

OUR PATH FORWARD

2023 SURVEY RESULTS AND STRATEGY UPDATE



2023 SURVEY RESULTS AND STRATEGY UPDATE

CBV Institute's annual Member and Registered Student survey, Our Path Forward, is a testament to our strong commitment to our stakeholders and our desire to maintain and progress our standing as leaders in business valuation, both in Canada and globally. The insights drawn from this survey are learnings that are fundamental to navigating a path forward for the business valuation profession and CBV Institute, and in shaping our strategy and future initiatives.

In this document, we present a synthesis of the thoughts and opinions expressed in the 2023 survey in conjunction with an update on key strategic initiatives. The survey responses are arranged by the Institute's strategic pillars – the four areas on which our strategy is focused – these being Education, Professional Excellence, Brand Strength, and Stakeholder Value.

EDUCATION

“Education” refers to the education, training, and assessment provided to Registered Students in CBV Institute’s Program of Studies (the “Program”), including the Membership Qualification Exam (MQE).

KEY TAKEAWAYS FROM THE 2023 ANNUAL SURVEY:

- 75% of respondents who engage with the Program (i.e., Registered Students or CBVs who employ Registered Students) are satisfied with the Program’s ability to prepare or support Registered Students for work, from a technical perspective. A further 20% had a neutral opinion. Respondents indicated a desire for additional practical examples, problem sets, and case studies within course material to bridge the gap between theory and practice, which could better prepare Registered Students for the Membership Qualification Exam (MQE).
- Additional education or training with respect to written and oral communication skills would be useful to better prepare Registered Students in communicating with consumers of valuation services and articulating valuation findings. Respondents indicated that this was also the responsibility of employers to provide such training, either formally or informally.

CBV Institute is committed to the continuous advancement of the Program of Studies to ensure it remains a best-in-class business valuation education program. In 2023, the Institute completed its comprehensive updates to the core courses in the Program of Studies, specifically the Level III and IV courses. The updated courses, which were released after the survey was issued, include additional examples and case studies. Such updates were done with the goal of better engaging learners and preparing Registered Students for the MQE.

Responses in the 2022 and 2023 survey indicated that additional financial modeling training was needed for Members and Registered Students. In 2023, an agreement was signed with Financial Modeling Institute (FMI), which secured Registered Students’ complementary access (and discounted access to Members) to FMI’s Foundations in Financial Modeling course, and significant discounts to FMI’s Advanced Financial Modeling accreditation. In addition, the Institute released a new video-based Excel financial modeling course, which offers a deep dive into creating a comprehensive financial model to value a business.

PROFESSIONAL EXCELLENCE

“Professional excellence” encompasses the supports provided to CBVs and Registered Students in assisting them to deliver the highest quality services to the market, including best-in-class practice standards, helpful resources, and timely and practical continuing professional development.

KEY TAKEAWAYS FROM THE 2023 ANNUAL SURVEY:

- Only 10% of respondents reported current utilization of automated valuation models (AVM) or valuation software/platforms (excluding Excel/ spreadsheets and Capital IQ), with an additional 12% considering their adoption. Internally developed/ custom models were by far the most common tool cited by respondents. Despite the relatively low usage rates, 40% of respondents felt that AVMs and/or valuation software/platforms will be a net benefit to the business valuation profession over the next three years.

The Institute recognizes this evolving topic area is one of high importance in terms of training, communications, and professional standards, and efforts are already underway in these domains.

AVMs and valuation software/platforms were only one area addressed by the Institute and its Professional Practice and Standards Committee (PPSC) in 2023. In 2023, the PPSC continued its important work on improving the Institute’s practice standards and was supported by several working groups and task forces focused on specific topics, including pricing analysis, family law, and joint retainers. Further, the Institute’s Board of Directors approved International Valuation Standards (IVS) for optional use at its September meeting. This approval allows for CBVs around the world to provide valuation reports in accordance with IVS when such standards are preferred or required by end-users and elevates the CBV brand globally.

- In terms of CPD, the 2023 survey indicated a strong preference for the Institute’s current format of CPD delivery:
 - Two-day Congress (same as current structure) – 47% of respondents.
 - One-day Congress with topics focused on specific practice area (e.g., litigation support, valuation for financial reporting, deals/ transactions) – 5% of respondents.
 - Seminars or workshops (up to one day in length, focused on specific topic) – 8% of respondents.
 - Webinars – 40% of respondents.

