MERCER CAPITAL
Business Valuation & Financial Advisory Services

Focus: Family Businesses

Directors of family businesses face a unique set of challenges: the strategic and long-term decisions that fall to any corporate director are overlaid with often complex family dynamics. Mercer Capital provides financial education services and other strategic financial consulting to family businesses. Given our experience of more than 35 years, we are convinced that an engaged and informed shareholder base is essential for the long-term health and success of a family or closely held business.

The articles featured here are excerpted from our new book, *The 12 Questions That Keep Family Business Directors Awake at Night*, and blog, *Family Business Director* and are authored by our Family Business Advisory Services team leader, Travis W. Harms, CFA, CPA/ABV. To learn more, visit **mer.cr/FBASvcs**.

Articles in This Issue

Value Matters™

Issue No. 2, 2018

Dividend Policy and the Meaning of Life

(Or, At Least, Your Business)

Our multi-generation family business clients ask us about dividend policy more often than any other topic. This isn't surprising, since returns to family business shareholders come in only two forms: current income from dividends and capital appreciation. For many shareholders, capital appreciation is what makes them wealthy, but current income is what makes them *feel* wealthy.

In other words, dividends are the most transparent expression of what the family business means to the family economically. Knowing what the business "means" to the family is essential for promoting positive shareholder engagement, family harmony, and sustainability.

The business may "mean" different things to the family at different times (or, to different members of the family at the same time). In our experience, there are four broad "meanings" that a family business can have.

These "meanings" are not mutually exclusive, but one will usually predominate at a given time. Importantly, the "meaning" of the business has implications for dividend policy.

- **Meaning #1 - The family business is an economic growth engine for future generations.** For some families, the business is perceived as a vehicle for increasing per capita family wealth over time. For these families, dividends are likely to take a backseat to reinvestment in the business needed to fuel the growth required to keep pace with the biological growth of the family.
- **Meaning #2 - The family business is a store of value for the family.** For other families, the business is perceived as a means of capital preservation. Amid the volatility of public equity markets, the family business serves as ballast for the family's overall

wealth. Dividends are generally modest for these families, with earnings retained, in part, to mitigate potential swings in value.

» **Meaning #3 - The family business is a source of wealth accumulation.** Alternatively, the family business may be perceived as a mechanism for accumulating family wealth outside the business.

In these cases, individual family members are expected to use dividends from the business to accumulate wealth through investments in marketable securities, real estate, or other operating businesses. Dividends are emphasized for these families, along with the (potentially unspoken) expectation that distributions will be used by the recipients to diversify away from, and limit dependence on, the family business.

» **Meaning #4 - The family business is a source of lifestyle.** Finally, the business may be perceived as maintaining the family's lifestyle. Dividends are not necessarily expected to fund a life of idle leisure, but are relied upon by family shareholders to supplement income from careers and other sources for home and auto purchases, education expenses, weddings, travel, philanthropy, etc. These businesses typically have moderate reinvestment needs, and predictability of the dividend stream is often more important to shareholders than real (i.e., net of inflation) growth in the dividend. Continuation of the dividend is the primary measure the family uses to evaluate management's performance.

From a textbook perspective, dividends are treated as a residual: once attractive reinvestment opportunities have been exhausted, the remaining cash flow should be distributed to the shareholders. However, at a practical level, the different potential "meanings" assigned to the business by the family will, to some degree, circumscribe the dividend policy alternatives available to the directors. For example,

