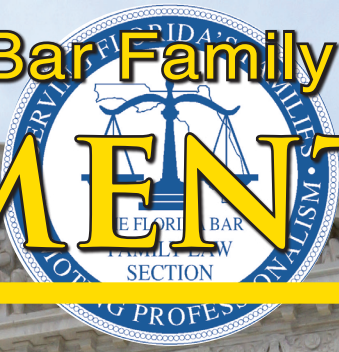


# The Florida Bar Family Law Section **COMMENTATOR**



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# Goodwill v. *Daubert*

By Thomas Gillmore, CPA, CFE, CVA, Winter Park, FL



T. GILLMORE

This article is intended to assist counsel in identifying, comparing and contrasting personal goodwill attributes versus enterprise goodwill attributes<sup>1</sup> in a marital dissolution

setting where the marital interest in a business becomes subject to equitable distribution.

The goodwill attributes referred to in this article can also be found in the various learned treatises authored by Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, President of Health Capital Consultants [Cimasi], and separately by David Wood, CPA, ABV, CVA, CFFA, author of a multi-attribute model (MUM) subjected to appeal in the Illinois 5th District that was upheld as admissible. A few of the goodwill attributes are electronic medical records, client call-back lists, systems in place, operational handbooks, a trained and assembled workforce in place (TAWF), preferable location(s) of the enterprise, phone number, website, and the like.

Whether in a collaborative setting or a contested divorce proceeding, counsel may need to evaluate the fair-market value of a business interest for the purpose of equitable distribution. A thorough understanding of the differences between personal goodwill attributes and enterprise goodwill attributes could result in a more equitable outcome in court or in settlement discussions.

Historically, valuation analysts simply ignored the differences between personal and enterprise goodwill other than to identify the personal name of an entity. More recently, analysts have begun to cor-

rectly observe the various types and differences of personal goodwill and enterprise goodwill, however, these analysts errantly began to opine on the relative importance of each attribute opening the gate for endless debate in court. The author opines that a binary approach to this issue is best suited for court or at the settlement table.

Florida Courts continue to admonish business valuation analysts who fail to distinguish and quantify goodwill attributes. In *Thompson v. Thompson*, 576 So. 2d 267, 270 (Fla. 1991), the Florida Supreme Court stated:

“We therefore answer the certified question with a qualified affirmative: If a law practice has monetary value over and above its tangible assets and cases in progress which is separate and distinct from the presence and reputation of the individual attorney, then a court should consider the goodwill accumulated during the marriage as a marital asset. The determination of the existence and value of goodwill is a question of fact and should be made on a case-by-case basis with the assistance of expert testimony.” (2) In *Held v. Held*, 912 So. 2d 637 (Fla. 4th DCA 2005) the court, during remand, stated; “for purposes of separating enterprise goodwill from professional goodwill, there was no distinction between a non-compete agreement and a non-piracy agreement.” (3) In *Schmidt v. Schmidt*, 120 So. 3d 31, 33-34 (Fla. 4th DCA 2013) the court, during remand, stated; “Because the \$2,520,562 value requires execution of a non-compete agreement, it is clear that such valuation still includes a personal goodwill component.”

Historically, valuation analysts have relied solely on the enterprise name to determine whether personal

goodwill exists. For example, upon identification of an individual’s name, e.g. Chris Jones, MD Family Medical Practice, Inc. or Edward Littles Plumbing, Inc. the errant analyst proclaimed cash, accounts receivable, furniture and fixtures, and liabilities to be the only transferrable enterprise value, never minding the existence of other transferable value such as electronic medical records, client call-back lists, systems in place, operational handbooks, a trained and assembled workforce in place (TAWF), preferable location(s) of the enterprise, phone number, website, etc., all of which have distinct and identifiable values commonly referred to as intangible assets. The analysts’ failure to include intangible asset values will impact a client’s equitable distribution worksheet significantly.

Triers of fact will appreciate counsel’s thoughtful analyses on this topic. In fact, the 2013 Florida Legislature codified acceptable types of business valuation expert testimony by modifying Section 90.702, Florida Statutes, “to adopt the standards for expert testimony in the courts of this state as provided in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), *General Electric Co. v. Joiner*, 522 U.S. 136 (1997), and *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137 (1999), and to no longer apply the standard in *Frye v. U.S.*, 293 F.2d 1013 (D.C. Cir. 1923)[.]”<sup>2</sup>

Under *Frye*, expert testimony was admissible if the principles and procedures were sufficiently established to have gained general acceptance in the particular field for which it belongs. Essentially the trial judge determined whether the testimony is relevant, i.e. whether the testimony assists the jury in understanding the evidence or determining a fact in issue.

