

Court Excludes Speculative Lost Profits Analysis in *Sargon Enterprises, Inc. v. University of Southern California*

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The following discussion examines judicial decisions reached by the courts in Sargon Enterprises, Inc., ("Sargon") v. University of Southern California ("USC"), related to the reasonableness of an expert's economic damages opinion based on estimated lost profits.

Sargon brought an action against USC for breach of contract during clinical trials for a dental implant that the company developed. The Superior Court of Los Angeles County excluded the opinion of lost profits offered by Sargon's expert due to its speculative nature.

The Sargon decision highlights various factors a damages analyst should consider in the selection of guideline companies and in testing the reasonableness of projections relied on in a lost profits damages analysis.

INTRODUCTION

In the matter of *Sargon Enterprises, Inc.* ("Sargon") v. *University of Southern California* ("USC"), the Superior Court Los Angeles County and the Supreme Court of California ruled on the acceptability of the Sargon expert witness's lost profits damages calculations. The Superior Court ruled that Sargon's estimate of lost profits damages was unrealistic and speculative. The Supreme Court upheld the Superior Court's decision.

This discussion of the *Sargon* decision highlights the factors that a damages analyst should consider when performing a lost profit damages analysis. The two conclusions of the *Sargon* decision are that (1) lost profit damages should not be speculative and (2) lost profits calculations should be based on the subject company's historical profits or the profits of similar companies.

This discussion (1) summarizes the key points of the *Sargon* decision, and (2) provides general guidance to damages analysts regarding the selection of guideline companies used in the preparation of lost profits projections and in testing the reasonableness of such projections.

THE FACTS OF THE CASE

Sargon was a small dental implant company that reported revenue of approximately \$1.7 million and net profits of \$101,000 in 1998. Sargon also had approximately 0.5 percent of the global dental implant market in 1998.

In 1991, Sargon patented a dental implant that its president and chief executive officer had developed. Sargon's implant could be implanted immediately following an extraction and contained both the implant and full restoration. The U.S. Food and Drug Administration (FDA) had approved the implant for use and sale in the United States.

In the 1980s, the Branemark implant was the standard implant. Developed at the University of Gothenburg in Sweden, the Branemark implant required several steps: (1) one surgery to place the implant in a healed extraction socket in the patient's mouth, (2) another surgery to inspect the implant to ensure proper integration with the bone, and (3) finally, a crown placed on the implant. With the Sargon implant, the process could be completed in one procedure. The Sargon implant would expand immediately into the bone socket with an expanding screw, and a crown could be placed on the same day.



In 1996, Sargon contracted with the USC School of Dentistry to conduct a five-year clinical study of its implant. In 1999, Sargon filed an action against USC, alleging a breach of contract arising from the clinical study performed by USC.

Sargon accused USC of failing to present proper reports to Sargon as the contract required following initial success in the clinical trials, thus causing Sargon millions of dollars in lost profits. Sargon claimed that, but for USC's breach of contract, Sargon would have become a worldwide leader in the dental implant industry. Sargon was seeking damages for lost profits beginning in 1998, ranging from \$200 million to over \$1 billion.

At a motion in limine hearing, the Superior Court of Los Angeles County excluded as speculative evidence on Sargon's expected lost profits. In 2003, the case was tried before a jury in the Superior Court. The jury found that USC had breached the contract and awarded Sargon \$433,000 in compensatory damages. Sargon appealed this decision.

The Court of Appeal reversed the trial court's decision, ruling that the trial court had erred in excluding the evidence of Sargon's lost profits. On remand, the Superior Court excluded the testimony of Sargon's expert, James Skorheim ("Skorheim") on the issue of lost profits. The parties stipulated to the entry of judgment for \$433,000. Sargon appealed for the second time.

The Court of Appeal reversed and remanded. USC petitioned for review, and the Supreme Court of California granted review.

On November 26, 2012, the Supreme Court rejected the Skorheim expert report and testimony regarding Sargon's lost profits due to its speculative nature. Additionally, the Supreme Court upheld the trial court's decision to exclude Sargon's expert testimony that the company would have become extraordinarily successful had USC completed the clinical testing.

