

2010 FVS Membership Top Issues Survey

The Top Five Issues Facing Forensic and Valuation Practices





Introduction	2
Top Five Issues	3
What does it mean for FVS Practices?.....	4
Resources for Addressing the Top Five Issues	6
Issue 1: Keeping Up With Professional Standards.....	7
Issue 2: Keeping Up With the Evolving Valuation Body of Knowledge	8
Issue 3: Client Retention and Bringing In New Clients	10
Issue 4: Developing a Niche or Specialization	13
Issue 5: Access to Specialized Training	17

INTRODUCTION

What issues are affecting your practice?

Do your firm and its competitors share the same issues?

Have you been able to successfully avoid the challenges affecting your competitors?

The **2010 Forensic and Valuation Services (FVS) Membership Top Issues Survey** examined the issues and trends currently affecting the practices of forensic accounting and business valuation (BV) professionals from different industries and firm sizes. The findings of the survey revealed that technical skills along with firm administration issues and access to specialized training were among the top issues FVS practices are currently facing.

The 2010 FVS Membership Top Issues Survey had CPA respondents from various firm sizes ranging from sole practitioners to large full service public accounting firms to forensic and valuation specialty practices.



TOP FIVE ISSUES

- 1 Keeping Up With Professional Standards
- 2 Keeping Up With the Evolving Valuation Body of Knowledge
- 3 Client Retention and Bringing In New Clients
- 4 Developing a Niche or Specialization
- 5 Access to Specialized Training

WHAT DOES IT MEAN FOR FVS PRACTICES?

New valuation standards affect all AICPA members, not just Accredited in Business Valuation (ABV) credential holders

There has been a need to provide clear guidance in the valuation arena, particularly regarding practitioners who perform valuations on a part-time basis. The AICPA Consulting Services Executive Committee wrote the Statement on Standards for Valuation Services (SSVS No. 1) to improve the consistency and quality of practice for all AICPA members performing business valuations. There are nearly 370,000 AICPA members, who are required to follow this standard when they perform engagements to estimate value that culminates in the expression of a conclusion of value or a calculated value.

Members must constantly stay up-to-date with new developments in business valuation practice

Valuation professionals face the challenge of dealing with a constantly changing and expanding BV body of knowledge in practice. Its complexities will continue to require constant attention as firms reallocate their resources and shift their priorities. There is no universal solution to this complex issue, but practitioners are taking the steps to find as many resources that are available to help their FVS professionals remain up-to-date with evolving developments.

Keeping existing clients and attracting new clients are top concerns

According to the AICPA's most recent [PCPS CPA Firm Top Issues Survey](#), the most significant challenge facing CPA firms of all sizes across the nation today is client retention. This comes as a result of a lingering recession that has caused many companies to close and others to reevaluate and reduce their expenditures. While holding on to existing clients is crucial, efforts being made to retain clients are not particularly effective for building a referral base or attracting new clients. It appears that CPA firms must revise their priorities to move marketing to the forefront once again.

Diversifying client services will increase business opportunities

According to *Accounting Today's* "[Top 100 Firms 2010](#)," business valuation, litigation support and forensics/fraud services comprise three of the top five fastest growing niche areas. As a result of the current economic downturn, firms are turning to profitable niches like forensic accounting and business valuation for added value and increased business opportunities. Developing niches or specialty services allows firms to diversify their client services, which will

ultimately lead them to new clients. Attorneys often hire CPA experts for support with forensic accounting issues as well as valuation computations.

Results from *Accounting Today's "Top 100 Firms 2010"* reveal that business valuation has surpassed attest services as the fastest growing niche area with 74% of respondents reporting heightened activity in this line of business. This is largely because of "increasing levels of regulatory scrutiny in accounting and tax, particularly with respect to new fair value accounting standards, and, on the tax front, with regard to executive compensation such as stock options and deferred tax arrangements." New entrants to the field of business valuation have been increasing their offerings with the notion that this type of work is more lucrative than traditional accounting. At the same time, larger firms are becoming more heavily involved in valuation for financial reporting purposes for their non-attest clients. The result is a much more dynamic BV marketplace.

