



# Association News

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## **Collegiate Business Valuation Education Opportunities: Current Usage and Acceptance of NACVA Provided Course Materials**

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## **Collegiate Business Valuation Education Opportunities: Current Usage and Acceptance of NACVA-Provided Course Materials**

The National Association of Certified Valuation Analysts (NACVA) is committed to furthering the art and science of Business Valuation (BV). As indicated in the organization's mission statement, the achievement of this objective is, in part, focused on the "development and presentation of quality educational and training programs." Since the inception of the organization in 1991, members have greatly benefited from the many forms of educational opportunities offered through NACVA. One of its perhaps less known educational efforts has been in the area of promoting and supporting the teaching of Business Valuation courses at the college level. For a number of years, NACVA has provided college professors with a packet which includes various instructor materials and both teaching and student versions of *Business Valuation: Fundamentals, Techniques & Theory*. While this college education effort has, to date, experienced limited exposure, it is an educational area that, in the opinion of the authors, offers NACVA a great opportunity for growth in recognition, respect, and membership.

In order to explore current BV educational opportunities, in 2009 NACVA established a Collegiate Education Committee composed of five members: Donald L. Ariail (chair), Bob Brackett, Laura Tindall, Nancy Gault, and Susan Saidens. This committee was given two initial charges: (1) investigate the current acceptance and usage of NACVA-provided college BV materials, and (2) investigate the number of colleges and universities currently offering a course in the valuation of closely held businesses and, more pointedly, determine how an

expanded college education role can be pursued by NACVA. This article reports the Committee's findings in fulfillment of the first charge.

## **Survey**

A four-page survey was delivered to the eight college professors who have recently used NACVA-provided BV materials in the classroom. The survey was composed of 14 demographic questions and 12 questions that solicited professor input regarding the strengths and weaknesses of NACVA's current college level materials. This survey methodology resulted in the full seven or partial (one professor completed only the demographic portion of the survey) participation of all of the surveyed professors. The committee would like to sincerely thank each participant for taking the time to complete the survey and, in several instances, for providing us with additional verbal and written input.

## **Demographics**

The demographic information provided by the respondents gives insight as to the characteristics of the professors currently using NACVA-provided materials. These BV professors are composed of an equal number with full-time (4) and adjunct-faculty (4) experience. As might be expected, the full-time professors tend to have more years of teaching experience than the part-time professors. Most of the professors hold either a doctoral level (3) or master's level (4) degree-only one held a bachelor's degree. These BV professors hold degrees mainly in accounting (6), followed by finance (2), with single instances of economics, management, and statistics. A variety of professional and Business Valuation credentials are held. The professional credentials include the CPA (6), CMA (2), and single instances of CFM, and CFP, while the BV-related credentials include the CVA (5), CBA (2), CFFA (3), and single

instances of the ABV, CFE, CFF, and CrFA. Finally, the practical experience in accounting of these professors tends to be greater than their years of BV experience: five of the eight respondents had 21–30 years of accounting experience while six of seven respondents (data not provided by one subject) had 20 or less years of BV experience: two at 1–5 years, two at 11–15 years, and two at 16–20 years.

## Results

- The eight professors surveyed have taught BV to a total of 781 students: three of the eight professors have each taught 101–210 students. However, these professors utilized NACVA materials in the teaching of less than half (333) of these students.
- There was no consistent way in which these professors learned about the college level BV materials available from NACVA.
- The professors provided a 1–10 (1 = strongly disagree; 10 = strongly agree) rated response to five statements about the NACVA materials. The statements and mean ratings are presented below:

Statement	Mean
The student manual adequately covers the BV course content (a).	8.00
The students found the course material easy to use (b).	6.71
The PowerPoint slides supplied were adequate, clear, and useful (c).	5.33
The student price charged by NACVA for the course materials was reasonable (d).	8.00
The Webinar Series was a valuable course supplement (e).	10.00

(a) The adequacy of the coverage of the course material was rated as relatively high (six–seven out of 10) by six of the professors and as very low by one professor (three out of 10).