PLAINTIFF'S POSITION IN THE DISPUTE

Plaintiff's counsel argued that the Sargon lost profits ranged from \$220 million to \$1.18 billion based on the Skorheim expert report and testimony. A certified public accountant for 25 years and an attorney, Skorheim estimated the Sargon lost profits damages using the "market share" approach, by which he determined what share of the worldwide dental implant market Sargon would have gained had USC completed a favorable clinical study. Skorheim based his testimony on his analysis of financial information for Sargon and its competitors, and the global dental implant industry assessment prepared by Millennium Research Group.

In Skorheim's opinion, the market drivers in the dental implant industry are (1) innovation, (2) clinical studies, and (3) outreach to practitioners. He believed that clinical success likely would lead to commercial success for Sargon's implant. Skorheim also believed the dental implant market was ready for a new product that would reduce healing time, cost, and treatment time.

Skorheim testified that Sargon's innovation in the use of an immediate load implant was directed at the market's need for ease of use, shortened healing time, and overall cost. Thus, an innovator such as Sargon rapidly would have commanded a significant market share.

Skorheim analyzed 98 dental implant manufacturers and excluded the smaller-sized companies that had innovative products but generated lower revenue. He reasoned that these smaller companies were not innovative because had the market accepted their products as innovative, they would have generated higher revenue and gained more market share.

Skorheim believed that innovation was the key factor to achieving success, and that Sargon had developed an innovative product. He also believed that Sargon would have become a market leader in

10 years and would have replaced one of the larger competitors.

In his analysis, Skorheim compared Sargon to six large, multinational dental implant companies that were the dominant market leaders in the industry and controlled in excess of 80 percent of global sales. He believed the six large competitors were comparable to Sargon even though Sargon only generated annual profits of \$101,000 in 1998, and had no marketing, sales, or research and development capabilities. In addition, the six large competitors offered many different products compared to Sargon, which marketed only one product.

Skorheim believed that these six companies were the top innovators based on their market share and thus were comparable to Sargon based on their level of innovation. Exhibit 1 presents the guideline companies that Skorheim identified and selected as comparable to Sargon.

Skorheim testified that Sargon was comparable to the six large competitors based on product(s), pricing, cost structures, and markets served. However, Skorheim acknowledged that Sargon was not comparable to any of the six companies by any objective business metric, such as sales, number of employees, or number of distributors.

Additionally, Sargon would have to remain competitive by investing significantly in research and development to develop other products over time, as well as invest in a sales and marketing department. Skorheim also believed that it was likely that one of the six companies would have dropped out of the leadership group identified and would have been replaced by Sargon.

Skorheim did not consider the actual profits that Sargon had achieved in his lost profits projections. "Skorheim believed that Sargon's profits would have increased over time until they reached the level of one of

Exhibit 1 Guideline Public Companies Compared to Sargon Enterprises, Inc.

	Sargon (1998) Million	AstraZeneca (1999) Million	Dentsply (1998) million	Biomet 3i (2000) million	Nobel (1998) million
Research Expense	\$0.04	\$2,923	\$18.2	\$40.2	\$8.7
Net Sales	\$1.70	\$18,445	\$795.1	\$920.6	\$164.7
Net Profit	\$0.10	\$1,143	\$34.8	\$173.8	\$5.9
Total Assets	\$0.50	\$19,816	\$895.3	\$1,218.4	\$243.6
Market Share (2007)	NA	4.8%	7.0%	17.0%	22%-23%
NA = Not Applicable					

the market leaders."¹ Because Skorheim believed that innovation was the primary driver of market share, he calculated a range of lost profits based on the market leaders' (i.e., the guideline companies) profits and on the level of innovation inherent in the guideline companies' products.

For example, if the jury concluded that Sargon's level of innovation was equal to the least innovative of the selected guideline companies (i.e., Astra Tech), then Sargon would have gained a 3.75 percent market share. If the jury concluded that Sargon's level of innovation was equal to that of the most innovative selected guideline companies, then Sargon would have gained a 20 percent market share. Under the least profitable scenario, Skorheim estimated that Sargon would have generated net profits of \$26 million in 2009 and \$142 million under the most profitable scenario.

Exhibit 2 presents the Skorheim lost profits projection based on the different levels of innovation by the guideline companies.

TRIAL COURT RULING

The Superior Court of Los Angeles County found that the lost profit projections calculated by Skorheim were unreliable and were not based upon information on which an expert could reasonably

Exhibit 2 Lost Profits Projections of Sargon Enterprises, Inc.