In *Daubert*, the Court held that the subject of an expert’s testimony must be founded upon “scientific knowledge” and that this requirement established a “standard of evidentiary reliability.” The Court further explained that the “scientific knowledge” requirement means that the expert’s opinion must be more than subjective belief or mere speculation. The *Daubert* opinion articulated four factors to consider when determining the admissibility of expert testimony:

- Whether the theory can and has been tested.
- Whether it has been subject to peer review.
- The known or expected rate of error.
- Whether the theory or methodology employed is generally accepted

Under *Daubert* and its progeny, scientific expert testimony is admissible when the testimony meets the following three part test, according to *Kannankeril v. Terminix Int’l Inc.*, 128 F.3d 802, 806 (3d Cir. 1997).

- The proffered witness must be an expert. i.e., the witness must be qualified.
- The expert must testify about matters requiring scientific, technical or specialized knowledge.

- The expert’s testimony must assist the trier of fact.

Florida Courts receiving *Daubert* challenges have admonished valuation analysts who fail to defend their positions with scientific methods and who instead rely on subjectivity, opinion, and speculation. See *Hedges v. Klaus Doupe*, PA, 20th Circuit Florida in and for Collier County, Case No. 08-7526-CA (Jan. 21, 2014); *Perez v. Bell South Telecommunications, Inc.* 138 So. 3d 492, 497 (Fla. 3d DCA 2014); *Giarno v. Florida Autosport, Inc* 154 So. 3d 385 (Fla. 1st DCA 2014).

Using the binary approach to goodwill allocation, counsel’s valuation analyst and/or expert witness will preempt and prevent a *Daubert* challenge by eliminating references to the subjective “utility and importance” of goodwill attributes which is common in a Multi-Attribute Utility Model (MUM); and non-existent historically. In the binary approach, an attribute either exists or it does not. Recently, as seen on the national level, while using the multi-attribute utility model the valuation analyst by him or herself subjectively compares the relative importance of intangible assets such a workforce in-place, elec-

tronic medical records, systems and organization, a physician’s name, a person’s likability, etc. invites endless and costly debate. Disciplined simplicity in this analysis of goodwill attributes, e.g. using the binary approach, will alleviate the desirability and necessity of debating the importance of each specific attribute.

True, in the binary approach, there may be discussion about whether the attribute rises to the level of “making any difference whatsoever,” but that threshold is far less extensive than the burden of proving that the utility of an attribute rises to a specific level. For example, if an analyst concludes that a utility rises to an importance or effectiveness level of “4” on a scale of 1 to 10. An obvious response would be to question why that utility does not rise to a level 7 or 8. Additionally, one may ask how a level 4 differs from a level 7 in the analyst’s conclusion of the business interest’s fair-market value.

The experienced counsel or trier of fact will have a field day with the experts chosen utility level, finally proclaiming that the analyst’s method is too subjective to be reliable or repeatable.

**Side-by-side comparison of each attribute**

<i>Enterprise Attributes</i>	<i>Attribute Existence</i>	<i>Historic Approach</i>	<i>(MUM) Importance 1-10</i>	<i>Binary Approach</i>
Assemblage of Assets	No	Arbitrary Value		0
Barriers to Entry	No	Arbitrary Value		0
Business Location (GEO Preferred)	YES	Arbitrary Value	4	0
Business Name	No	Arbitrary Value		1
Business Reputation	No	Arbitrary Value		1
Patient Base	Yes	Arbitrary Value	2	1
Repeating Revenue Stream	No	Arbitrary Value		0
Systems and Organization	Yes	Arbitrary Value	8	0
Workforce in Place	Yes	Arbitrary Value	7	1
<b>Total Enterprise Attributes</b>		<b>1</b>	<b>21</b>	<b>4</b>