- (b) The student ease of use of the materials was rated relatively high (eight–nine out of 10) by four of the professors and relatively low (three–six out of 10) by three of the professors.
- (c) Four of the responding professors were unaware that PowerPoint slides were available. Of the three professors who were aware of the availability of this teaching aid, two rated them very low (three–four out of 10) and one as very high (nine out of 10).
- (d) The reasonableness of price of the materials was rated high by three professors (eight–10 out of 10) and very low by two professors (four out of 10). One professor did not provide a rating for this category.
- (e) Five of the seven respondents were unaware that NACVA offered a Webinar Series as supplemental material. The one professor who did provide a rating strongly agreed (10 out of 10) with the statement.
- The majority (six of seven) of the professors plans to continue using NACVA-provided BV materials.
  - Whether or not students who have completed a college BV course have subsequently taken and or passed a NACVA certification exam does not appear to be consistently tracked. While five professors indicated some knowledge of students having taken one of the NACVA exams, the majority (6) didn't know whether or not any of their students had passed.
  - Six of the seven responding professors indicated that their former BV students had been subsequently hired as interns (several), part-time employees (some), or full-time employees (21). None of the professors indicated that this key indicator of BV course success had been actively pursued.
  - Several of the professors indicated that they supplemented the NACVA-supplied materials with textbooks by either Hitchner or Gabehart and used various self-created handouts.
  - Five of the seven responding professors were not aware that international students, whose permanent residence is outside the United States may have a special status with NACVA.

In addition to the information obtained from the survey answers, several of the responders provided the following additional input:

- The terminology contained in the student text often conflicts with the BV glossary.
- The professor who only completed the demographic data indicated that he had not been able to continue his CVA due to the high cost of maintaining the credential. Once he lost his certification, the university dropped the valuation class—no other faculty member had the expertise needed to teach the class.
- BV instructors need to be provided with a variety of teaching aids.
- The BV materials provided to college students need to assume a lower level of knowledge and experience.

## **Discussion**

This survey was conducted with a very small population of BV professors and thus does not provide a statistical basis for conclusions. However, the results do at least point to several areas that can be targeted for improvement: First, the NACVA-provided college level course materials (those provided to both the instructor and the students) could be improved. Second, NACVA could better promote two way communications with their BV college instructors.

### **Course Content Improvement**

A lack of the current adequacy of the NACVA-provided course materials was indicated by the findings that the instructors taught less than half of their BV students using NACVA materials and by the indication that the content provided by NACVA was often supplemented with additional BV textbooks and instructor-developed materials. Nevertheless, on a positive note, the relatively high regard for the course materials was indicated by a majority of the instructors planning to continue to use the NACVA-provided BV course materials (however, this

may possibly be due either to the instructor's personal connection with NACVA or to the lack of another source of relatively complete BV materials). While the adequacy of content coverage was rated relatively highly by the majority of the instructors, the additional feedback received suggests that this area also could be improved—the course materials provided by NACVA need to stand alone without extensive supplementation from other sources. Half of the instructors gave a low rating to the materials' ease of use. Additional feedback indicated that the materials provided to the students read more like a reference book than a textbook, that there is some inconsistent use of terminology, and that by providing instructors with the same material as contained in the CVA review course NACVA incorrectly assumes that college students already have a relatively high level of knowledge and practical experience as a CPA. Therefore, the student-friendly nature of the materials should be addressed. Finally, the PowerPoint slides received the lowest rating of all of the materials supplied by NACVA. The adequacy, clarity, and usefulness of these slides should be improved.

Extensive feedback received from one of the instructors pointed to NACVA-provided materials needing to better address the needs of the instructors. BV instructors should be provided with clear objectives that students should strive to master, extensive quiz and test banks, an instructor's manual, small problems or examples that can be worked through during class and as homework assignments, and small case studies. These instructor aids are not currently provided by NACVA while textbook publishers regularly provide accounting instructors with a wealth of such teaching aids. Thus, in order to be competitive with other potential suppliers of college level course materials, NACVA should strive to make the BV materials they supply more teacher friendly—instructors will select not only those textbooks

that have the best coverage of the material but also those textbooks that make their teaching life a little easier.

### **Communication**

NACVA could improve the advertising and promotion of its college teaching initiative. Knowledge of the availability of NACVA college course materials was mostly gained through the individual efforts of the instructor. Moreover, the instructors who do use NACVA's BV materials need to be made aware of the full extent of the teaching materials and aids available to them: the majority of the instructors were unaware that PowerPoint slides were available and only two of the instructors knew of the availability of the important textbook supplement provided by the Webinar Series.

