



PRACTICE MANAGEMENT



Practicing Solo

“Practicing Solo” features interviews with our industry’s seasoned sole practitioners. If you are itching to join the solo ranks, or striving to be more efficient and effective in your established one-person firm, this column offers you practical advice, steeped in experience from the trenches, that can move you forward.



By Rod P. Burkert, CPA/ABV, CVA

INTERVIEW: PETE BUTLER

I hope you enjoyed last issue’s interview with Lari Masten. This interview features Peter J. Butler, CFA, ASA, of Eagle, Idaho ... yes, *that* Pete Butler.

Pete is a graduate of the United States Naval Academy, and currently resides in a land-locked town just outside of Boise. Pete is a relative newcomer to the solo practice ranks, going out on his own in 2010. His practice sweet spot is estate and gift tax valuations. Here’s what he had to share.

Rod: What was your first year like, and what would have made it better?

Pete: My first year was fairly difficult for a couple of reasons. That year was (just like today) not economically robust. Second, Idaho is a small state and Boise is even a smaller town. And what I mean by that is, many relationships are already in place. There are appraisers/expert witnesses in town who’ve been here a very long time, and they are the ones who are at the “top-of-mind” when juicy assignments develop.

My first year would have been better if I had been more cognizant of creating relationships before I went out on my own. It really was not expected or required of me to develop new business while I was an employee at my former accounting firm, since the partners I worked for were some of the people who had been in town “forever.” I did most of the behind-the-scenes work for the partners, who then either signed the report or testified in court. Business just seemed to fall into our laps, so to speak—until the Great Recession hit in late 2008. By late 2009 I was planning the adventure of running my own firm.

Rod: Do you practice in a specialized niche?

Pete: While I mentioned that estate and gift tax is my “sweet spot,” I do not specialize in a particular niche. Reiterating, Boise is a small town. I think I would probably go hungry if I specialized in only a niche or two. I have had diverse assignments in my first two years of solo practice, including: 409A work, securities class action litigation, litigation support/lost profits, estate and gift tax compliance, divorce, mergers and acquisitions, SBA lending, and partner buy-in/buy-out, to name a few.

Rod: How do you price your engagements?

Pete: I definitely do not want to be Boise’s low-cost provider...that position is not good for any individual or for the industry. Case in point, I lost an SBA lending appraisal assignment to a qualified appraiser (ABV) who bid a whopping \$1,000 for the job. I realize this type of work has been commoditized, but \$1,000. Really?

In Idaho, I believe I am near the top end of the price range, but definitely not the top, which is reserved for the people who have been here “forever,” some of whom don’t even have a valuation designation. While I think I could charge what these other people do (or more), given my credentials and experience, I do not because I am still fairly new in running my own practice.

Rod: Do you work from a home office or an office office?

Pete: I work from a home office. This office setting has its plusses and minuses. The upside: no commute, and the ability to work whenever I want. The downside: the ability to

work whenever I want and, with two kids aged 9 and 12, the potential for distractions. It requires self-discipline to make it work. I think there is also the potential stigma of working from home. It always carries more cachet to work from a traditional office, and so rarely, if ever, do I have a meeting at my home office.

Rod: Got liability insurance?

Pete: You bet. I just switched to a new carrier, Program Insurance, out of Denver. They lowered my annual premium by 50 percent. (Note from Rod: this is not a product endorsement; your mileage may vary.)

Rod: Who reviews your work?

Pete: I have some independent contractors whom I pay by the hour as needed, generally on the more complicated assignments or the assignments that have potential for higher scrutiny. Together, we bring a varied skill set to the table.

Rod: Do you have a support group to call upon?

Pete: Absolutely. I use my independent contractors. Also, some appraisers I've met via business valuation conferences and LinkedIn have turned into an excellent support group.

Rod: How do you differentiate yourself from larger firms?

Pete: What I am trying to do is to highlight my contribution to the industry. I realize some may believe that to be a controversial statement, but I am sticking to it!

My business card, e-mail, and website have my firm's tagline, "More Empirical, Less Subjective," prominently displayed ... directing people to check out a link to the Butler Pinkerton Calculator (BPC). Regardless of what your readers think about total beta and the BPC, the development and commercialization of the technique has created opportunities for me to speak at national and regional business valuation conferences (and in the future, international conferences) and to publish numerous articles in all of our major valuation journals. Other than my good friend, Keith Pinkerton, no one in the Boise area can remotely claim similar experience.