	Astra Tech Million	Dentsply Million	Biomet 3i Million	Nobel/Strau. Million
Lost Profits (1998-2009)	\$120.0	\$181.0	\$335.9	\$640.2
Lost Profits Post 2009	\$100.5	\$134.3	\$269.8	\$540.8
Total Lost Profits	\$220.5	\$315.3	\$605.7	\$1,181.0
Market Share	3.75%	5.0%	10.0%	20%

rely. The Superior Court found that Skorheim misinterpreted and rejected some of the industry data and ignored Sargon's historical performance. These errors resulted in the development of unreasonable projections for Sargon's lost profits.

The Superior Court argued that Skorheim's calculation of lost profits was unrealistic mainly because the financial data was not based on Sargon's historical profit or the profits of any company similar to Sargon. The court found that Skorheim's projections exceeded any financial results Sargon had ever experienced. Under the 20 percent market share scenario, Sargon's profits would have increased 534 percent in the first year and by more than 157,000 percent by 2009.

Additionally, the Superior Court found that the guideline companies that Skorheim used for comparison to Sargon were not comparable based on size, history, product lines, sales force, access to financing, and other factors. The court stated that "the dissimilarity between Sargon and the industry leaders 'is sufficient, itself, to grant defendant's motion' to exclude Skorheim's testimony."²

The Superior Court also found that Skorheim did not provide a sound rationale to help the jury select from the range of lost profits that he had calculated. The Superior Court ruled that not only were the Skorheim damages estimates speculative, they were also subjective. Skorheim had testified that Sargon had developed an "innovative" implant, and thus, would have been able to capture a significant market share. The trial court argued that Skorheim provided no basis to equate innovation with market share, nor any evidence on the degree of difference in market share as it relates to the degree of innovativeness.

The Superior Court stated that no damage award can be based on speculation and that "evidence that cannot assist the trier of fact in the resolution of an issue [as is the case with asking the jury to rule on the degree of innovativeness] is not relevant."³ Further, Skorheim did not address how the major competitors would respond to Sargon taking their market share.

The court found that Skorheim could not assume that, but for the USC breach of contract, Sargon would have a program of targeting general practitioners on par with any of the selected guideline companies or that it would equal or surpass the sales and marketing strategies of the market leaders, thus making these conclusions pure speculation.

Additionally, the court found that Skorheim could not assume that Sargon would have invested in research and development and foreseen the results of that research and development effort. The court ruled that it is unreasonable for an expert

"to make such faith-based prediction so absolutely devoid of any factual basis about an industry where he has no expertise. . . . This 'trust me' analysis forces us to assume, speculate, and believe too much."⁴

In its concluding statement, the Superior Court stated, "Case law demands that to establish such lost profits through expert testimony, the expert must base his/her opinion on either historical performance of the company or a comparison to the profits of companies similar in terms of size, locality, sales, products, number of employees and other relevant financial factors. A party is not permitted to 'make up' its own factors as a basis for comparison and invite the jury to decide whether the corporations are similar."⁵ Accordingly, the trial court granted the USC motion to exclude Skorheim's testimony.

COURT OF APPEALS RULING

The Court of Appeals reversed the Superior Court's ruling based on the Appellate Court's belief that the smallest guideline company (i.e., Astra Tech) selected by Skorheim was similar to Sargon based on size, and that a damages award based on comparison to Astra Tech was reasonable. In 1998, Sargon generated \$1.8 million in revenue, representing 0.5 percent of the global market for dental implants, compared to Astra Tech, which reported revenue of \$18.5 million, representing 4.8 percent of the market.

The Court of Appeals remanded the matter for a new trial on lost profits. It concluded that the trial court erred in excluding Skorheim's testimony. Justice Johnson dissented, arguing that the trial court should be the gatekeeper of evidence admitted in any trial.

SUPREME COURT RULING

The Supreme Court argued that (1) expert testimony must not be speculative and (2) lost profit damages must not be speculative. The Supreme Court ruled that the trial court acted properly to exclude the speculative testimony of Skorheim. Case law demands that an expert provide a reasonable basis for his/her opinion and that expert opinion based on speculation or conjecture is inadmissible. "The expert's opinion may not be based 'on assumptions of fact without evidentiary support.'"⁶

Evidence Code section 801, subdivision (b)⁷ and Evidence Code section 802⁸ enable trial courts to act as gatekeepers and to exclude expert opinions based on (1) factors on which an expert may not reasonably rely, (2) reasons unsupported

by the material on which the expert relies, or (3) speculative factors.

