation Handbook*, and *Cost of Capital*.

### Users Review

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The guide with title *The Market Approach to Valuing Businesses* posesses a lot of information that you can study it. You can get a lot of benefit after read this book. This book exist new expertise the information that exist in this book represented the condition of the world today. That is important to you to be aware of how the improvement of the world. This kind of book will bring you throughout new era of the syndication. You can read the e-book in your smart phone, so you can read that anywhere you want.

##### **Jessica Henriquez:**

A lot of people always spent their very own free time to vacation or go to the outside with them friends and family or their friend. Do you realize? Many a lot of people spent that they free time just watching TV, or playing video games all day long. If you want to try to find a new activity this is look different you can read a book. It is really fun in your case. If you enjoy the book which you read you can spent all day every day to reading a book. The book *The Market Approach to Valuing Businesses* it doesn't matter what good to read. There are a lot of individuals who recommended this book. These folks were enjoying reading this book. In case you did not have enough space to deliver this book you can buy the particular e-book. You can more simply to read this book out of your smart phone. The price is not to cover but this book provides high quality.

##### **Otis Key:**

Your reading 6th sense will not betray you actually, why because this *The Market Approach to Valuing*

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