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**Cognitive bias in the judgment of business valuations and valuers :
how systematic patterns of irrationality affect entrepreneurs, legal
professionals and business valuers**

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Propositions relating to the dissertation

COGNITIVE BIAS IN THE JUDGMENT OF BUSINESS VALUATIONS AND VALUATORS

How Systematic Patterns of Irrationality Affect Entrepreneurs, Legal Professionals and Business Valuators

by Marc Jacques Robert Broekema

1. Sound valuations can be judged as poor, and poor valuations can be judged as sound; irrespective of the correct application of business valuation theory, the perceived quality of a business valuation and the business valuator is largely determined by human perceptions (*this dissertation*).
2. When legal professionals are aware of their susceptibility to biases when judging business valuations and business valuators, they can better control the extent of the dispute of which the business valuation is part (*this dissertation*).
3. The phenomenon that valuators recognize the adverse effects of biases with others but not with themselves (i.e., bias blind spot), is a threat for advancing the valuation profession (*this dissertation*).
4. Introducing principles aimed at mitigating the effects of biases in the valuation process will contribute to fewer disputes about business valuations and business valuators (*this dissertation*).
5. Entrepreneurs and business valuators unconsciously amplify the effects of bias; that is, entrepreneurs are guided by their position (buyer or seller) and presented anchors when judging business valuations, while business valuators are affected by the interests of their clients (*this dissertation*).
6. Business valuators focus too much on the right application of the valuation technique rather than on the effects of biases on themselves and on the parties who have an interest in the business valuation.
7. The subjective and relative open rule nature of business valuation requires business valuation education to pay more attention to the effects of biases.
8. Business valuations face a double bias trap: in the first place regarding the valuation input variables, and secondly in the judgment of the business valuation and the business valuator.

9. If you don't know which bias might play a role in a certain situation, you can't properly judge the business valuation and the business valuator.
10. The value attributed to a business valuation is often overestimated as a result of biases.
11. The best business valuers are also psychologists.