Figure 1

Family Business "Meaning"	Implications for Dividend Policy
Growth Engine for Future Generations	**Dividends:** None or token amount **Optimal Characteristics:** Businesses with abundant attractive reinvestment opportunities **Risks:** Business may make riskier investments in order to achieve target returns amid heavy reinvestment
Store of Value	**Dividends:** Higher payouts possible, but distributions often perceived as detrimental to the safety of the business **Optimal Characteristics:** Maturing businesses in stable, or counter-cyclical industries **Risks:** May accumulate low-yielding, non-operating assets which create a drag on shareholder returns
Source of Wealth Accumulation	**Dividends:** Expected to be high so that individual shareholders can diversify and reduce economic dependence on the family business **Optimal Characteristics:** Mature businesses with limited attractive reinvestment opportunities **Risks:** May lose existing competitive advantages if profitable reinvestment opportunities are foregone in favor of distributions
Source of Lifestyle	**Dividends:** Expected to be stable and (ideally) growing from a sustainable base regardless of annual business fluctuations **Optimal Characteristics:** Growing businesses with moderate reinvestment needs to fund organic growth opportunities **Risks:** Emphasis on predictability of dividends may lead to excess asset accumulation and/or limited reinvestment at inopportune times

eliminating dividends in favor of increased reinvestment is not a practical alternative for family businesses in the third or fourth categories above, regardless of how abundant attractive investment opportunities may be.

Figure 2

Greater Shareholder Certainty ↑

Policy	Description
Fixed Payment	The board declares a fixed annual dollar dividend, and the Company can reinvest the residual
Fixed Payout	The board sets the dividend relative to earnings during the period
Fixed Yield	The board sets the dividend relative to the value of the Company
Residual	The board assesses how much can be reinvested in financially attractive projects and sets the dividend equal to the residual

Greater Board Discretion ↓

Figure 1 on page 3 illustrates the relationship between "meaning" and dividend policy.

The textbook perspective on dividend policy is valid, but can be adhered to only within the context of the "meaning" assigned to the family business. In contrast to public companies or those owned by private equity funds, "meaning" will generally trump dispassionate analysis of available investment opportunities. If family business leaders conclude that the "meaning" assigned to the business by the family does not align with the optimal dividend policy, the priority should be given to changing what the business "means" to the family. Once the change in "meaning" has been embraced by the family, the change in dividend policy will more naturally follow.

A dividend policy describes how the family business determines distributions on a year-to-year basis. A consistent dividend policy helps family shareholders understand, predict, and evaluate dividend decisions made by the board of directors. Potential family business dividend policies can be arrayed on a spectrum that ranges from maximum shareholder certainty to maximum board discretion.

Family shareholders should know what the company's current dividend policy is. As evident from Figure 2, knowing the dividend policy does not necessarily mean that one will know the dollar dividend for that year. However, a consistently communicated and understandable dividend policy contributes greatly to developing positive shareholder engagement.

So what should your family business's dividend policy be? Answering that question requires looking inward and outward. Looking inward, what does the business "mean" to the family? Looking outward, are attractive investment opportunities abundant or scarce? Once the inward and outward perspectives are properly aligned, the dividend policy that is appropriate to the company can be determined by the board and communicated to shareholders.

For "Potential Next Steps," see our new book ***The 12 Questions That Keep Family Business Directors Awake at Night***.

Dividend Reminders

Takeaways from GE

The recent announcement that General Electric is slashing its shareholder payouts by more than 90% has put dividends in the headlines in recent days. The news coverage provides an opportunity for family business directors to re-visit dividend policy at their own companies. While we wouldn't want to suggest that the GE dividend news tells savvy family business directors anything they didn't already know, a few reminders about dividend basics seem fitting.

Reminder #1: In the Long Run, Earnings Must Support Dividends

Despite the often breathless reporting of the GE dividend cut, it really should not have been too surprising in the context of earnings struggles at the conglomerate over the past several years. While the potential stability of dividends is often lauded, only profitable companies can sustain dividends. The relationship between earnings and dividends is called the dividend payout ratio. While a company may pay a dividend in excess of earnings in any given year, on a cumulative basis, the dividend payout ratio cannot exceed 100%. The following table summarizes the dividend payout ratio at General Electric over the past 25 years.

