

Put it all in the Brief
by Christiaan Vorster

I was recently contacted by an attorney to act as an independent financial expert in a valuation matter. I was given a short telephonic brief that I interpreted as being to assess someone else's business valuation from the perspective of the majority shareholder with a controlling interest in and an extensive knowledge of the industry in which the company being valued operates. After I had spent some time on the assignment and raised some pertinent questions, the answers I received from the instructing attorney revealed that, in fact, they are acting for a minority shareholder without a controlling interest. This obviously had a major influence on the assessment of the original valuation!

Miscommunications such as this can easily happen and ultimately result in loss of valuable time and extra costs. Which brings me to the importance of the brief. Although the items I highlight below appear to be straightforward and matters of common sense, it is prudent once again to revisit the contents of a brief to a financial expert.

From a financial expert's point of view, the following items, amongst others, should be considered when preparing a brief:

- *The brief should be in writing*
Even though the brief may be given at a meeting, the contents of all meetings or telephone calls should be confirmed in writing. This will ensure that any misunderstandings are cleared up immediately.
- *Background to the assignment should be complete*
A detailed background to the assignment, the reasons for engaging the expert, the parties to the matter and the process leading up to contacting the expert need to be included in the brief. If the assignment relates to a legal matter, the facts of the matter should also be included.
- *The scope of the assignment*
Exactly what it is that is required from the expert should be clearly spelt out. For example:
 - an independent opinion (i.e. on value);
 - advice on whether accepted standards have been adhered to (e.g. International Valuation Standards);
 - advice on the proper financial model which should be used (e.g. a valuation model or forecast).

Information available

The expert should have firsthand knowledge of all information and information sources available for the assignment. That way the expert can assess if additional information is required before commencing with the assignment.

- *The timeline for issuing feedback regarding the assignment should be included in the brief*

- *The format of the feedback required should be stated.*
For example:
 - a valuation report, or
 - an independent opinion.

- *Any future potential engagements in connection with the assignment should be indicated.*
If the assignment forms part of a current legal matter, potential dates for arbitration, appeals, court appearances, etc. should be stipulated.

Ensuring that the brief is accurate will help greatly in eliminating possible misunderstanding and ultimately save time and costs for all parties involved.

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