The demand for forensic accounting services continues to increase as a result of the growing incidence of white collar crime and litigation disputes. According to *Accounting Today's "Top 100 Firms 2010,"* 73% of respondents reported growth in their litigation practices and 69% of firms experienced growth in their forensics/fraud practices. Forensic accountants are frequently asked to help attorneys, boards of directors, management, regulators, law enforcement and others determine the facts surrounding complex financial matters. In today's environment, the marketplace expects forensic accountants to possess certain characteristics and core analytical, investigative and communication skills as well as relevant credentials or certifications.

The emergence of virtual education is changing the dynamics of learning

While there are many benefits to receiving face-to-face education, the emergence of virtual (e.g., web seminars, courses available on-demand, etc.) and self-study education has changed the nature of learning. Each provides CPAs with the convenience of having the ability to earn CPE credits online and the flexibility to participate at times suitable to their schedules. As travel and training budgets continue to be scrutinized, virtual and self-study education opportunities offer firms affordable, easily accessible options to stay up-to-date with valuable education opportunities.



RESOURCES FOR ADDRESSING THE TOP FIVE ISSUES

The AICPA's FVS Section has created tools and resources that help practitioners address a number of issues, including the ones that appear on the 2010 FVS Membership Top Issues Survey. Below, we provide a brief overview of some of the issues seen most often on the survey and some of the resources offered by the FVS Section to address them. FVS members have access to information and resources on these issues not only on the FVS website (aicpa.org/fvs), but also in the FVS member e-newsletter FVS Consulting Digest, the Forensic & Valuation Reporter SmartBrief and the FVS News e-newsletter.

Issues:

- 1 Keeping Up With Professional Standards
- 2 Keeping Up With the Evolving Valuation Body of Knowledge
- 3 Bringing In New Clients and Client Retention
- 4 Developing a Niche or Specialization
- 5 Access to Specialized Training

ISSUE 1

KEEPING UP WITH PROFESSIONAL STANDARDS

Four out of five respondents indicated that keeping up with the various professional standards is a top concern.

Statement on Standards for Consulting Services

Consulting services that CPAs provide to their clients have evolved from advice on accounting-related matters to a wide range of services involving diverse technical disciplines, industry knowledge and consulting skills. The AICPA issued its Statement on Standards for Consulting Services to address the distinctive nature of consulting services and provide standards of practice for a broader range of professional services.

The AICPA's valuation standards are published as **Statement on Standards for Valuation Services No. 1 (SSVS No. 1)**. Tools currently available to provide guidance on implementing the standards include the following:

Statement on Standards for Valuation Services

The AICPA developed SSVS No. 1 to improve the consistency and quality for members performing engagements that estimate values. SSVS No. 1 promotes greater transparency and provides a set of guidelines in the context of a CPA practice.

AICPA Valuation Standard and Implementation Toolkit

This toolkit provides checklists and guidance to aid CPAs in complying with SSVS No. 1.

Web Seminar Archive: Update on the AICPA's Statement on Standards for Valuation Services No. 1

The AICPA issued SSVS No. 1 in June 2007 with an effective date of Jan. 1, 2008. Since that time, there have been numerous technical questions submitted to the AICPA regarding the standard for clarification. In this web seminar, the panelists discuss the most commonly submitted questions and the AICPA Valuation Standard and Implementation Toolkit.

FVS Podcast: Navigating the Difference Between a Calculation and Conclusion of Value Under SSVS No. 1

In this podcast, the differences between a calculation and conclusion of value in accordance with AICPA's SSVS No. 1 are discussed. This podcast also covers what procedures may or may not be limited in a calculation and the reporting differences between a conclusion of value and a calculation of value.