During the first ten years of our sample period (corresponding roughly to the peak of the Jack Welch era), General Electric paid out 47% of earnings to shareholders, retaining the rest for reinvestment. Over the next decade, the dividend payout ratio increased to 57%. This can be interpreted in one of two ways. Either the company was retaining less in response to a more difficult investing environment, or earnings simply did not keep pace with dividends. Where things become unsustainable is when dividends exceed earnings, as they did in the most recent five year period. Sustained dividends in excess of earnings means that new investors are providing returns to existing investors, and that's called a Ponzi scheme.

What is your family business's dividend payout ratio? Is it trending in a particular direction? If so, is that intentional, or simply a matter of drift that eventually will need to be corrected?

GE Dividend Payout Ratio

	1993 - 1997	1998 - 2002	2003 - 2007	2008 - 2012	2013 - 2017	1993 - 2017
Aggregate Dividends	$1.42	$2.86	$4.68	$3.62	$4.37	$16.96
Aggregate Earnings	$3.05	$6.05	$8.93	$6.31	$2.33	$26.67
Dividend Payout Ratio	47%	47%	52%	57%	188%	64%

Reminder #2: Dividends Mitigate Shareholder Risk

Corporate finance texts tend to emphasize the role and function of dividends from the company's perspective, and downplay or ignore the shareholders' perspective. In family businesses, dividends are often viewed solely as a means of providing current income to finance shareholder consumption (and that's not a bad thing – everybody likes a little mailbox money). However, too many family business directors tend to ignore the role of dividends in mitigating the risk of shareholder returns. On the far side of all the earnings turbulence described above, the GE share price is essentially unchanged over the past twenty-five years. Despite having traded as high as $60 per share in 2000, GE shares are currently changing hands at about $10 per share, compared to about $8 per share in 1993. For a buy-and-hold investor, capital appreciation has been negligible. However, over that same period, shareholders have collected nearly $17 per share in dividends, and no amount of future market gyrations can take that away.

GE Share Prices

Business value accrues slowly, but can evaporate quickly. Even at good companies, like GE. Even at stable family businesses. When I was in business school in the late 90's, GE was the epitome of a well-run company, and it would have been unthinkable to my cohorts and me that the company might decrease in value over the next two decades. All businesses are susceptible to future decreases in value, whether of the slow-drip or sudden "black swan" variety. For family business shareholders, who often don't have the luxury of diversified portfolio holdings, dividend payments can provide a needed cushion to returns in the event of a material decrease in share value.

Where have the returns to your family shareholders come from: dividends or capital appreciation? What do your family shareholders' personal balance sheets look like? Can they withstand a sudden (and sustained) decrease in share value?

Reminder #3: Dividends Are a Signaling Device

Not only do dividends provide current income and mitigate shareholder risk, but they are also an efficient means of signaling the board's outlook for the company to shareholders. The dividend cut at GE provides at least two important signals to investors. First, the dramatic reduction signals to shareholders that there is no easy way out from the current mess. GE is in capital preservation mode – the dividend is not being cut to fund suddenly abundant investment opportunities, but because the board expects earnings to remain depressed for some time. Foregoing dividend payments will help shore up GE's balance sheet and enhance the company's ability to undertake the restructuring necessary for long-term sustainability. Second, the GE board's decision to preserve a $0.01 per share dividend signals to shareholders that the company remains on a shareholder-first footing. Once the mess is cleaned up, shareholders should expect the dividend to increase. If GE had cut the dividend entirely, shareholders may well wonder if the board would ever be inclined to bring it back.

Business value accrues slowly, but can evaporate quickly.

For family shareholders, the signaling effect of dividends may be even more pronounced. Public company shareholders receive detailed financial reports every quarter, and the stock market provides a daily assessment of forward expectations for the company. For many family shareholders, in contrast, the most tangible "report" they ever receive on the health of the family business is their dividend check. Even if financial statements are available, many family shareholders don't really know how to read them, or have the inclination to try.

But everyone knows how this year's dividend check compared to last year's.

What is your current dividend signaling to your family shareholders? If you were to change the dividend, what signal would that send? How effective is your shareholder relations program? Do your family shareholders know the company's core strategy and how dividend policy interacts with that strategy, at least in broad outline?