An expert's lost profits estimate should be based on either the historical performance of a company or a comparison of the company's profits to those of companies similar in size, locality, sales, products, number of employment or other financial metric. The Supreme Court argued that lost profits should be calculated with some but not absolute certainty. Damages for lost profits are recoverable, but they should be supported by evidence that makes reasonably certain both their occurrence and their extent.

If a business is established, lost profits can be calculated based on a company's historical performance. For an unestablished business, lost profits can be calculated based on the comparison of the financial performance of similar companies. The occurrence of lost profits for an unestablished business is uncertain, contingent, and speculative, but anticipated profits "dependent upon future events are allowed where their nature and occurrence can be shown by evidence of reasonable reliability."⁹

Since Sargon had a limited operating history, Skorheim provided a lost profit damages calculation based on the comparison of Sargon and six large, multinational dental implant companies in the market. The Supreme Court ruled that Skorheim had erred in selecting guideline companies that were not similar to Sargon based on size, market share, or products. The Supreme Court argued there must be "substantial similarity between the facts forming the basis of the profit projections and the business opportunity that was destroyed."¹⁰ Skorheim had relied on data that was not analogous to Sargon.

The Skorheim methodology was found to be too speculative for the evidence to be admissible. In his application of the "market share" approach, Skorheim did not base his lost profit estimates on a market share actually achieved by Sargon. Instead, Skorheim's analysis was based on lost profit projections that *assumed* a hypothetical increased market share.

The Supreme Court ruled that Skorheim's testimony and analysis "provided no logical basis to infer that Sargon would have achieved [a market share comparable to one of the six large competitors]."¹¹ The Supreme Court reversed the judgment of the Court of Appeals and found that the Superior Court was correct in excluding Skorheim's testimony.

SELECTION OF GUIDELINE COMPANIES

The Superior and Supreme courts in this case ruled that an expert's lost profits estimate should be based



on either the historical performance of a company or a comparison of the company's profits to those of companies similar in size, locality, sales, products, number of employees or other financial metrics. Because Sargon had a limited operating history, it was reasonable for Skorheim to provide an estimate of lost profits based on the comparison of Sargon to the performance of reasonably comparable guideline companies.

However, the courts rejected Skorheim's testimony, concluding that the guideline companies selected by Skorheim were not sufficiently comparable to Sargon. The courts' rulings emphasize the importance of selecting reasonably similar guideline companies for use in the lost profits estimation process. This discussion will focus on the process of selecting guideline companies.

While it is impossible to find a business exactly the same as the subject company to be analyzed, there are some general guidelines that can help experts identify comparable companies of reasonable and justifiable similarity.

As a standard, the expert should seek companies of reasonable and justifiable similarity, and this degree of likeness is attainable in most cases.¹² When determining whether a potential guideline company is reasonably comparable to the subject company, the expert must determine whether the microeconomic factors driving the comparable company are sufficiently similar to those of the subject company.

In Revenue Ruling 59-60, the following observation is made:

Although the only restrictive requirement as to comparable corporations specified in the statute is that their lines of business be the same or similar, yet it is obvious that consideration must be given to other

relevant factors in order that the most valid comparison possible will be obtained.¹³

In deciding whether a particular company is an appropriate guideline company and which guideline company is most comparable to the subject company, the expert should consider broad factors such as industry, size, and geographical location, as well as the comparability of the financial and operating characteristics. These characteristics may include, but are not limited to, the following:

- Capital structure
- Credit status
- Depth of management
- Personnel experience
- Nature of competition
- Maturity of the business
- Products offered
- Markets served
- Earnings
- Dividend policy and dividend-paying capacity
- Book value
- Position of the company in the industry¹⁴

Depending on the nature of the industry in which the subject company operates, the expert may need to consider other additional factors, such as the sales volume, product or service mix, territory of operations, customer mix, number of employees, distribution capability, manufacturing capacity, or the number and size of retail outlets.¹⁵

To identify similarities and differences and determine comparability, the expert may also analyze the financial statements of the subject company and the guideline companies. The performance of the subject company typically is compared to the guideline companies by analyzing financial ratios and historical trends in revenues, expenses, and profitability. Such financial ratios may include measures of liquidity, leverage, activity, and profitability.¹⁶

Also, the expert should consider the comparability of the investment risk and expected rate of return characteristics of the guideline companies and the subject company. Such factors may include the market into which the company sells, its brand acceptance or lack of it, or its raw material supply conditions.¹⁷

Occasionally, the markets served by the company may be more of an economic driving force than the physical nature of the products the company

produces. The expert should keep in mind that the list of factors to be considered for comparability and reasonableness purposes should be tailored to each analysis.