*continued, next page*



**Goodwill v. Daubert**  
from preceding page

<i>Personal Attributes</i>	<i>Attribute Existence</i>	<i>Historic Approach</i>	<i>(MUM) Importance 1-10</i>	<i>Binary Approach</i>
Ability, Skills, Judgment	No	Arbitrary Value		0
Age & Health of Practitioner	No	Arbitrary Value		0
Closeness of Contact	No	Arbitrary Value		0
Comparative Professional Success	No	Arbitrary Value		0
Marketing and Branding	Yes	Arbitrary Value	9	1
Personal Referrals	Yes	Arbitrary Value	8	1
Personal Reputation	Yes	Arbitrary Value	9	1
Personal Staff	No	Arbitrary Value		0
Personalized Business Name	No	Arbitrary Value		0
Work Habits	No	Arbitrary Value		0
<b>Total Personal Attributes</b>		<b>9</b>	<b>26</b>	<b>3</b>

Here is a comparison table showing three very different monetary outcomes associated with an \$800,000 business enterprise; based on the approaches to goodwill allocation mentioned in this article:

<b>Binary Approach</b>			Valuation of Enterprise	\$800,000
Enterprise	Personal	Total	Marital Equity (Enterprise Percentage)	57%
57%	43%	100%	<b>Equitable Distribution Worksheet</b>	<b>\$457,143</b>

<b>MUM Approach</b>			Valuation of Enterprise	\$800,000
Enterprise	Personal	Total	Marital Equity (Enterprise Percentage)	45%
45%	55%	100%	<b>Equitable Distribution Worksheet</b>	<b>\$357,447</b>

<b>Historic (Arbitrary Opinion) Approach</b>			Valuation of Enterprise	\$800,000
Enterprise	Personal	Total	Marital Equity (Enterprise Percentage)	10%
10%	90%	100%	<b>Equitable Distribution Worksheet</b>	<b>\$80,000</b>



## Appendix A

The work-flow analysis which follows this article as "Appendix A" is an excerpt of this author's valuation-report narrative developed in contemplation of relevant Wood/Cimasi goodwill attributes on a start-up clinical laboratory offering on-site collections. To provide fairness, the author uses an equal row-count of personal attributes to enterprise attributes as shown in the table of binary values.

The subject business is three-and-a-half years old as of August, 2015; owned by three shareholders with 40/40/20 voting rights, and employs 1099 contractors who perform the phlebotomy work on-site at nursing homes, residences and the like. Gross revenues are approaching \$800,000.00 and are scheduled to reach \$2 million in the coming years.

## In conclusion

In family law and commercial litigation settings with enterprise gross revenues ranging up to \$2.5 million the author has found many physician-owners, business-owners, spouses, attorneys, and judges to be accepting of the binary approach to goodwill analysis described here.

The author hopes that you also will find general acceptance of this model and that you experience smooth sailing with the binary approach to goodwill allocation.

*Thomas Gillmore, CPA, CFE, CVA, is a self-employed forensic accountant serving the Central Florida legal community from his office in Winter Park, Florida since January 2009. Tom he has attended advanced training in collaborative divorce and is passionate about encouraging spouses to at-*

*tain their full potential post-divorce. He can be reached at tomg@Gillmore-Accounting.com and www.FloridaDivorceCPA.com.*

## Endnotes

1 For further discussion on goodwill, see Thomas Gillmore, *Goodwill or a Good Guess*, Fla. Fam. L. Commentator 9-10 (Summer 2015).

2 Editor's comment: On October 26, 2015, Florida Bar President Ramón A. Abadin published a letter stating that the Florida Bar Board of Governors recently voted in support of retaining the *Frye* standard and sought comments to respond to the question: "Should *Florida Statutes* § 90.702 and §90.704, as amended by Chapter 2013-107, adopting the *Daubert* standard, be adopted as rules of evidentiary procedure, to the extent they are procedural?" The Board of Governors must consider and vote no later than December 15, 2015 on the procedural rule change before they are submitted to the Florida Supreme Court as part of the three-year cycle report due February 1, 2016. More available at: [www.floridabar.org/daubertfrye](http://www.floridabar.org/daubertfrye). As of the writing of this Article, the Board of Governors had not yet taken a vote.



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## APPENDIX A

### Enterprise Goodwill

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#### Assemblage of Assets (-)

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The analyst considered the following premises of value when contemplating whether the combination of total assets (or the assemblage of assets) can be differentiated from the mere fact that certain individual assets exist.

