



**INTERNATIONAL VALUATION STANDARDS COUNCIL**

**DISCUSSION PAPER**

# Definition of a Professional Valuer

*Comments to be received by 30 September 2010*

July 2010

**Discussion paper**

# Definition of a Professional Valuer

*published July 2010*

This Discussion Paper is published by the International Valuation Professional Board (IVPB) for comment only. The International Valuation Professional Board is an independent technical body of the International Valuation Standards Council (IVSC) responsible for the development of benchmark educational standards and guidance, and for the development of technical guidance to support the application of the International Valuation Standards.

Comments on this Discussion Paper are invited before 30 September 2010. All replies may be put on public record unless confidentiality is requested by the respondent. Comments may be sent as email attachments to [CommentLetters@ivsc.org](mailto:CommentLetters@ivsc.org) or by post to the **International Valuation Professional Board, 41 Moorgate, LONDON EC2R 6PP, United Kingdom.**

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## Note for Respondents

### Objectives

The IVPB has proposed the following definition of a “Professional Valuer”. The definition was built on the basis of a core competency framework; specific skills required; a recognition of different valuation specialties; and credentials, education and training requirements.

The IVPB debated the scope and required detail for the document. The IVPB preliminarily decided that the document must not be so high level that it lacked relevance, but also that it did not need to be at a level of detail that addressed all valuation specialties, or detailed discussion of certain subcomponents.

### Request For Comment

The IVPB is issuing this Discussion Paper for comment.

The aim of this Discussion Paper, ‘Definition of a Professional Valuer’, (the or this “document”) is to seek views from interested parties. This document is published with a view to enhancing the public’s awareness of the valuation profession and the desired attributes of a Professional Valuer.

The document assumes some familiarity with valuation practices and certain technical terms.

The IVPB seeks comments on this document and would like respondents to express a clear overall opinion. Comments are also invited on the specific matters numbered below, together with supporting rationale.

### General matters for comment

The IVPB would value comments on whether:

1. The structure of the document is clear;
2. The document explains the concept of a Professional Valuer appropriately;
3. There are any topics that need to be included in or deleted from the document;
4. The document should be more expansive of what a **profession** necessitates?

## Specific matters for comment

In addition to comments on general matters, the IVPB would value comments on these specific items.

1. Would this document benefit by including a more in-depth discussion of some of the topics introduced. For example, should the document contain discussion related to valuation specialties such as business interests, financial instruments, intangible assets and real estate?
2. Are there additional competencies that should be included in this document?
3. Should a university degree be a pre-requisite for entering the valuation profession?
4. In determining whether to include the requirement for a university degree, the IVPB agreed that it was important to decide whether the purpose of the document was to illustrate the current position regarding the education and training of the valuation profession or to set the bar for future entrants. As a point of reference, the International Federation of Accountants (IFAC), International Education Standard 1 states that the entry requirement to a Program of professional accounting education leading to membership of an IFAC member body should be at least equivalent to that for admission into a recognized university degree program or its equivalent.
5. Should there be increased focus on a need for licensing/regulation?
6. Should there be an increased emphasis of the importance of adherence to a code of conduct, such as the IVSC's Code of Ethics, and enforcement by a regulatory body?

## Discussion paper

# Definition of a Professional Valuer

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## Introduction

This Discussion Paper (the or this “document”) provides a definition of a “Professional Valuer”. It is presented as a conceptual structure, hence the definition of a Professional Valuer is someone who satisfies the criteria set forth within this document.

The essential elements of a “profession” include the following:

- a professional body governing the profession in the public interest;
- the setting of professional standards;
- using rigorous processes to qualify people who meet those standards;
- having a commitment to continuing professional development;
- having a demonstrably effective regulatory framework and a disciplinary process for regulating conduct and ethical behavior; and
- having a strong and an enforced culture of ethical behavior in accordance with an ethical code.

The following topics, as described in this document, should be considered in the development of a definition of a Professional Valuer (or to define valuation as a profession):

- a core competency framework;
- the types of skills that need to be attained; and
- a summary framework of the credentials/necessary requirements for Professional Valuers.

## Professional Valuer: Core Competency Framework

A Core Competency Framework focuses on skills and is not structured around traditional subject/content areas or valuation services. A skills-based curriculum is advocated, because the body of knowledge and the valuation profession are changing so rapidly and will probably continue to change rapidly. Although knowledge requirements will change with time, the core set of competencies identified by the Framework will have long-term value.