Reminder #4: Dividends Are Not a "Cost" to the Company

This one may be a touch pedantic, but we think it is important. Various news outlets – including the *Wall Street Journal* – have discussed how much money the divided cut will "save" the company, as if cutting the dividend were akin to finding a new, cheaper source for office supplies. Dividends are not an expense: they represent one of only two forms of returns to shareholders. Shareholders are not vendors: they own the company.

We often observe a similar phenomenon in family businesses. Shareholders (especially those in younger generations) may be treated as if they don't have a legitimate claim on the company, and a desire for dividends is seen as impertinent or selfish. It may or may not make sense for a given family business to pay a dividend, but in no case are dividends a "cost" to the family business.

Dividends are not an expense: they represent one of only two forms of returns to shareholders.

Is your family business's dividend policy rooted in an economic assessment of the available investment opportunities, or is withholding dividends a not-so-subtle strategy for manipulating and controlling family shareholders?

Conclusion

In our experience, dividend policy is the most vexing financial issue facing family business directors. If you need some help asking the right questions about your dividend policy, give one of our professionals a call to discuss your situation in confidence.

Making Shareholder Communication a Family Business Priority

Communication determines the success of any relationship, and the relationships among shareholders of multi-generation family businesses are no exception. In the early years of a family business, communication is generally informal (and continual), since the dining room often doubles as the board room. As the business and family grow, the shareholder relationships become more complicated, and formal communication becomes more important.

For a multi-generation family business, communication is not optional. A failure to communicate is a communication failure. When communication is lacking, the default assumption of shareholders – especially those not actively involved in the business – will be that management is hiding something. Suspicion breeds discontent; prolonged discontent solidifies into rancor and, in some cases, litigation.

In light of the dire consequences of poor communication, how can family business leaders develop effective and sustainable communication programs? We suggest that public companies can provide a great template for multi-generation family businesses.

> We suggest that public companies can provide a great template for shareholder communication in multi-generation family businesses.

It is perhaps ironic that public companies – to whom their shareholder bases are largely anonymous – are typically more diligent in their shareholder communications than family businesses, whose shareholders are literally flesh and blood. While public companies' shareholder communications are legally mandated, forward-thinking public companies view the required shareholder communications not as regulatory requirements to be met, but as opportunities to tell their story in a compelling way.

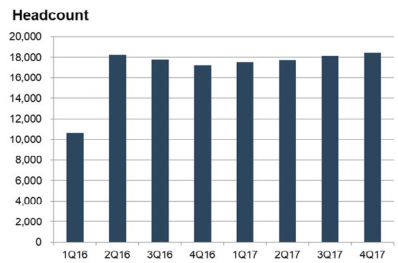
There are probably only a handful of family businesses for which shareholder communication needs to be as frequent and detailed as that required by the SEC. The structure and discipline of SEC reporting is what needs to be emulated. For family businesses, the goal is to communicate, not inundate. At some point, too much information can simply turn into noise. Family business leaders should tailor a shareholder communication program along the following dimensions:

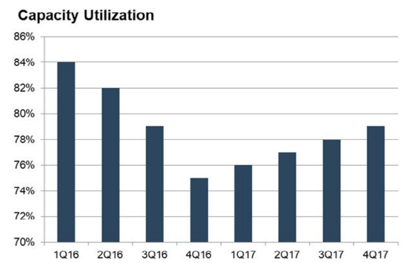
» **Frequency**. Public companies communicate results quarterly. Depending on the nature of the business and the desires of the shareholder base, less frequent communication may be appropriate for a family business. The frequency of communication should correspond to the natural intervals over which (1) genuinely "new" information about the company's results, competitive environment, and strategy is available, and (2) shareholders perceive that the most recent communication has become "stale." As a result, there is no one-size-fits-all frequency; what is most important is the discipline of a schedule.