- Premise 1: Value in continued use as part of a going-concern i.e., the value of the firm as an ongoing entity as opposed to the liquidated value of its assets.
- Premise 2: Value in place, but not in current use in the production of income.
- Premise 3: Value in exchange, i.e. the orderly disposition of a mass assemblage of assets, in place, which does not include current use in the production of net economic cash-flow and will not include consideration of the assets as a going-concern enterprise.
- Premise 4: Value in exchange as part of an orderly disposition, i.e. where the assets are sold on a piecemeal basis, the sale not subject to significant time constraints.
- Premise 5: Value in exchange as part of a forced disposition, i.e. where the assets are sold on a piecemeal basis, the sale being subject to significant time constraints.

The assemblage the clinic's assets is in place and is used to generate revenue as described in Premise 1. However, the assets are easily replicated, e.g. tables, chairs, etc. Therefore, value allocation is not appropriate.

#### Barriers to Entry (-)

---

Depending on the specialty and location, it can be difficult and/or may take considerable time for new entrants in this industry to establish a referral base and other relationships with other physicians, hospitals and the local community.

However, the clinic, only three-and-a-half years in existence, has developed insufficient differentiating factors such as size, presence, long-term relationships and cost differentiators in this industry and in its geographic operating area to create difficulties (or barriers) to competitors entering the marketplace. Therefore, value allocation is not appropriate.



## APPENDIX A

### Business Location (-)

A business that is easily accessible and ideally located may have more enterprise goodwill. Convenience and recognition may be important factors to a particular business. Alternatively, a hard-to-find location may indicate that consumers are returning for other reasons, such as personal attention, price, or customer support.

The clinic's physical location is not relevant to the home-bound patient base which comprises approximately 98% of revenues. Therefore, value allocation is not appropriate.

### Business Locations Multiple (+)

If a business has multiple locations, it may mean that goodwill is more associated with the enterprise, and less with the individual, an individual cannot be in all locations at the same time and consumers' satisfaction is more likely to be associated with factors that are not personal.

The clinic's revenues are derived from on-site visitation to the patient's location. Therefore, value allocation is appropriate.

### Business Name (-)

If the name of the business carries the name of the business, there may be a greater level of enterprise goodwill present which will likely transfer to a willing buyer.

The clinic has roughly three-and-a-half years of activity to assess; meaning it is still in the development phase and is not yet well-established in the marketplace.

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. Therefore, value allocation is not appropriate.

### Business Reputation (-)

Business reputation is frequently a factor in determining the attraction of new business and a consumer's likelihood to return for future business. If the reputation is more directly related to the business in general, as opposed to the individual providing the service, then the goodwill is more likely enterprise goodwill.

The clinic has roughly three-and-a-half years of activity to assess; meaning it is still in the development phase.

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. Therefore, value allocation is not appropriate.

### Intangible Assets (-)

Custodial rights to medical charts and records, electronic medical records, and patient recall lists, are considered goodwill because they create the propensity for the continued patient-provider relationship. Therefore, value allocation is not appropriate.





## APPENDIX A

### Marketing and Branding (-)

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Name recognition of a product or service that is established through a marketing program and has achieved significant branding may indicate a higher level of enterprise goodwill. Marketing of the business, as opposed to the individual, helps to establish the enterprise as the source of the satisfaction.

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. Therefore, value allocation is not appropriate.

### Patient Base (+)

---

When a practice has a large, established patient base that requires recurring care, a greater business value is likely to exist. Some examples are:

- Direct contracting customer lists
- HMO enrollment lists
- Patient Lists

The clinic patients do not require recurring care similar to that which brought them to the clinic in the first place. The clinic interacts with a transient patient base. However, those patients are likely to need annual or more frequent recurring care. Therefore, value allocation is appropriate.

### Repeating Revenue Stream (-)

---

The nature of some businesses is that the consumer finds a need for the service on a regular or even scheduled basis. Vaccinations of pets, routine dental cleanings, and annual physicals are examples of specific services that generate repeat business. A consumer relationship that generates revenues through the year(s), although not necessarily on a scheduled basis, could also generate repeat business.

Although the clinic interacts with a transient-patient base there is a continued relationship with the nursing homes.

However, the clinic is still reliant on the personal efforts of the owners to retain current business. So, the business itself is not yet well-established in the marketplace. Therefore, value allocation is not appropriate.

