

## ON THE COVER



8

### RISK-ADJUSTED LOST PROFITS: WHY SOME METHODOLOGIES OVERCOMPENSATE PLAINTIFFS

*By Gene A. Trevino, PhD, ASA, CFA*

Much has been written about whether risk in lost profit projections should be accounted for in the numerator (lost profits) or the denominator (the discount rate) of the present value calculation. But few, if any, commentators have considered the issue from the perspective of making the plaintiff whole. The author argues that accounting for risk in the denominator is the only methodology that will make plaintiffs whole without overcompensating them.

## IN THIS ISSUE...

6

FROM THE EDITOR

### RINGING OUT THE OLD, RINGING IN THE NEW

*By Nancy McCarthy, Editor Emeritus, The Value Examiner*

As the turn of the millennium fades into the rearview mirror, Nancy McCarthy reflects on changes in the valuation community and at *The Value Examiner*.

15

### ESTIMATING ECONOMIC DAMAGES WITH LINEAR REGRESSION AND BAYESIAN NETWORKS (PART II OF II)

*By Kurt S. Schulzke, JD, CPA, CFE*

In 2010, Robert M. Lloyd wrote, "In an ideal world, a court would be able to hear the evidence, estimate the plaintiff's damages, and quantify its own confidence that the estimate was accurate." This article argues that Bayesian networks can move the legal world very close to Lloyd's ideal.

26

### NACVA AND THE CTI PRESENT THE 2019—40 UNDER FORTY HONOREES

*By Brien Jones, Chief Operations Officer and Executive Vice President of Business Development for NACVA*

Every year, NACVA and the CTI honor young professionals who demonstrate excellence, superior quality, and the spirit of pioneering so integral to our profession and our organizations.

## DEPARTMENTS

30

### ACADEMIC REVIEW

#### INSIGHTS FROM A NEW MEMBER OF THE BUSINESS VALUATION COMMUNITY

By Michelle Moor, BS, MSA

From time to time, *The Value Examiner* has the opportunity to check in with students who have graduated from programs featuring courses in obtaining a CVA. Michelle Moor is a recent graduate of Sacred Heart University, Jack Welch College of Business and Technology in Fairfield, Connecticut. In this article, Ms. Moor discusses her experience with the CVA program sponsored by the university.

34

### HEALTHCARE INSIGHTS

#### ASCs AND OFFICE-BASED LABORATORIES—VALUATION DISTINCTIONS AND CONSIDERATIONS PART II: CONSIDERATIONS

By Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA and Jessica L. Bailey-Wheaton, Esq.

The shift to outpatient care has resulted in the advent of a growing number of diverse outpatient office-based facilities tailored to meet the accelerated growth in demand for healthcare services, leading to the establishment of, among other enterprises, ambulatory surgery centers (ASCs), and, more recently, office-based laboratories (OBLs). Part I of this two-part series defined ASCs and OBLs and discussed their distinctions (regulatory and otherwise). In this issue, Part II identifies valuation considerations (i.e., value drivers and investment risk factors) emanating from those distinctions.

42

### PRACTICE MANAGEMENT

#### PRACTICING SOLO: GREGORY CLARK

By Rod P. Burkert, CPA, CVA

The author interviews sole practitioner Gregory Clark, CPA, CVA, from Valparaiso, Indiana.



*Production:* Mills Publishing, Inc.; *President:* Dan Miller; *Art Director/Production Manager:* Jackie Medina; *Magazine Designer:* Jackie Medina; *Graphic Designers:* Ken Magleby, Patrick Witmer; *Advertising Representatives:* Paula Bell, Dan Miller, Paul Nicholas, Chad Saunders; *Administrative Assistants:* Jessica Alder, Caleb Deane.

Mills Publishing, Inc., 772 East 3300 South, Suite 200, Salt Lake City, Utah 84106, (801) 467-9419. Inquiries concerning advertising should be directed to Mills Publishing, Inc. Copyright 2019. For more information please visit millspub.com.

### *The Value Examiner*<sup>®</sup>

#### EDITORIAL STAFF

CEO & Publisher: Parnell Black  
 Editor: Daniel Shiffrin, JD  
 Editor Emeritus: Nancy J. McCarthy  
 Associate Editor: Lynne Johnson

#### EDITORIAL BOARD

##### Chairman:

Lari B. Masten, MSA, CPA, ABV, CFF, CVA, ABAR, MAFF

##### Past Chairman:

Michael Goldman, MBA, CPA, CVA, CFE, CFF  
 Ashok Abbott, MBA, PhD  
 John E. Barrett Jr., MBA, CPA, ABV, CVA, CBA  
 Gary W. Baum, MBA, CPA, CVA  
 Neil J. Beaton, CPA, ABV, CFF, CFA, ASA  
 Rod P. Burkert, CPA, CVA  
 Lorenzo Carver, MS, MBA, CVA  
 Wolfgang Essler, CVA (Germany)  
 Richard W. Goeldner II, ASA, CBA, CVA  
 Judith Heim O'Dell, CPA, CVA  
 Andrew M. Malec, PhD  
 Danny A. Pannese, MST, CPA, ABV, CVA, CSEP  
 Kevin Papa, CPA, CVA, ABV  
 Donald Price, CVA, ASA  
 Angela Sadang, MBA, CFA, ASA  
 Keith Sellers, CPA, ABV  
 Sarah von Helfenstein, MBA, CVA  
 Todd Zigrang, MBA, MHA, FACHE, ASA

*The Value Examiner*<sup>®</sup> is a publication of:  
**National Association of Certified Valuers and Analysts<sup>®</sup> (NACVA<sup>®</sup>)**

5217 South State Street, Suite 400  
 Salt Lake City, UT 84107  
 Tel: (801) 486-0600, Fax: (801) 486-7500  
 E-mail: NACVA1@NACVA.com

#### ANNUAL SUBSCRIPTION

United States—\$215  
 International—\$255 U.S. Funds  
 Free to accredited university libraries

#### SUBMISSION DATES

Issue Submission	Dates	Publish Dates
Mar./Apr.	Feb. 15	Apr. 30, 2020
May/June	Apr. 1	June 30, 2020
July/Aug.	May 15	Aug. 17, 2020

#### ALL SUBMISSIONS

*The Value Examiner* is devoted to current, articulate, concise, and practical articles in business valuation, litigation consulting, fraud deterrence, matrimonial litigation support, mergers and acquisitions, exit planning, and building enterprise value. Articles submitted for publication should range from 500 to 3,000 words. Case studies and best practices are always welcome.

#### SUBMISSION STANDARDS

All articles should be thoroughly edited and proofread. Submit manuscript by e-mail (in standard word processing format) to Dan Shiffrin: DanS1@NACVA.com. Include a brief biography to place at the end of the article and a color photo of the author. See authors' guidelines and benefits at [www.nacva.com/examiner/Publishing\\_Articles.pdf](http://www.nacva.com/examiner/Publishing_Articles.pdf). *The Value Examiner* accepts some reprinted articles, if accompanied by appropriate reprint permission.

#### REPRINTS

Material in *The Value Examiner* may not be reproduced without express written permission. Article reprints are available; call NACVA at (800) 677-2009 and/or visit the website: [www.NACVA.com](http://www.NACVA.com).