The Framework supports the concept of learning as a continuum that begins in an academic setting and continues with life-long professional education and experience. Further, by basing curriculum guidance on professional expectations, the Framework aims to ease transition from student to professional.

Competencies define the knowledge, skills and behaviors required for success globally and across a valuation organization at a point in time. They communicate expectations and requirements for successful performance.

Most professional competencies apply to all professionals, although some may be level or role dependent. In addition, as Professional Valuers progress through their careers, the expectation for performance increases. As business strategies evolve and the global economy makes new demands on the Professional Valuer, competencies should be expected to be added or deleted.

## How are competency requirements defined?

There are three broad types of competencies, which reflect different knowledge and skills required of Professional Valuers.

- **Professional:** Non-technical job-specific knowledge and skills required to deliver exceptional client service, e.g., relationship building, project management, negotiations, sales, business advisory, communications and interpersonal effectiveness, professional skepticism.
- **Technical:** Function and job specific knowledge and skills, e.g., accounting, economics, and taxes, as necessary.
- **Industry:** Industry-related knowledge and skills that will allow Professional Valuers to develop insights about the dynamics, trends, challenges, priorities and leading practices related to valuation.

## What Types of Competencies Do Professional Valuers Need?

Those desiring to become Professional Valuers must develop a wide array of competencies, including the following:

**Problem-solving, analytical and research skills** – Professional Valuers should be able to analyze, compare and interpret facts and figures. Identify and solve unstructured problems in unfamiliar settings and provide insightful consulting advice.

Professional Valuers should also be able to think creatively in order to generate innovative solutions. Professional Valuers should also be able to effectively and efficiently research, organize and communicate reports on technical and/or industry specific issues utilizing print, electronic or human sources.

**Personal skills** – Valuation is a service activity, and Professional Valuers should be able to work well in teams as well as in one-on-one situations. Professional Valuers should also have the ability to lead, motivate and empower teams and individuals to attain clear, concrete, timely and measurable results.

**Communication and listening skills** – Professional Valuers will be called upon to persuasively present, discuss and defend their views formally and informally, in writing and verbally.

**Technology Skills** – Professional Valuers must remain current on emerging technologies, such as e-commerce, image processing and workflow technology, and understand how these technologies impact business operations and the use of information for decision making. Professional Valuers should be familiar with the latest spreadsheet, database, word processing, accounting, business and presentation software packages.

**Project Management** – Professional Valuers need to have project management skills in order to deal with conflicting demands, unexpected requirements, coinciding deadlines and family obligations. Professional Valuers should be able to judge situations, assign **priorities** and organize tasks and obligations to meet deadlines.

Awareness of increasing need for multidisciplinary project teams – Due to the rapidly increasing need for value determinations in the marketplace, the need for specialization has also increased. Accordingly, frequently an engagement will necessitate a team made up of different specialists to accommodate the needs of the client. A Professional Valuer needs to be cognizant of creating such teams as necessary.

**Professional Judgment skills** – Professional Valuers should have the ability to reach well-reasoned conclusions that are based on the relevant facts and circumstances. Careful and objective consideration of information is key to its application. In addition, both professional skepticism and objectivity are essential to the process and to reaching an appropriate conclusion.

## Credentials/Necessary Requirements for a Professional Valuer

Regardless of the type of property being valued, a Professional Valuer should meet the following criteria:

**Education:** Professional Valuers should obtain formal training in the generally recognized valuation approaches, methods and techniques, commonly known as the body of knowledge. Conformance to these generally recognized approaches, methods and techniques promotes consistency in the work product of Professional Valuers. Professional Valuers will usually receive initial training from a combination of professional societies, and college or university courses. Professional Valuers should attend **Continuing Education** offerings on a regular basis to enable professional growth and to stay abreast of developments in the valuation profession.

**Examination:** Professional Valuers should have completed relevant professional exams to demonstrate a thorough understanding of subject matter and competency. Examinations could take various forms including written, work product review and technical interviews by experienced Professional Valuers. In addition, where required, a Professional Valuer needs to attain any required **License** to practice.

**Experience:** Professional Valuers should have significant experience in applying the generally recognized valuation approaches, methods and techniques in the marketplace.

**Ethics:** Professional Valuers should follow an established code of conduct, such as the IVSC's Code of Ethics.

The following diagram shows the typical requirements for becoming a Professional Valuer.



The reader is referred to the IVSC Code of Ethics Exposure Draft which also speaks to professional practice matters.