» **Level of detail**. Public company reports are quite detailed. Family business leaders should assess what level of detail is appropriate for shareholder communications. If the goal is to communicate, the appropriate level of detail should be defined with reference to that which is necessary to tell the company's story. The detail needs to be presented to shareholders with sufficient supporting context regarding the company's historical performance and conditions in the relevant industries and economy. A dashboard approach that focuses on key metrics, as illustrated on page 9, can be an effective tool for focusing attention on the measures that matter.

» **Format/Access**. The advent of accessible webcast and data room technology makes it much easier for

Performance Dashboard – 4Q17





Balance Sheet Summary

	Dec-17	Dec-16	$ Change
Cash & equivalents	238.9	201.4	37.5
Other current assets	267.8	230.7	37.0
Total current assets	506.7	432.2	74.5
Net fixed assets	119.0	113.9	5.2
Goodwill & intangibles	265.3	260.5	4.8
Other assets	53.3	59.8	(6.5)
TOTAL ASSETS	**$944.4**	**$866.4**	**$78.0**
Short-term debt	0.0	8.9	(8.9)
Other current liabilities	125.6	105.3	20.3
Total current liabilities	125.6	114.1	11.5
Long-term debt	105.2	181.2	(76.0)
Other liabilities	33.3	26.0	7.3
TOTAL LIABILITIES	**$264.0**	**$321.3**	**($57.3)**
TOTAL EQUITY	**$680.3**	**$545.1**	**$135.2**

Sources and Uses of Cash - LTM

Sources of Cash		Uses of Cash	
Operating Cash Flow	41.1	Capital Expenditures	14.7
Asset Sales	0.3	Business Acquisitions	0.6
Proceeds - Debt	0.0	Debt Repayment	86.2
Proceeds - Equity	115.4	Share Repurchase	26.5
Liquidity Reserves	0.0	Dividends Paid	1.0
		Liquidity Reserves	27.7
Total	**$156.8**	**Total**	**$156.8**

Our integration of the SmithCo acquisition in 2Q16 remains ongoing, with capacity utilization continuing to recover toward pre-acquisition levels. Modest increases in headcount contributed to growing revenue. EBITDA margins solidified on improving utilization.

Operating cash flow is sufficient to fund necessary capital expenditures. As we are comfortable with existing debt levels, we expect to continue our recently instituted share repurchase program on a limited basis, complemented by continuing regular dividends.

Miller Family Enterprises - Quarterly Performance Dashboard (Shareholders Only – Not for Distribution)

family businesses to distribute sensitive financial information securely. Use of such platforms also provides valuable feedback regarding what is working and what is not (since use of the platform by shareholders can be monitored). Some families may have existing newsletters that provide a natural and existing touchpoint for communicating financial results.

» ***Emphasis.*** The goal of shareholder communication should be to help promote positive shareholder engagement. To that end, the emphasis of the communication should not be simply the bare reporting of historical results, but should emphasize what the results mean for the business in terms of strategy and outlook for the future. It is probably not possible to re-tell the company's story too many times. Shareholders that are not actively involved in the business will be able to internalize the company's strategy only after repeated exposure. What may seem like the annoying repetitions of a broken record to management will for shareholders be the re-exposure necessary to "own" the company's story.

Shareholder communication is an investment, but one that in our experience has an attractive return. To get the most out of the investment, family business leaders must provide the necessary training and education to shareholders so that they will be able confidently to assess and interpret the information communicated. With that foundation in place, a structured communication program can go a long way to ensuring that family shareholders are positively engaged with the business.

Through our family business advisory services practice, we work with successful families facing issues like these every day. Give us a call to discuss your needs in confidence.

Mercer Capital's Services for Family Businesses

Mercer Capital provides sophisticated corporate finance services to family businesses.

We have had the privilege of working with successful family and closely held businesses for over 35 years. We help family business directors make better dividend policy, capital allocation, and capital structure decisions that are tailored to the unique circumstances and needs of your family and business.