In order for NACVA to assess the effectiveness of its ongoing college level BV course initiative, the number of BV courses and students taught using NACVA materials and the subsequent success of these BV college students in passing certification exams and in obtaining jobs in business valuation positions, both as interns and subsequent to graduation, should be systematically tracked. The number of courses taught and the number of students in each course can be readily determined through instructor inquiry. The passing of CVA and AVA certification exams can perhaps be tracked by NACVA—such tracking could possibly necessitate instructors providing NACVA with information that may be protected and thus may not be practical. Instructors are probably in the best position to perform this follow-up with students. The instructor reporting of this information to NACVA might be incentivized with some sort of reward system.



One goal of NACVA's BV college course curriculum is to prepare students to take and pass the AVA exam once they have completed their degree program or to pass the CVA exam once they have graduated and passed the CPA exam. International students who are not permanent residents of the United States and who do not hold a CPA license, but who do have a BV-related undergraduate degree (for example in finance, accounting, or economics), may be able to earn the CVA credential (rather than the AVA credential) by successfully completing collegiate BV classes (which are similar to the weeklong training completed by professionals working toward the CVA or AVA credential), by successfully completing the five hour CVA exam, and by completing the appropriate experience requirement(s). Thus, international students who take a BV class while in college have a special status with NACVA—a situation that needs to be communicated to and actively promoted with every BV instructor.

One instructor indicated that he had ceased teaching BV because of the high cost of maintaining the CVA credential. He may have been unaware that NACVA currently provides for lower than standard student and faculty membership dues. Since educational institutions may either not reimburse or only partially reimburse the cost of professional membership dues, non-practicing educators often have to personally bear all or part of this cost—an out-of-pocket cost that is paid merely to retain their valuation credential for teaching purposes. Moreover, college students struggling to pay ever-increasing tuition and textbook costs are cost sensitive. The availability of lower faculty and student dues has not been pro-actively advertised. A better job can be done of promoting membership to these two very important groups—professors need to know that NACVA values their expertise and leadership in teaching BV, and students need to know that NACVA is the organization for them to look to for BV credentialing and top-quality continuing education.

## Conclusion

NACVA-supplied college level course materials should be adapted to the college environment. In addition, we would encourage BV instructors and NACVA to have ongoing two-way dialog. Questions such as, “Do you have everything you need for class?”, “What can we do to help you provide a better BV learning experience for your students?”, and “How can we improve our teaching aids so that your job is made a little easier?” are just some of the questions that NACVA could regularly ask. In addition, NACVA should encourage instructor feedback regarding the number of courses and students taught, the number of BV students who have taken/passed a BV credentialing exam, and the number of BV students gaining jobs in the field of business valuation.

The survey results point to several significant opportunities for NACVA. Perhaps one of the best opportunities identified by the committee is that of gaining new members by preparing and promoting BV students to take either the AVA or CVA examinations. Currently, professionals register and attend five days of classroom work to prepare for the examination. The materials available for collegiate work are comprised of materials similar to those used during only the first two days of professional training. By making the entire week of materials available to college level BV instructors, BV students should, by the time they graduate, be fully prepared to sit for one of the examinations.

Another opportunity is to better communicate with the professors regarding the course materials and supporting tools such as PowerPoint presentations available for classroom instruction. This information should be readily available on the NACVA website, located in a

special section for instructors: all teaching aids, student study aids, and course updates should be readily accessible.

An opportunity exists for the development of links between state chapters and college instructors: both students and professors can be provided with opportunities to intern with local BV practitioners. In addition, local CVAs and AVAs can be solicited to assist BV professors by providing them with real-world case studies and by volunteering to visit classrooms as guest speakers.

While NACVA's BV college education materials should be made more like publisher-supplied instructional materials, and communication between NACVA and its BV instructors could be systematized, NACVA is well positioned to become the key player in collegiate business valuation education: it already has a history of supporting collegiate education, is one of the most prestigious providers of continuing BV education to practitioners, has well organized and established state chapters that can provide on-going local college support and liaison, and provides the examinations for the widely recognized and respected CVA and AVA credentials.