Mantras Ambulance Services, Inc. Case 2: A Buyer-Side Business Valuation Case

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Abstract
The purpose of this decision case is to discuss business valuation in the context of a privately-owned service company. Daniel Gustafson has worked in the healthcare industry since his college days and has purchased two medical transport companies which he turned into successful, thriving businesses. He would like to increase market presence for his company by purchasing existing “mom-and-pop” type ambulance companies in the Northeast region of the United States. With the help of his Chief Financial Officer, Penny Nicholson, he has identified Mantras Ambulance Services, Inc. as a company he is interested in purchasing. Students are asked to assume the role of Penny Nicholson to assist Daniel in the process of identifying relevant information and preparing an analysis for business valuation.

Learning Outcomes
Upon completion of this case, a student will be able to:

1. Identify various factors that can impact the purchase price of a privately held business.
2. Formulate a estimated business valuation range based on analysis of financial information.
3. Produce a written communication in a business setting to communicate relevant information for decision making.

In addition, if both Mantras cases are used to analyze information from both the buyer and seller perspectives, the students will be able to:

4. Negotiate a sale price for the purchase of Mantras Ambulance Services, Inc.
5. Demonstrate effective oral communication skills through buyer/seller discussions and negotiations.

Application
This case is most appropriate for upper-level undergraduate or graduate courses focusing on business valuation or financial statement analysis.

Keywords
Business valuation, ratio analysis, market approach, and negotiations.

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