Customized Board Advisory Services

We help you and your fellow directors understand the implications of the decisions you are called upon to make. We work with you to frame the decision to promote better outcomes, and help you formulate the relevant questions that need to be addressed and answered during board deliberations concerning your dividend policy, capital allocation, and capital structure decisions.

Management Consulting

We work with family business management teams to assess hurdle rates, develop sustainable capital budgeting processes, and evaluate potential acquisitions & divestitures.

Independent Valuation Opinions

We provide independent, unbiased, and reliable valuation opinions for gift & estate tax planning, buy-sell agreements, and shareholder liquidity programs.

Transaction Advisory Services

When an attractive offer arises, we work with family business directors to respond to acquisition offers, evaluate strategic alternatives, provide fairness and solvency opinions, and manage the marketing and sale of family businesses.

Confidential Shareholder Surveys

By designing, administering, and summarizing the results of a confidential shareholder survey, we solicit relevant and timely shareholder feedback so you and your fellow directors can make fully-informed decisions in light of the preferences and risk tolerances of your family shareholders.

Benchmarking / Business Intelligence

We turn available financial data from publicly traded peers and other sources into relevant information that helps you and your fellow directors make better corporate finance decisions.

Shareholder Engagement

If your family business is to function as a source of unity rather than division, your family shareholders need to be positively engaged with the business. We develop and provide customized financial education for your family shareholders. We present at family council meetings, shareholder meetings, and other gatherings on a wide variety of topics ranging from how to read your company's financial statements to primers on the weighted average cost of capital, return on invested capital, and other topics.

Shareholder Communication Support

Poor communication is the most common cause of family shareholder angst. We help family business directors identify the appropriate frequency, format and content of financial reporting to shareholders. Making financial results accessible, understandable, and relevant to family shareholders is essential to achieving and preserving family harmony.

Contact Travis to discuss your needs in confidence.

Travis W. Harms, CFA, CPA/ABV
Family Business Advisory Team Leader
901.322.9760
harmst@mercercapital.com
www.mercercapital.com

AutoZone Provides Roadmap for Management Succession

The Founder's Exit Doesn't Need to Be the End of the Story for Shareholders

The ***Family Business Director* blog** comes to you each week from Memphis, Tennessee. Memphis is proud to be the home of AutoZone, Inc., one of the largest auto parts retailers in the U.S. AutoZone founder and long-time director Pitt Hyde recently announced that he would not stand for re-election to the board of directors.

Although publicly traded since 1991, AutoZone traces its roots to a family business. Mr. Hyde's grandfather founded Malone & Hyde, a grocery wholesaler, in 1907. The first AutoZone store – originally "Auto Shack" before a bit of subsequent re-branding – opened in 1979, and the growing concept was spun out of Malone & Hyde in 1986. Mr. Hyde turned over the reins as President and CEO of the company ten years later.

Mr. Hyde's announced transition highlights three lessons for family business directors and managers.

Management transition is a sensitive topic for many family businesses. Founders of successful family enterprises are by definition exceptional individuals. The challenge for family business directors is ensuring that the unique attributes of key managers contribute to the sustainability of the family enterprise instead of crippling the business through unhealthy over-reliance or dependence on a single individual. Mr. Hyde's announced transition highlights three lessons for family business directors and managers.

Lesson #1: Think More Broadly About Managerial Success

For a senior executive of a family business, success must be defined more broadly than the current financial results of the business. The notion of success should also encompass how the company is positioned to prosper after the executive's tenure is over. This broader view of success will not take hold automatically, so directors need to evaluate how they are equipping, encouraging, and incentivizing senior management to think about sustainability.

Are your senior executives focused on building a business that can flourish in their absence? Are you building a culture in which working yourself out of a job is a goal to be achieved rather than a fate to be feared?