REASONABLE PROJECTIONS

The Supreme Court in the *Sargon* case concluded that lost profits should be calculated with some but not absolute certainty. If a business is established, lost profits typically can be calculated based on consideration of a company's historical performance. For an unestablished business, lost profits can be calculated based on the comparison of the subject business' financial performance with the financial performances of reasonably comparable companies.

The courts ruled that Skorheim's calculation of lost profits was unrealistic mainly because the supporting financial data was not based on Sargon's historical profits, or the profits of any similar company. Instead, Skorheim's calculation of lost profits was based on a "speculative" projection based on a subjective assessment of innovation and the related market share of the selected guideline companies.

While it is impossible to predict the future with absolute certainty, court precedents establish that a defensible level of projected lost profits should be supported by evidence that makes reasonably certain both their occurrence and their extent. This discussion will focus on the factors that an expert should consider in developing reasonable and reliable projections.

Value Is Forward-Looking in Nature

It has been said that, "In the simplest sense, the theory surrounding the value of an interest in a business depends on the future benefits that will accrue to its owner. The value of the business interest, then, depends upon an estimate of the future benefits and the required rate of return at which those future benefits are discounted back to present value as of the valuation date."¹⁸

One judicially preferred method for estimating the future economic earnings of a business is to obtain from company management financial projections regarding the subject company's expected profitability that are generated during the normal course of operations and are used for general management planning purposes.

As a significant number of businesses within the United States are organized in the state of Delaware, the Chancery Court has become an influential voice in providing guidance related to business valuation issues, including the use of, and reliance on,

management projections in a valuation analysis. In many instances the Chancery Court has rejected alternative financial projections that were created solely for litigation purposes. As explained in *Agranoff v. Miller*, “litigation-driven forecasts have an ‘untenably high’ probability of containing ‘hind-sight bias and other cognitive distortions.’”¹⁹

Occasionally, the expert may not be able to obtain management-prepared projections, or company projections may not be available. In such circumstances, the expert may review the company’s operating history as a possible indication of the course of future operations. However, meaningful historical information may not be available for unestablished businesses, or businesses with limited operating history.

Although the realization of profits for an unestablished business, or a business with limited operating history, may be described as uncertain, contingent, and speculative, anticipated profits which are dependent upon future events can be estimated when their nature and occurrence can be shown by evidence of reasonable reliability. Such evidence may include reliance on the (1) performance of similar companies, (2) industry outlook, and (3) economic outlook.

In the estimation of lost future profits, there should be “substantial similarity between the facts forming the basis of the profit projections and the business opportunity that was destroyed.”²⁰ The expert should base his/her lost profits projections on provable data relevant to the probable future sales.

Analyzing Projections

As presented in *Understanding Business Valuation*, several general factors that the damages expert should consider in analyzing projections include (1) company-specific factors, (2) economic conditions, and (3) industry trends.²¹

PPC’s Guide to Business Valuations provides the following company-specific factors that the damages analyst may examine:

1. Assumptions about revenue and receivables
2. Assumptions about cost of sales and inventory
3. Assumptions about other costs (such as selling, general, and administrative costs)
4. Assumptions about property and equipment, and related depreciation
5. Assumptions about debt and equity²²

The analyst should (1) compare the historical projections to historical performance, (2) question significant changes in the projections relative to historical performance levels, and (3) consider whether projections are consistent with industry expectations. The courts also expect the damages analyst to perform appropriate due diligence to determine if the assumptions incorporated in the projections are reasonable and appropriate.

Assumptions incorporated in projections should be consistent. For example, if there is a projected increase in revenue due to increased marketing efforts by the company, do projected marketing costs reflect an increased level of investment? An expert should test the reasonableness and achievability of these results. Are there sufficient customers to support the implied, expected demand? Do the projections reflect the impact of competition in the industry segment? Will the expected economic environment and industry drivers provide an appropriate environment to achieve the projections? Will technological or regulatory changes affect the achievability of the projections?

Additionally, internal operating components should also be aligned. Does the company have the space, labor force, and manufacturing capacity required to achieve the projections? Have appropriate costs and investments been reflected in the projections to enable achievement of the projected operating results?

