

CPCV CREDENTIAL: CORE KNOWLEDGE COMPETENCIES



American Association
of Provider Compensation Professionals*

This document outlines the core knowledge competencies of the CPCV credential holder. These competencies are demonstrated by the credential candidate passing a series of examinations covering core areas of knowledge, including their application to various facts and circumstances. These areas are also addressed in the content of CPCV credential training courses.

General Knowledge Competency

The fundamental knowledge competency of the CPCV credential holder is the ability to analyze questions of value in service arrangements from the perspective of the valuation body of knowledge.

This fundamental knowledge base reflects a competent understanding of the following areas:

- Concepts, principles, and procedures of valuation theory
- Sound practices of research, data analysis, statistics, finance, economics, and evidence accumulation
- Application of critical valuation thinking skills to the facts and circumstances of a service arrangement
- Application of reliable valuation methods yielding credible results

Specific Knowledge Competencies

1. Understanding of valuation theory and standard valuation practices
 - a. The uniform analytical process applied by all valuation disciplines
 - b. The key elements of the valuation scope of work
 - c. Fundamental valuation concepts, terms, principles, and practices
2. Analysis of services and compensation terms in the subject arrangement
 - a. Identification of the core elements and terms
 - i. Services provided
 - ii. Compensation structures

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- b. Evaluation of the fundamental economics of core service elements and compensation structures
 - c. Analysis of the relationship between the services provided and the compensation structure/terms
 - d. Identification of available and relevant approaches to value given the core service elements and compensation structures
3. Market and circumstantial analysis
- a. Identification of relevant market conditions and relevant facts and circumstances
 - b. Research practices resulting in the accumulation of appropriate information on market conditions relative to the subject arrangement
 - c. Assessment of the impact of market conditions and the facts and circumstances on the economics of the subject arrangement
4. Use of industry data sources
- a. Knowledge the range, types, and sources of industry data for use in compensation valuation
 - b. Assessment of the quality, quantity, and relevance of data sources for a valuation assignment
 - c. Reliable application of principles of data analytics, statistics, and research in the use of data
5. Consideration of the approaches to value
- a. Understanding of the analytical framework of each approach to value in the context of compensation valuation
 - i. Market approach
 - ii. Cost approach
 - iii. Income approach
 - b. Evaluating the reliable use of an approach to yield credible and meaningful results
 - c. Assessment of the relative strengths and weaknesses of an approach in valuing a subject arrangement
6. Application and assessment of valuation methods
- a. Recognizing the criteria for reliable valuation methods

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- b. Identification of the data inputs and assumptions required to apply the method
 - c. Relating a valuation method to the economics of the subject arrangement
 - d. Understanding how a valuation method implements the concepts and principles of an approach to value
 - e. Evaluating the relative strengths and weaknesses of a method, including the impact of data inputs and assumptions used
7. Development of an opinion of value
- a. Preparation of a reconciliation of the value indications from the methods applied
 - b. Evaluation of the relative strengths and weaknesses of each value indication
 - c. Formation of a credible opinion of value
 - d. Adaptation of the opinion to the compensation structure/terms of the subject arrangement
8. Communication of the opinion of value
- a. Identification of the information and analysis to be presented in the valuation report
 - b. Organization of the valuation report into a meaningful structure
 - c. Preparation of reports meeting the following criteria at an appropriate level of detail
 - i. Clear description and explanation of the work completed
 - ii. Clear identification of assumptions and client representations relied on for purposes of the opinion of value
 - iii. Support and defense of the opinion of value
9. Work file documentation
- a. Understanding the purpose and use of workpapers and work file documentation
 - b. Identification of areas for work file documentation
 - c. Recognition of sound habits of documentation