ISSUE 2

KEEPING UP WITH THE EVOLVING VALUATION BODY OF KNOWLEDGE

The BV body of knowledge in practice has been evolving as a result of ongoing changes in the regulatory and economic environments. Examples of provisions that have a significant impact on the BV body of knowledge include:

- Fair Value for Financial Reporting
- Professional Standards such as AICPA's SSVS No. 1 and USPAP
- Court case rulings
- Federal government regulations

Here are some resources offered by the AICPA to help its members stay up-to-date on current developments:

AICPA ABV Exam Content Specification Outline (CSO)

The CSO provides an overview of the required BV body of knowledge potential ABV candidates must become familiar with to complete the first step on the pathway to obtain the credential.

FVS Web Seminars

FVS web seminars give participants the opportunity to learn about timely issues as well as interact with their peers. This virtual form of education provides participants with easy access to continuing professional education (CPE).

FVS Conferences

The AICPA hosts multiple forensic- and valuation-related conferences that allow participants to learn the latest techniques and guidance from thought leaders and FVS experts.

FVS Podcast Series

With the support of volunteer committees and task forces, the AICPA offers the FVS Podcast Series to provide its members with resources, tools and information to keep its professionals up-to-date with information on navigating in today's changing economy.

Forensic & Valuation Reporter SmartBrief

The Forensic & Valuation Reporter is a free monthly e-newsletter that contains updates on trends, news, legislation and events of interest to CPAs who practice in the areas of forensic and valuation services.

Exclusively for FVS Section Members

FVS Consulting Digest

This bi-monthly publication offers information and guidance on technical and practice management topics, discusses noteworthy current case law, and provides updates on valuable FVS Section resources, benefits and events.

FVS Web Seminar Archives

FVS Section members can download the recordings from the most recent web seminars in the archives. The recently recorded events are downloadable at any time, offering more flexibility for members to learn about timely issues.

Daubert Tracker

The critically acclaimed Daubert Tracker provides expert witnesses, judges and legal researchers with fingertip access to information associated with reported and unreported “evidentiary gate-keeping” cases.

ISSUE 3

CLIENT RETENTION AND BRINGING IN NEW CLIENTS

Respondents to the survey revealed that retaining existing clients and bringing in new clients have become top issues in a declining economy. The key to addressing these issues is to identify a professional marketing strategy that will retain existing clients, attract new clients and build referrals. Another option is to diversify your services to better serve your clients. The addition of forensic and valuation services to your existing client offerings will prevent existing clients from seeking specialty services from other firms. The AICPA's most recent [PCPS CPA Firm Top Issues Survey Commentary](#) offers the following action items for firms to consider when addressing client retention and attracting new clients:

Client Retention

- 1** Hold a partner meeting to discuss the firm's client retention practices. Before the meeting, assemble a list of client changes (losses, new additions) during the past year. How has the firm fared? Is there a pattern or noticeable trend? Has the firm lost clients for particular services, in certain industries, or because of fees? Based on this information, what changes can the firm make to stem the losses?
- 2** Establish client service standards. While each partner may be treating clients well, it's a good idea to set standards that are followed by everyone in the firm. They might address issues such as how soon calls should be answered, how often firm members visit or meet with clients, or any other issues the partners select.
- 3** Find out what the clients think. Many firms don't know about service or other problems until clients announce they're taking their business elsewhere. Practitioners can avoid this outcome by asking whether clients are satisfied, and if there is anything they would change in the services they receive or their relationship with the firm. This can be accomplished in client meetings or through inexpensive online surveys from sources such as [surveymonkey.com](#) or [zoomerang.com](#).

