

Fundamentals of Industrial Valuation by John Lifflander Book Review by Marci Williams

The title of this book is deceptive. It implies it is about the valuation of manufacturing facilities and it is for both the real and personal property. But it is so much more.

As the Personal Property Audit Supervisor, I am asked frequently how to perform an audit. The ability to audit personal property assessments requires a complicated mix of accounting and appraising skills. There are accounting texts that are very good and there are appraisal texts that are very good, but this is the first time that I have seen a book that combines both in a way that could be very valuable to the Personal Property Appraiser or Auditor.

Here is a summary of some of the chapters:

Chapter 1 - 3: The book starts like every appraisal or audit - with **research**. It expresses the necessity to do research on the equipment being valued, the industry, and the specific business.

Chapter 4: This chapter explains tools that are valuable in a **tour** of a manufacturing plant including conducting interviews, understanding the plant in a chronological order, drawing a flowchart of the process, and more.

Chapters 5 - 8: A personal property audit of a manufacturing facility cannot be performed without also understanding the **real property valuation**. These chapters cover concepts in the valuation of the building from all three approaches to value.

Chapter 9: This chapter discusses issues involved in the valuation of **industrial land**.

Chapters 10 - 14 & 17: Six whole chapters on the valuation of the **Machinery & Equipment**. There are expected topics like classification, depreciation, direct and indirect costs, value in use vs. value in exchange and trending. There are also unexpected, valuable topics like non-inventory supplies, process support equipment, sampling, and a whole chapter on financial analysis.

There are also chapters on contaminated property, appeals, and electronic filing.

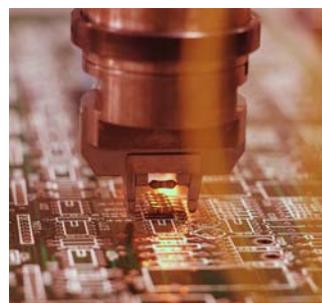
Most chapters have references for further investigation.

Although this book is written from the perspective of the valuation of industrial properties, most of the research, the accounting principles, financial analysis and the appeals assistance could apply to most of our work. I would recommend it as a valuable addition to any appraiser's or auditor's library.

Cost: \$55 - Members or \$65 - Non-members ☒



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