Lesson #2: Commit to Developing a Successful Team & Culture

Culture builds slowly in organizations, but once formed, culture is remarkably persistent even when there is turnover at the top. Of course, culture can be either good or bad. There have been plenty of stories in recent years about companies whose success has been undermined by a toxic culture. Family businesses are no exception. Ironically, a "family-first" culture at a family business can inhibit the retention of capable non-family executives that eventually become essential for the sustainability of the family business.

AutoZone is known for a culture that is obsessively focused on the customer experience in their stores. Culture is the environment that empowers the team to execute the founder's vision on a greater scale than the founder possibly could by himself or herself. At the time of Mr. Hyde's retirement in 1997, the chain had grown from that original Auto Shack in Forrest City, Arkansas to approximately 1,500 locations. In the following two decades, the culture and team that Mr. Hyde had developed grew the concept to over 6,000 stores.

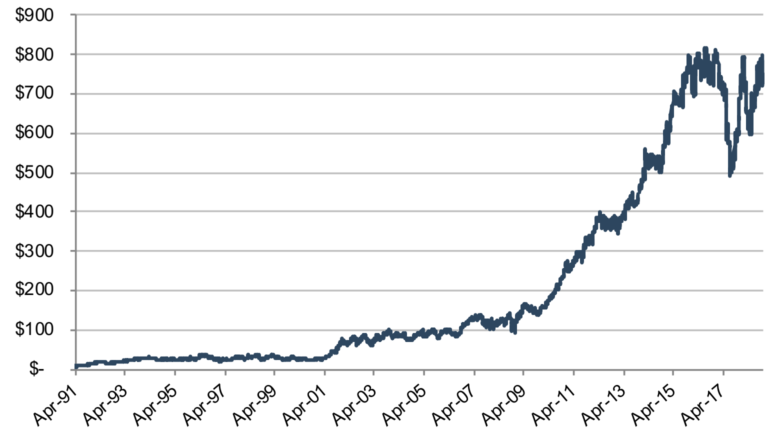
How do you and your fellow directors describe the culture of your family business? Do the employees, customers, and suppliers who experience the family business's culture every day describe it the same way?

Lesson #3: Develop a Passion for Things That Matter Outside the Business

Although few would likely admit it, we suspect one reason that key executives avoid walking away from the family business is that they have not developed anything compelling to walk toward. Mr. Hyde's philanthropic endeavors have made, and continue to make, Memphis a better place to live. Turning over management of a successful family business need not be followed by a "retirement curse." Whether a new business venture or philanthropy, family business executives who intentionally cultivate interests outside the family business are more likely to execute a successful transition to the next group of managers.

Are you and your fellow directors encouraging senior managers to develop outside interests that will make eventual transition easier?

AutoZone Share Prices



Does it Really Matter: What's the Financial Benefit?

Family business directors are stewards of the financial resources that the family has allocated to the business. So what are the financial benefits of focusing on management succession? There are two principal benefits that directors need to be aware of.

First, an emphasis on management succession increases the likelihood of continued financial success for the family. AutoZone shares opened trading on April 2, 1991 at a (split-adjusted) price of $6.88 per share. At the time of Mr. Hyde's transition out of the President and CEO roles almost six years later, the share price had grown to approximately $25, a compound annual return for investors on the order of 25%. The team and culture that Mr. Hyde left behind contributed to continued shareholder returns, with the share price today on the order of $800 (an annualized return over more than two decades of approximately 17%).

Second, an emphasis on management succession actually increases the value of the family business in the present. The flipside of failing to plan for management succession is allowing the family business to remain unduly dependent upon a single individual. For multi-generation family businesses, such dependencies increase the risk profile of the company, which reduces the value of the business, and by extension, the family's wealth. Even when there is no intention to sell, directors should be mindful of the value of the family business and aware of steps they can take to enhance or protect that value. Reducing key person dependency through active planning for management succession is an important step in doing so for many family businesses.

Management succession needs and strategies will necessarily look different for every family business, but AutoZone provides a great case study for directors to consider. Management succession is not just a human resources issue, but can have major financial repercussions for the family. Our professionals welcome the opportunity to discuss in confidence how management succession is influencing the value and sustainability of your family business.