Bringing In New Clients

- 1 Acknowledge the issue. In a partner meeting or other strategic planning session, review the firm's current marketing efforts and consider whether they are adequate in a changing economic climate.
- 2 Assign responsibilities. Decide who will be in charge of the marketing effort and how every firm member will contribute to it.
- 3 Provide training or coaching. Younger staff in particular may have little experience in bringing in new clients, while more experienced professionals may need a refresher in marketing techniques.
- 4 Establish accountability. A great marketing planning meeting may inspire firm members, but it's important to monitor overall and individual efforts, identify which ones succeed and which don't, and revisit the strategy every few months to see where fine-tuning or revisions may be needed.

The AICPA offers the following resources to assist members with these areas:

ABV Mentor Program

The ABV Mentor program is designed to help new or future ABVs integrate into the ABV community by allowing them to tap into the experience of seasoned business valuation professionals who may be able to provide suggestions on how to reach out to new client bases.

FVS Podcast: Business Development Tactics for FVS Practices and Practitioners

Listen to one of our experts discuss the differences between running an FVS practice and a traditional practice, including the dependence on referral sources for the acquisition of new clients due to decreased instances of annuitized relationships.

Exclusively for FVS Section Members

CFF Marketing Tools

These tools help CFFs market their services and help their clients understand why they should select a CFF. Resources include:

- [CFF Press Release](#) - informs the community of the success in meeting the rigorous requirements in obtaining the CFF credential
- [Why Hire a CFF Brochure](#) - identifies the benefits of hiring a CFF and helps CFFs market their firms
- [Quick Reference Guide to Divorce-Related Tax Matters](#) - this guide summarizes many of the tax issues that arise during divorce proceedings
- [CFF Credential Logos](#) - various high and low resolution versions of the CFF logo that can be used in promoting CFF services

ABV Marketing Toolkit

This toolkit helps ABVs market their services and help their clients understand why they should select an ABV. Resources include:

- [ABV Press Release](#) - informs the community of the success in meeting the rigorous requirements in obtaining the ABV credential
- [ABV Brochure](#) - identifies the benefits of hiring an ABV and help ABVs market their firms
- [Presentation for Users of BV Services](#) - helps current or potential clients understand the need for a valuation professional and why they should select an ABV as their preferred valuation professional
- [ABV Credential Logos](#) - various high and low resolution versions of the ABV logo that can be utilized as an important component of promoting ABV services

BV Practice Management Toolkit

This toolkit was designed to provide guidance on how to build a successful business valuation practice.

Web Seminar: Creating a Niche Forensic Practice – Get Results: Better Marketing, More Effective Networking

This archived 2-hour web seminar provides an overview of the objectives of personal and firm marketing and networking plans, including the keys to marketing success, the art of networking and business development tools.

ISSUE 4

DEVELOPING A NICHE OR SPECIALIZATION

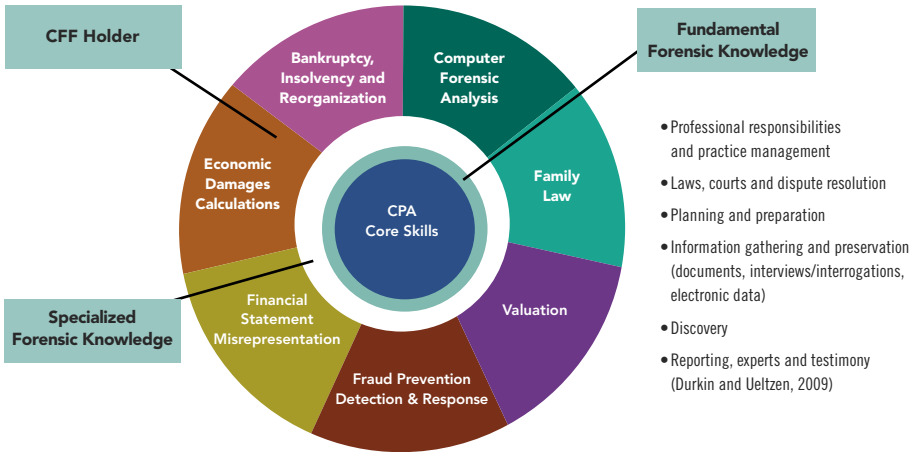
According to the Department of Labor Statistics, “Professional recognition through certification ... provides a distinct advantage in the job market. Certification can attest to professional competence in a specialized field of accounting and auditing.” The AICPA offers its Certified in Financial Forensics (CFF) and Accredited in Business Valuation (ABV) credentials in order to help CPA practitioners achieve success and personal career satisfaction through specialization and best practices.

