



ANNUAL CONSULTANTS' CONFERENCE

JUNE 8-11
2011
SAN DIEGO

NATIONAL ASSOCIATION OF CERTIFIED VALUATORS AND ANALYSTS • INSTITUTE OF BUSINESS APPRAISERS

Track: **Practice Management**

Session Date/Time: *Friday, June 10, 2011 • 4:00 – 5:40 PM*

Session Title: **Non-Compete Agreements: The Uninvited Guest We Too Often Ignore**

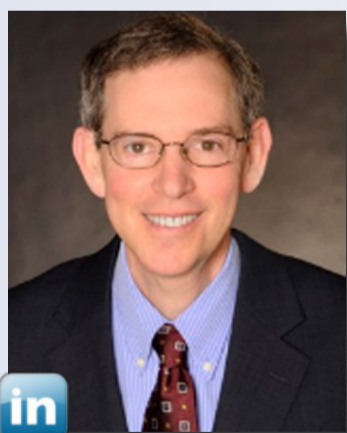
Session Summary: Non-competes are part of virtually every transaction, yet we too often fail to adequately consider what the non-compete agreement means to the value of the business in our valuation reports. Does Revenue Ruling 59-60 require us to consider non-competes?



Some valuation analysts try to ignore these agreements by stating that virtually no business deal will happen without one. Therefore, the value of a business implicitly includes a non-compete agreement. But if a non-compete agreement is a contract by the seller to not compete against the buyer after a sale, does the selling price include compensation to the seller from the buyer for surrendering his personal goodwill? This session will address the following questions: Should we be valuing non-compete agreements when we value a business? Does the market distinguish between deals with non-compete agreements and deals without agreements? What assumptions do we make about market transaction databases with regards to non-compete agreements? What lessons can we learn from Pratt's Stats? Should the final valuation amount exclude the value of the non-compete agreement? How might one value non-compete agreements and determine their impact on the value of a business? What do the courts say (including the Thompson 11 factor test)?

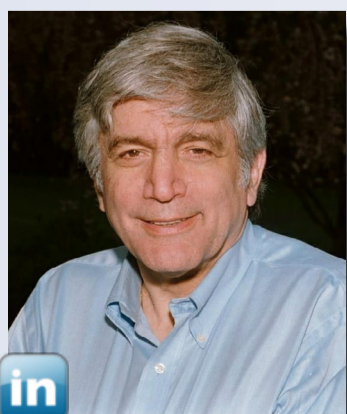
CPE Hours/Fields of Study: CPE: 2 • 2Hr-SK&A

Presenter Bio(s): **David H. Goodman, MBA, CPA/ABV, CFF, CVA**



David has provided services on numerous engagements, including business valuations for divorce and estate and gift tax; forensic accounting in divorce and employee fraud; determining damages in breach of contract; and determining value in shareholder actions. He performed engagements in a variety of industries, including manufacturing, construction, software development, service companies, trucking, medical care, and small businesses such as a video stores and restaurants.

Les Gosule, MBA, CPA, MT, CVA



Les received his Bachelor's degree in Business Administration from Bentley College in 1969 and his Master's of Science in Taxation from Northeastern University in 2001. Mr. Gosule earned the designation of Certified Valuation Analyst in 1995 and is a member of the National Association of Certified Valuators and Analysts. He is involved in business valuations, estate and succession planning, litigation support and all other aspects of business consulting for closely held business entities.