In the preparation of projections, the analyst should review, analyze, and verify the projections for reasonableness.²³ Best practices suggest that the analyst assess the reasonableness of prepared projections by considering if the projections are:

1. consistent with the company’s growth prospects;
2. reasonable as compared to the company’s historical financial results;
3. achievable based on the company’s operating capacity and expected future capital expenditures;
4. reasonable as compared to the company’s client and supplier projected financial results;
5. reasonable based on the industry’s historical and projected financial results;

“In the estimation of lost future profits, there must be ‘substantial similarity between the facts forming the basis of the profit projections and the business opportunity that was destroyed.’”

6. reasonable as compared to the guideline company's historical and projected financial results;
7. reasonable based on the expected future outlook of the regional, domestic, and international (if applicable) economy; and
8. extensively documented and justified if the projections are adjusted or revised by the damages expert.

Whether considering a forecast or a projection, the analyst should place the aggregate results in the proper context. The analyst should consider whether the projected performance is consistent with the subject company's ability to compete.²⁴ Projections "should be consistent with historical economy-wide evidence on growth."²⁵ Additionally, the analyst should provide compelling data in order to substantiate any normalization or other adjustments made to the projections used.

Based on guidance from the courts, projections should be (1) when possible, created by management or with management's in-depth input, (2) created for non-litigation-driven purposes, (3) fully supported and documented if adjusted by the damages expert, and (4) appropriately reviewed for reliability and reasonableness. Profit projections for unestablished businesses or businesses with limited operating history may be estimated based on reasonable evidence of their nature and occurrence.

SUMMARY AND CONCLUSION

The *Sargon* decision emphasizes the importance of selecting comparable companies used in the preparation of lost profit projections and in testing the reasonableness of such projections. The Superior Court of Los Angeles County and the Supreme Court of California found that the *Sargon* expert failed to use guideline companies that were comparable to *Sargon*, leading to the development of speculative and unreliable lost profits projections.

The *Sargon* decision provides an important lesson to damages analysts who prepare lost profits damages calculations: Courts are designed to act as gatekeepers, potentially excluding expert testimony relating to lost profit estimates that are speculative and have a high degree of uncertainty. Therefore, damages analysts should use sound methodology to project lost profits based on consideration of (1) the subject company's actual, historical profits; (2) a comparative analysis of the profits of reasonably similar companies; or (3) other objective evidence.

Notes:

1. *Sargon Enterprises, Inc. v. University of Southern Cal.*, 288 P.3d 1237 at 1243, (Cal. 2012).
2. *Id.* at 1246.
3. *Id.* at 1248.
4. *Id.* at 1248.
5. *Id.* at 1248.
6. *Id.* at 1251.
7. CA Evid. Section 801.
8. *Id.* at Section 802.
9. *Id.* at 1254.
10. *Id.* at 1255.
11. *Id.* at 1258.
12. Shannon P. Pratt, Robert F. Reilly, and Robert P. Schweihs, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, 4th ed. (New York: McGraw-Hill, 2000), 224–232.
13. *Ibid.*
14. *Ibid.*
15. *Ibid.*
16. *Ibid.*
17. *Ibid.*
18. Shannon P. Pratt, *Valuing a Business: The Analysis and Appraisal of Closely Held Companies*, 5th ed. (New York: McGraw-Hill, 2008), 56.
19. *Agranoff v. Miller*, 791 A.2d 880, 892 (Del. Ch. 2001).
20. *Sargon Enterprises, Inc. v. University of Southern Cal.*, 288 P.3d 1237 at 1255, (Cal. 2012).
21. Gary Trugman, *Understanding Business Valuation*, 4th ed. (New York: American Institute of Certified Public Accountants, 2012), 239.
22. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, James H. Hitchner, Stanton L. Meltzer, Mark W. Wells, and Eric G. Lipnick, *PPC's Guide to Business Valuations*, 22nd ed. (Fort Worth, TX: Thomson Reuters/PPC, 2012), 5–9.
23. Russell T. Glazer, "A Simplified Method for Long-Term Financial Projections," *Business Valuation Review* 30, No. 1 (Spring 2011): 31.
24. Tim Koller, Marc Goedhart, David Wessels, McKinsey & Company, *Valuation: Measuring and Managing the Value of Companies*, 5th ed. (New York: John Wiley & Sons, Inc., 2010), Ch. 9.
25. *Ibid.*

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