- Respondents highlighted several topic areas for future CPD content that they considered a priority. Interest in diverse CPD topics shows a clear desire among CBVs for a broader knowledge base, ensuring their skills remain relevant in an ever-changing business environment. Respondent's top CPD topic area choices included:
 - Valuation tools.
 - Communications and interpersonal skills (e.g., improving written and oral communications, negotiating skills, conflict management, etc.).
 - Practice standards (CBV or International Valuation Standards).
 - Recent court decisions.
 - Advanced private equity topics.

The Institute's Events team will use this information to continue structuring CPD and sourcing speakers on emerging and specific topics in a timely fashion.

In 2023, the Institute continued its efforts to provide high quality CPD on a timely basis, including via collaborations with valuation professional organizations around the world; financial, accounting, and legal organizations; and regulators. These efforts were rewarded with an increase in CPD people-hours of more than 60% in 2023 over 2022.

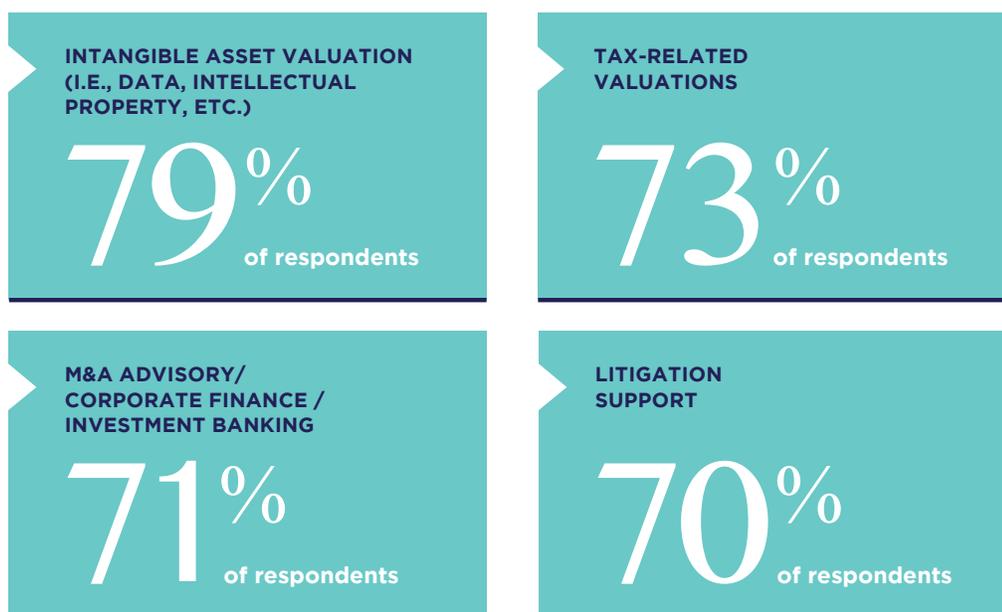
“These efforts were rewarded with an increase in CPD people-hours of more than 60% in 2023 over 2022.”

BRAND STRENGTH

“Brand strength” refers to initiatives designed to increase knowledge of and confidence in the CBV designation, the work that CBVs do, and the Institute’s Program of Studies. It encompasses the work done by CBV Institute’s Marketing and Communications team, including the publication of thought leadership.

KEY TAKEAWAYS FROM THE 2023 ANNUAL SURVEY:

- Thought leadership is the expression of ideas which demonstrates that a party has expertise in a particular field. The Institute’s thought leadership is geared toward external stakeholders, with the goal of positioning CBVs and CBV Institute as industry leaders in business valuation. In terms of thought leadership, while respondents felt that thought leadership in most of the topic areas suggested in the survey would be beneficial, the following areas were identified as important or very important:



The Institute will use this information to source CBVs to produce thought leadership on these areas. In 2023, the Institute generated considerable original thought leadership on the topics suggested by Members and Registered Students in the 2022 Survey.

- Two-thirds of respondents believe demand for their services will increase over the next three years. Respondents cited the following reasons for this increase:

**Valuation Expertise and Services Expansion:**

This is due to an increased emphasis by both the Institute and CBVs/their employers on improved market awareness of CBVs' roles and capabilities, and on improving the quality and breadth of valuation services provided by CBVs.

**Increased Demand and Complexity in Valuation:**

The market is experiencing a higher volume of complex transactions, including work in succession planning and litigation support, driving a need for sophisticated valuation knowledge and services.