### Systems & Organization (+)

---

The systems-and-organization attribute refers to all of the decisions made by management that create the structure of the business. It is broader than computer systems, and encompasses policies, manuals, procedures, methodology, forms, and documents developed to support the operations.

Systems and organization attributes include but are not limited to:

- Treatment Plan / Care Mapping
- Procedures and manuals



## APPENDIX A

- Laboratory notebooks
- Computer and software integration
- Maintenance and support relationships

The transferrable value of necessary systems and organization exists in the clinic and an established patient-base is the key. Therefore, value allocation is appropriate.

### Workforce In-Place (+)

In his work titled Valuing Intangible Assets in Exempt Healthcare Organizations, Volume 16, Number 03, January/February 2013, Mr. Cimasi writes:

1. The existence of any particular asset in a valuation is, of course, dependent on the facts and circumstances of that particular appraisal. However, the consideration of trained and assembled workforce (TAWF) as a class of intangible assets is in accordance with well-established economic valuation theory and principles.
2. TAWF can be separately identified, classified, and appraised, as a human capital intangible asset that is not bound up as an inextricable part of any goodwill, which may exist in a physician practice enterprise. The following characteristics should be observed:
  - a. TAWF can be specifically identified.
  - b. TAWF can be legally protected through contracts.
  - c. TAWF can be privately owned and transferable.
  - d. Employment contracts can be considered tangible evidence of TAWF existence.
  - e. TAWF comes into existence at the point of assemblage of the workforce.
  - f. TAWF can be "destroyed" by termination of employment.
3. The cost approach is commonly used in the valuation of an assembled workforce ... the value of the debtor company assembled workforce is based on the cost to recruit, hire and train new employees of comparable experience and expertise to that of the subject workforce.
4. [Furthermore], bankruptcy courts have stated that a debtor company's assembled workforce is, in fact, an asset that is subject to valuation and transfer. In *Glosband v. Watts Detective Agency, Inc.*, (S-07-345, Docket Number: Civ. A. No. 70-1336-N, Filed: 8/28/1981) the court emphasized that while individuals themselves are not property, if an assembled group of employees are transferred, there is a reasonable assumption that at least some would remain with a new owner for a period, giving them property value within the meaning of the Bankruptcy Act.

During the appraisal of the subject clinic the appraiser considered the following cost items:

- Replacement cost new – the cost to create the ideal workforce
- Reproduction cost new – the cost to recreate the actual current workforce
- Four cost components



## APPENDIX A

- Direct costs – recruitment/relocation fees
- Indirect costs – interview/hiring/training time
- Developer’s profit – return on direct and indirect costs
- Entrepreneurial incentive – lost income during the workforce assemblage period (i.e., an opportunity cost)

The clinic has a workforce in place that would be transferrable to a buyer. Therefore, value allocation is appropriate.

### Personal Goodwill

---

Professional (or personal) goodwill is not transferrable. Even with long transition periods of introduction for a new acquiring physician owner, the charisma, skills, reputation, and personal attributes of the seller cannot, by definition, be transferred.

Personal goodwill is what would make a doctor’s patients follow him or her even if he or she changed location, staff and phone number.

#### Ability, Skills, and Knowledge (-)

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There are insufficient differentiating factors in this category to distinguish the owners from their competition in this industry. Therefore, value allocation is not appropriate.

#### Age & Health (-)

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There is likely less personal goodwill in the case of an older or unhealthy practitioner, because future earnings are not expected to continue for a long period of time.

The age and health of the individual is considered when weighing the likely longevity of the continuing goodwill. This could be particularly important if the individual’s health is poor and/or his or her age is advanced.

There are insufficient differentiating factors in this category to distinguish the owners from their competition in this industry. Therefore, value allocation is not appropriate.

#### Closeness of Contact (-)

---

When a service is performed or product is offered by the individual, the closeness of contact generally increases the likelihood that the goodwill that is generated will be personal. For example, an anesthesiologist may have little or no personal contact, while an ophthalmologist can have substantial personal contact.

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. However, the owners themselves do not generally perform the on-site work.

## APPENDIX A

There are insufficient differentiating factors in this category to distinguish the owners from their competition in this industry. Therefore, value allocation is not appropriate.