For additional perspective on management succession, see Chapter 7 of our new book, ***The 12 Questions That Keep Family Business Directors Awake at Night***.

Mercer Capital in the News

AICPA Recognizes Karolina Calhoun with FVS 'Standing Ovation' Award

Mercer Capital is pleased to announce that Karolina Calhoun, CPA/ABV/CFF was named one of 26 young CPAs to receive the Forensic and Valuation Services (FVS) Standing Ovation award for her contribution to both her specialty area in accounting and the local community. Recipients of this award were honored earlier this month at the *2018 AICPA FVS Conference* in Atlanta, Georgia.

Learn More >

Bryce Erickson Quoted in D CEO Magazine

Bryce Erickson, ASA, MRICS, senior vice president, was quoted in the *D CEO Magazine* article, "Eureka! A New Energy Boom is taking Hold in Texas, From the Permian Basin to Dallas' Crescent Court." The article provides a macro overview of how the Permian Basin has energized the Dallas Fort-Worth area.

Learn More >

Crow Quoted on Focus Financial's 3Q18 Earnings

Matthew R. Crow, ASA, CFA, president of Mercer Capital, was quoted in the *Financial Planning* article, "Focus Financial's revenue gains keep spotlight on RIA proxy."

Learn more >

Upcoming Speaking Engagements

DEC 18

Karolina Calhoun, CPA/ABV/CFF &
Taryn E. Burgess
"Corporate & Business Transactions From a Legal and Financial Perspective"
The Memphis Chapter of Tennessee Society of CPAs
Memphis, TN

MAY 9

Z. Christopher Mercer, FASA, CFA, ABAR
"How to Present Complex Finances to Judges"
AAML/BVR National Divorce Conference
Las Vegas, NV

Mercer Capital

Mercer Capital's ability to understand and determine the value of a company has been the cornerstone of the firm's services and its core expertise since its founding.

Mercer Capital is a national business valuation and financial advisory firm founded in 1982. We offer a broad range of valuation services, including corporate valuation, gift, estate, and income tax valuation, buy-sell agreement valuation, financial reporting valuation, ESOP and ERISA valuation services, and litigation and expert testimony consulting. In addition, Mercer Capital assists with transaction-related needs, including M&A advisory, fairness opinions, solvency opinions, and strategic alternatives assessment.

We have provided thousands of valuation opinions for corporations of all sizes across virtually every industry vertical. Our valuation opinions are well-reasoned and thoroughly documented, providing critical support for any potential engagement. Our work has been reviewed and accepted by the major agencies of the federal government charged with regulating business transactions, as well as the largest accounting and law firms in the nation on behalf of their clients.

Contact Us

Travis W. Harms, CFA, CPA/ABV
901.322.9760
harmst@mercercapital.com

Nicholas J. Heinz, ASA
901.685.2120
heinzn@mercercapital.com

Z. Christopher Mercer, FASA, CFA, ABAR
901.685.2120
mercerc@mercercapital.com

Scott A. Womack, ASA, MAFF
615.345.0234
womacks@mercercapital.com

Timothy R. Lee, ASA
901.322.9740
leet@mercercapital.com

Bryce Erickson, ASA, MRICS
214.468.8400
ericksonb@mercercapital.com

MERCER CAPITAL

Memphis
5100 Poplar Avenue, Suite 2600
Memphis, Tennessee 38137
901.685.2120

Nashville
102 Woodmont Blvd., Suite 231
Nashville, Tennessee 37205
615.345.0350

Dallas
12201 Merit Drive, Suite 480
Dallas, Texas 75251
214.468.8400

www.mercercapital.com

*VALUE MATTERS*TM. This newsletter addresses gift & estate tax, ESOP, buy-sell agreement, and transaction advisory topics of interest to estate planners and other professional advisors to business. For other newsletters published by Mercer Capital, visit www.mercercapital.com.