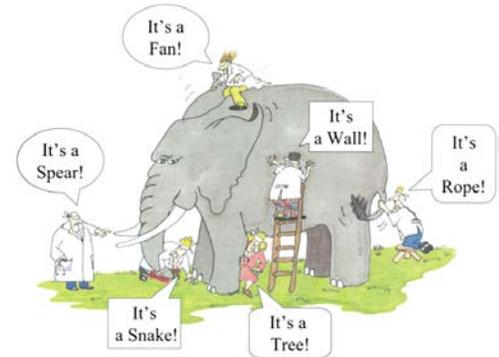




Consider the Cherry Tree

For decades, advisors have been providing guidance to the owners of privately-held businesses, based on accounting measures of inflows less outflows. This accounting-based guidance is offered piecemeal from within professional service silos. All silos are separately eager to add value and attain lifetime client loyalty, with little reference to the other silos.

The ancient story of the blind men and the Elephant aptly captures the scenario. Each service silo describes the part of the Elephant it is touching as the Elephant – “the bottom line”, “investor returns”, “net assets”, “personal wealth”, e.g. what is left over after cost has taken its bite out of inflows. But, this is not the Elephant – and guidance given with this view of the Elephant will be flawed.



We suggest that the Elephant = Value.

Sadly, common valuation practice, resulting in “value estimates”, is also flawed. It is too often performed like accounting and lacks realism + deep understanding. As we see it:

- **Value:** Effective business decisions must rely on an accurate understanding of the value the entity, project, or asset has and will create.

The rote application of valuation theory and methods is a computational exercise, not a valuation.

- **Realism:** The real context for decision-making is multi-dimensional, complex, and dynamic.

Unfortunately, standard value analytic methods are linear, simplistic, and static.

While a perfect copy of reality is neither possible nor desirable, the real-world elements and insights that are lacking in standard analyses can and do cause ineffective, costly decisions – now and in the future.

- **Deep understanding:** The power of understanding the inner nature of people and organizations should be both a critical component of the valuation process and one of its key outputs.

An estimate of value without attendant deep understanding is no better than a blank stare.



The VAD "Cherry Tree" Model

We believe both the client and advisor need to know if the Elephant is flourishing or starving and value is being created or destroyed – rather than focusing on the length of its trunk or tail.

So, our "Cherry Tree" model seeks to nourish and support client decision and operating processes with the deep understandings gained from holistic valuation practice. Our unique combination of traditional and non-traditional research, models, and analyses provide beneficial outcomes:

- Both advisors and clients will have real “value” benchmarks for the effects of current and future decisions.
- Both advisors and clients will no longer be locked into purely accounting-based decision-making.
- Clients will be able to hedge the downside and enhance the upside of the single most valuable asset they hold, adding greatly increased flexibility to their goals and plans.
- Clients will have the satisfaction of both knowledgeably growing value and getting the right price for it, when the time comes.
- Clients and their families will become better prepared for future transactions and events.
- Clients may even be able to add charitable giving as a regular feature of business and personal planning, because new sources of value have been discovered to support that.
- Advisors within a single firm can invite colleagues from other internal silos or from disciplines exterior to the firm to engage with clients in newly discovered areas of need.
- Advisors will gain increased trust, rapport, and reputation with clients and find it easier to grow services deeper within family systems and across client networks.

Finally, VAD can facilitate these and other benefits while remaining an independent, impartial third-party expert. No advisor or client needs to feel concern that VAD will interfere with a valued relationship or advocate for one party over another.

At VAD, Value + Realism + Deep Understanding creates a virtuous circle of benefits for the entire decision ecosystem.