CERTIFIED IN FINANCIAL FORENSICS (CFF) CREDENTIAL

The CFF credential is granted exclusively to CPAs who demonstrate considerable expertise in forensic accounting through their knowledge, skills, and experience. The CFF encompasses fundamental and specialized forensic accounting skills that CPA practitioners apply in a variety of service areas. The AICPA’s CFF Core Focus Wheel demonstrates the various areas of specialized forensic knowledge available to the forensic accountant.



Focus of the CFF



CFFs serve in many capacities. For example, a CFF might perform procedures to trace cash flow that was embezzled from a corporation, serve as a GAAP or GAAS expert in an alleged accounting fraud matter or compute economic damages in a litigated dispute.

ACCREDITED IN BUSINESS VALUATION (ABV) CREDENTIAL

The ABV credential is the preferred valuation credential among CPAs because it allows them to position themselves as premier business valuation service providers. ABV credential holders may brand or differentiate themselves by going beyond the core service of reaching a conclusion of value and creating value for clients through the strategic application of this analysis.

Financial Forensic Accounting Series

This series of 15 online courses, developed in partnership by the AICPA and Golden Gate University, covers the CFF Body of Knowledge and is available online and intended to educate CPAs about the specialized areas that fall within financial forensics. CPE: 38 credits

AICPA National Forensic Accounting Conference

At this conference, attendees learn how to apply complex analytical techniques, scrutinize online consumer transactions, explore public databases, conduct advanced interviews, face video depositions, analyze written statements, and more. CPE: 20.5 credits (main), 4.5 credits (optional) (est.)

AICPA National Business Valuation Conference

This conference is designed to help practitioners take advantage of this rapidly evolving field with important updates on new standards, cutting-edge skills and proven real-world strategies. CPE: TBD

AICPA Family Law Conference

The biennial AICPA Family Law Conference covers issues related to family law such as business valuation, rules of evidence, tax planning for divorce settlement, discovery of hidden assets, and more. CPE: 20 credits (main), 3.5 credits (optional)

AICPA/AAML National Conference on Divorce

The AICPA and American Academy of Matrimonial Lawyers (AAML) join forces to offer this biennial conference that addresses the latest divorce issues from both a legal and a financial perspective. CPE: TBD

AICPA National Fair Value Measurement and Reporting Conference

This conference is designed to help practitioners take advantage of the rapidly evolving field of fair value with important updates on new standards, cutting-edge skills and proven real-world strategies. CPE: 17 credits (main), 4.5 credits (optional)

AICPA National Business Valuation School

This intensive five-day program covers crucial topics that practitioners need to know about valuing a business and exposes participants to fundamental relevant theory, applications, best practice methods, and more.

Exclusively for FVS Section Members

Practice Aids and Other Non-Authoritative Guidance

FVS Section members have access to several practice aids (e.g., FVS Practice Aid 10-1: Serving as an Expert Witness or Consultant), special reports (e.g., FVS Special Report 09-1: Introduction to Civil Litigation Services), and white papers (e.g., Conducting Effective Interviews) that are designed to serve as non-authoritative educational guidance and reference material on technical issues.

BV Practice Management Toolkit

This toolkit was designed to provide guidance on how to build a successful business valuation practice.

Creating a Niche Forensic Practice Web Seminar Series

The archived recordings from this 17-part Web seminar series provide tips, tools and war stories on how to establish an effective forensic accounting presence in the local marketplace.



