Business modeling services

Saving time and reducing risk through business modeling

Client challenge
An owner and franchisor of auto dealerships needed an efficient, accurate, and cost effective way in determining the fair value of its dealership franchise rights for impairment testing in accordance with Financial Accounting Standards Board Account Standards Codification 350.

The project
The client had over 80 active dealerships but needed a dynamic and flexible model that could accommodate up to 99 dealerships at once.

We worked with the company’s CFO, controller, and external auditors to develop a franchise rights valuation model.

The purpose of the model was to enable the client to internally perform periodic impairment testing of its franchise rights intangibles at the individual dealership level.

Client results
The project was completed on time with minimal involvement from the CFO and controller.

The robust documentation provided by the model facilitated a quick and relatively painless review with the client and their external auditors.

As a result of our work, the client obtained a robust, flexible, and dynamic model and was able to perform periodic impairment testing and sensitivity analysis of its franchise rights thus saving time and costs while reducing risk.