**Generational Shifts:**

As older and experienced CBVs (and related practitioners, such as CPAs) retire, CBVs are seeing increased referrals from various sources, and heightened demand for skilled professionals to provide detailed and accurate valuations.

While an expectation of increased demand for CBV services is a positive outlook for practitioners, the Institute recognizes the importance of a robust pipeline of new CBVs to support market demand and the Institute's healthy continuity. Plans and efforts are currently in place to support this objective. In 2023, marketing and communications efforts were targeted at university students and young professionals, with the goal of increasing enrolments in the Program of Studies to maintain and grow a healthy pipeline of CBVs.

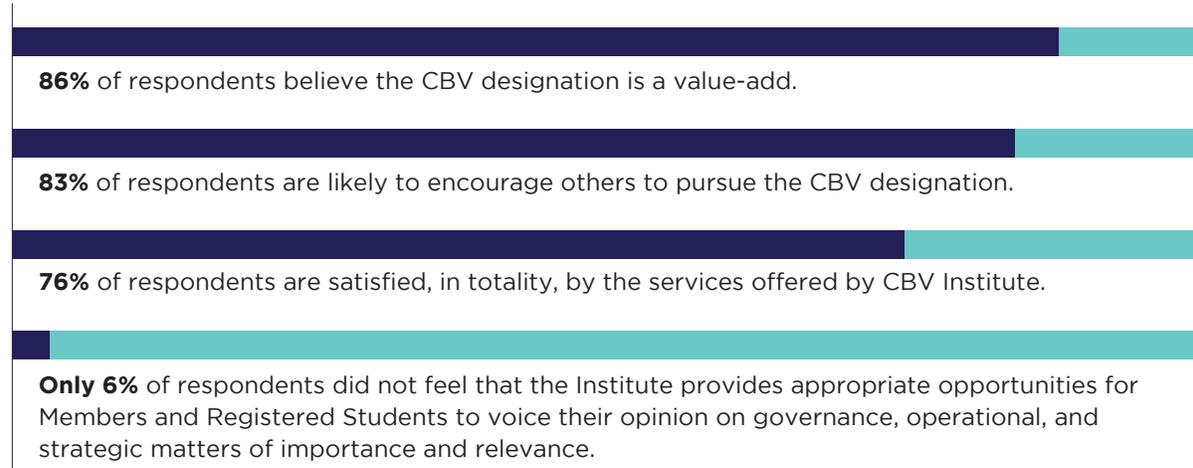
2023 was a banner year for CBV Institute's marketing and communications. Several initiatives served to increase CBV brand recognition and strength, as evidenced by a significant increase in social media traffic and followers, and an uptick in course and MQE registrations. Such initiatives included the following:

- The Institute's first comprehensive marketing campaigns - Women in Business Valuation and Designation with a Difference.
- The Institute's first nationwide young financial professional roadshows (aimed at CPAs and CFAs) and university roadshows/ career fairs.
- The 2nd annual national business valuation case competition (2023 Business Valuation Challenge), which attracted an increased number of university, student, and judge participants from across Canada.
- Placement of a congratulatory half-page ad welcoming new CBVs in The Globe and Mail's Report on Business.

STAKEHOLDER VALUE

CBV Institute strives to be a Member and Registered Student-centric organization, and this goal is embedded in all areas of our daily operations and strategy.

KEY TAKEAWAYS FROM THE 2023 ANNUAL SURVEY:



The Institute aspires to have a 100% satisfaction rating with Members and Registered Students and will continue to work toward this in all areas of operations and strategy, including ensuring that Members and Registered Students continue to have opportunities to provide input and feedback and voice opinions on important matters.

In 2023, the Institute undertook extensive stakeholder outreach, including Employer Roundtables, a “New CBV” Task Force, a Registered Student Working Group, Regional Roundtables, Retirement Roundtables, and an ED&I Working Group, to better understand Member and Registered Student needs, concerns, and opinions. Various initiatives were announced in late 2023 as a result of the outreach done in 2023, including the announcement of a mentorship program to support young CBVs in their early career journey and the issuance of the Institute’s very first demographic survey. The goal of the latter was to better understand the diversity of our Members and Registered Students.

CBV Institute expresses our gratitude to all CBVs and Registered Students respondents who took the time to respond to this important survey. As always, the Institute team welcomes feedback, comments, and questions. If you have any questions about this document, please contact **Kevin Floether, Manager, Marketing and Communications.**