### Comparative Professional Success (-)

There are insufficient differentiating factors in this category to distinguish the owners from their competition in this industry. Therefore, value allocation is not appropriate.

### Marketing & Branding (+)

Name recognition for the individual, as opposed to the product or service that is established through marketing efforts to tie the individual's name to the business may indicate a higher level of personal goodwill. This might involve the individual's direct involvement in media advertisements and other marketing efforts.

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. Therefore, value allocation is appropriate.

### Personal Referrals (+)

A personal in-bound referral is defined as a referral from an outside source, such as a patient or a referring physician which has been made to a particular individual. The person making the referral is aware of some trait that makes the individual an appropriate referral. Typically, referrals are made because an individual has a specialized skill, talent, or reputation, and has inspired confidence in the referral source.

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. Therefore, value allocation is appropriate.

### Personal Reputation (+)

If the reputation of the individual whose personal goodwill is being assessed is positive and strong then the likelihood increases that the resulting goodwill is personal.

For example: The best plastic surgeons are internationally renowned in their field and can attract patients from around the world. On a smaller scale, word-of-mouth recommendations from satisfied clients go a long way toward drawing new business

The clinic is still reliant on the personal efforts of the owners to gain new business. So, the business name itself is not recognized well enough to entice new business activity. Therefore, value allocation is appropriate.



## APPENDIX A

### Personal Staff (-)

Personal staff employees work for the business because of the personal reputation or knowledge of the individual whose personal goodwill is being assessed. If employees of a business chose to work for the business specifically to have the opportunity of working with and learning from this individual, they are more inclined to leave if this individual is no longer associated with the business.

There are insufficient differentiating factors in this category to distinguish the owners from their competition in this industry. Therefore, value allocation is not appropriate.

### Personalized Name (-)

If the name of the business carries the name of the individual, there may be a greater level of personal goodwill present. The goodwill may be more difficult to transfer, particularly if a name change is anticipated. Therefore, value allocation is not appropriate.

### Work Habits (-)

When comparing two business owners working the same amount of hours in the same specialty the physician who works more efficiently is likely to have more personal goodwill. Increased time spent per patient is also a likely-indicator of personal goodwill.

There are insufficient differentiating factors in this category to distinguish the owners from their competition in this industry. Therefore, value allocation is not appropriate.



Binary Table:

<i>Enterprise Attributes</i>	<b>Add to Scale (0,1)</b>	<i>Personal Attributes</i>	<b>Add to Scale (0,1)</b>
Assemblage of Assets	0	Ability, Skills, Judgment	0
Barriers to Entry	0	Age & Health of Practitioner	0
Business Location (GEO Preferred)	0	Closeness of Contact	0
Business Locations (Multiple)	1	Comparative Professional Success	0
Business Name	0	Marketing and Branding	1
Business Reputation	0	Personal Referrals	1
Patient Base	1	Personal Reputation for judgment, skills, knowledge	1
Repeating Revenue Stream	0	Personal Staff	0
Systems and Organization	1	Personalized Business Name	0



## APPENDIX A

Workforce in Place	1	Work Habits	0
Total Enterprise Attributes	4	Total Personal Attributes	3

Enterprise 57%	Personal 43%	Total 100%
-------------------	-----------------	---------------

In this example the clinic sought to buyout or push-out a 40% shareholder who had allegedly misappropriated funds caused EBITDA (earnings before interest, taxes, depreciation, and amortization) to be unreliable.

Goodwill summary: The author compared the clinic's gross profits and net sales to known market transaction of similar companies; applied the goodwill ratio; and then added in discounts and premiums for a conclusion of value.

Gross Profits Valuation		\$393,038
Net Sales Valuation		\$496,153
<hr/>		
Indicated Value by Market		\$444,595
<hr/>		
Market Comparable Valuation		\$444,595
Value of Personal Goodwill	43%	\$191,176
Value of Enterprise Goodwill	57%	\$253,419
<hr/>		
Enterprise Goodwill		\$253,419
Minority Discount 10%		-\$25,342
Brokers' Fee 10%		-\$25,342
Prepare for Sale (Mgmt.. Time)		-\$15,000
Liabilities		TBD
Recapture of Funds		-\$24,000
<hr/>		
Transferrable Value		\$163,736
<b>40% Allocation to Shareholder</b>		<b>\$65,494</b>

