BY SARAH E. MORROW

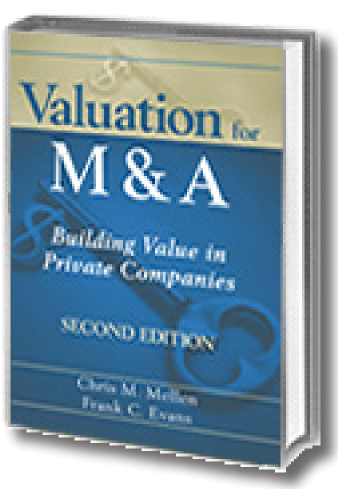
VALUATIONS CHALLENGES

Chris Mellen thrives in a challenging environment. As owner of Delphi Valuation Advisors, a business valuation firm based in the Boston area, it's a good thing he does, too.

The very nature of his work is challenging and complex: business valuation is not just about the numbers. In fact, number crunching plays a smaller part in the overall assessment of a business than many would think. The current economic situation as a whole and conditions within the client's industry in particular are important considerations, as are details pertaining to the company itself. A company's history, future prospects, management, customer base, strengths, weaknesses, opportunities and threats, for instance, are all taken into account.

It should come as no surprise then, that in business valuation, "there's always variety, you're always learning," according to Mellen. "You need to have a foundation in finance, a foundation in economics, accounting, analysis and research. You also have to be able to write," he continues, noting that it is a constant learning process. He and the rest of the nine professional appraisers at Delphi participate in professional education every year.

One of the difficulties of the profession is delivering within a deadline that has grown much tighter than it was when Mellen first became a valuation adviser, 24 years ago. Then, "deadlines were – on average – three months. Now they're often within four to six weeks and sometimes we get called to turn things around even quicker."



Delphi does valuations for a number of large, publicly-traded

companies. For the most part, however, the firm focuses on middle market, $5-50 million businesses. Companies request valuations for a number of different reasons, including tax compliance, financial reporting compliance, stock options, litigation support, strategic planning for the purchase or sale of a company and exit planning. Increasingly, exit planning is the motive for valuation as the baby boomers enter retirement age. He suggests that any business owner within five or six years of retirement should be thinking about or actively working on their exit plan.

In choosing someone to value your business, Mellen recommends asking a lot of questions about their specific process, quality control, experience and the deliverable. "If a quote seems low, the client needs to consider whether the appraiser they're talking to is doing everything he or she needs in order to provide a well thought out and defensible opinion of value," warns Mellen.

Even though his job is demanding – often requiring work on nights and weekends – he loves what he does and finds it "very rewarding to start a business and create jobs." In fact, in 2010 he coauthored a book published by Wiley, Valuation for M&A: Building Value in Private Companies.

It is easy to believe Mellen when he insists, "There's never a dull moment."

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