ISSUE 5

ACCESS TO SPECIALIZED TRAINING

The demand for forensic and valuation services continues to grow, but gaining the knowledge to those niches can be difficult. The AICPA has developed the following educational offerings in various formats to help its members gain the knowledge they need to expand their firms and train their staff to enter these lucrative practice areas:

Face-to-Face Training Opportunities

AICPA FVS-Related Conferences

The AICPA hosts multiple forensic- and valuation-related conferences that allow participants to learn the latest techniques and guidance from thought leaders and FVS experts. The FVS-related conferences offered by AICPA include:

- AICPA National Forensic Accounting Conference
- AICPA National Business Valuation Conference
- AICPA Family Law Conference
- AICPA/AAML National Conference on Divorce
- AICPA National Fair Value Measurement and Reporting Conference

AICPA National Business Valuation School

This intensive five-day program covers crucial topics that practitioners need to know about valuing a business and exposes participants to fundamental relevant theory, applications, best practice methods, and more. CPE: 45 credits

AICPA ABV Exam Review Course

The ABV Exam Review course is designed to provide a comprehensive overview of the business valuation information necessary to prepare candidates for taking and passing the written ABV Exam. CPE: 24 credits

Virtual and Self-Study Training Opportunities

FVS Web Seminars

FVS web seminars give participants the opportunity to learn about timely issues as well as interact with their fellow peers. This virtual form of education provides participants with easy access to continuing professional education.

Creating a Niche Forensic Practice

The archived recordings from this 17-part Web seminar series provide tips, tools and war stories on how to establish an effective forensic accounting presence in the local marketplace.

Financial Forensic Accounting Series

This series of 15 online courses, developed in partnership by the AICPA and Golden Gate University, covers the CFF Body of Knowledge and is available online and intended to educate CPAs about the specialized areas that fall within financial forensics. CPE: 38 credits

Introduction to Business Valuation

This self-study course introduces business valuation concepts, theory and application. A case study analysis of a small restaurant is interwoven into this course. CPE: 18 credits

Understanding Business Valuation

This self-study course combines real-world experience and fundamental information, and is a great in-depth first course for those seeking to learn more about this hot, premium-priced service for clients and attorneys. CPE: 31 credits

AICPA ABV Exam Review Course

The ABV Exam Review Self-Study edition consists of an in-depth, comprehensive review of the business valuation body of knowledge, more than 200 review questions and a final exam to assist in the candidate's preparation for the ABV exam. CPE: 13.5 credits

Fair Value Accounting: A Critical New Skill for All CPAs

Gain insights into the conceptual and practical reasons for using fair value as the required (or optional) measurement attribute for a number of new and existing accounting standards in this self-study course. CPE: Text - 11 credits; DVD/Manual - 13 credits

AICPA's Guide to Business Combinations, Goodwill and Other Consolidation Issues

Learn how SFAS Nos. 141 and 142 have changed the rules for business combinations and goodwill accounting in this self-study course. CPE: 8 credits



Forensic Accounting: Fraudulent Reporting and Concealed Assets

Forensic accountants are now called upon to detect fraudulent financial reporting and to redesign internal controls to prevent misappropriation of assets. This self-study course demonstrates how they can utilize common forensic techniques to recognize deceptive business activities. CPE: 8 credits

Advanced Forensic Techniques for Accountants

This self-study course builds on the knowledge gained in the AICPA course Forensic Accounting Fraudulent Reporting and Concealed Assets and focuses on the techniques used by accountants to conduct forensic accounting engagements. CPE: 12 credits

Fraud and the Forensic Accountant: Tackling Fraud from Start to Finish

Getting a firm grasp on the complex role of the fraud and forensic accountant can easily become overwhelming due to its breadth. This self-study course tackles this challenge head on by providing a “soup to nuts” look at the fraud and forensic accountant’s world. CPE: 39 credits

FVS is Committed to Helping You Build Your Forensic and Valuation Practice

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