Because of the BPC, I've met and established some very strong industry connections—for research and additional articles as well as for business development. I've co-authored a couple of articles with fellow appraisers I haven't even met in person. I've also come in behind the scenes to provide valua-

tion work for fellow appraisers. I've also been able to secure out-of-state work because of the publicity (or notoriety, as the case may be) that the BPC has provided me.

Rod: How do you stay technically current with changes in the profession?

Pete: I struggle with this as much as the next person. There is so much to read, and I feel I need to read more. There is work to get out the door and work to bring in the door. When I get invited to speak at conferences on total beta or the BPC, I make it a point to attend most or all of the conference to get the maximum CPE credits.

Rod: What practice areas do you think offer the most promise?

Pete: I think one of the most promising areas is estate and gift tax, given the possible change in exclusion amounts in 2013. Second, with the expected retirement of the baby boom generation, I believe merger and acquisition appraisal/consulting should also be an interesting line of work. Idaho does not have many publicly traded companies, so fair value work does not hold much promise for me, but I know that is a lucrative, recurring line of work for many.



Peter J. Butler

Rod: What has been your best marketing tactic?

Pete: Good question. I think the best tactic has been just "getting out there"—which is something, unfortunately, that I did not concentrate on when I was an employee. And it's hard to say which "getting out there" tactic has worked best.

I have joined two informal networking groups—informal meaning it does not cost anything (like BNI, for example, where lead generation for other members is not only expected but essentially required). My groups are more educational and relationship-based, other than the cost of lunch once a month. I have also joined the Boise Estate Planning Council, which meets monthly. I am still active with the local CFA chapter, now serving my fourth consecutive term as president.

I write a column in the Idaho Society of CPAs' quarterly electronic newsletter as well as a recurring column in the local business journal, the *Idaho Business Review* (for which I need to write more frequently). I have advertised in various publications, such as the local bar journal, as well as in the local business newspaper ... it's tough to say if those advertising dollars were well spent, however. I cannot point to an assignment resulting from the advertising, but I'm hoping I at least

garnered some awareness. In any event, I am not sure I will continue with those advertising efforts because it's difficult to track their success.

I try to take referral sources to lunch when possible. This builds closer connections, of course.

I have also been fairly active on LinkedIn. I frequently comment on various valuation discussion boards, and I've forged some virtual relationships. When I left my old firm, I had about 250 LinkedIn connections; I'm almost at 900 now. Unlike others, however, I cannot personally point to a specific assignment that has developed due to my time on LinkedIn. So far, I think it's just led to awareness of my existence for potential clients.

I have received some positive compliments on my website (www.valtrend.com). Occasionally, I receive direct phone calls or e-mails from my website. Often, however, these people are price shopping and looking for the low-cost provider in town—generally, not great prospects.

I am quite certain my marketing efforts could be better. This seems to be the biggest dilemma in running a solo shop: the tug on one's time between getting the work and doing the work.

Rod: Finish this sentence: If I knew then what I know now, I would ...

Pete: I would have worked harder at forming closer personal and business relationships from the moment I left the Navy. I am getting much better at this now. I try to be helpful and to be a connector, rather than a "taker"—which, let's face it, is kind of hard as a business appraiser. For example, appraisers are normally the last one in on assignments. We are generally not part of business owners' inner circle of trusted advisors, such as CPAs, attorneys, commercial bankers, and wealth managers. Therefore, business appraisers must form separate relationships with these advisors, as we all know. In any event, if I can introduce two people who can benefit each other, I try to do so.

I also would not be so naïve about the introduction of new ideas and techniques. It never occurred to me six years ago that total beta or the BPC would be vilified by some. In any event, I rolled out my own practice in March 2010 while in the middle of a case in which I had used the BPC. Fortunately, the BPC passed a *Daubert* challenge in that case in December 2010.

The opposing attorney focused on some of the negative articles in an attempt to get me and the technique excluded. If he had been successful, it could have possibly been a death sentence for the BPC and could have significantly hurt my future prospects as an appraiser and expert witness. Of course,

there is always the possibility that another *Daubert* challenge will be successful, but less likely now.

That's a wrap! Do you have a question you would like me to ask in an interview? Got an idea for someone you would like me to interview? Or a question you'd like to ask me? E-mail me at rod.burkert@burkertvaluation.com, and I'll see what I can do. **VE**



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