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Money, Power Issues Dominate Initial Acquisition Meetings

"It's always about partner compensation."

Editor's Note: *This is Part Two of a two-part feature on first meetings between "acquirer" firms and the firms that they hope to acquire. Part One, which ran in the October issue of PAR, focused on the need for acquirer firms to approach first meetings from a relationship perspective. Part Two delves into how an acquiring firm must address compensation and other issues of primary concern to the partners of the potentially acquired firm.*

Money and power.

No, that is not a teaser for the latest prime-time TV soap opera.

If you are a partner who is hearing a proposal from a firm that wants to acquire your firm, compensation and control issues are almost certainly your top concerns. Even in an initial meeting regarding a potential acquisition or merger, these two topics transcend all others. It is likely that the same question is in the minds of every person in the room: How would this deal affect my compensation and my ability to control the work that I do?

The leadership of a potential acquirer firm must understand this fact in order to move successfully beyond the first meeting in an acquisition discussion, explained Allan D. Koltin, CEO of Chicago-based **Koltin Consulting Group**, in an interview with *PAR*.

Of the two variables—money and power—the former takes precedence in the minds of potential acquiree partners.

"When people say the merger or acquisition is not about partner compensation, it's *always* about partner compensation—every word, every sentence. The human



Allan D. Koltin



EXECUTIVE FORUM

Executives Rely on Strong Communications Plans to Drive Firmwide Goals and Create Inclusive Cultures

Communication is key to managing a successful firm. Firms with embracing and applauded cultures recognize that effective communication is essential to keeping everybody in the firm focused on their tasks, goals and priorities. This month, firm executives share and describe the systems and policies they have in place to ensure that everybody within their firms stays informed about issues and concerns firmwide.



Michelle Loyd Thompson, *managing partner, audit and assurance services, and firmwide CEO-elect, Cherry Bekaert/Raleigh, N.C.* (FY17 net revenue: \$175 million; 125 partners; 1,000 total staff; 12 offices):

Communication takes many forms in a professional services firm—digital (email, intranet, social media), virtual (meetings, videos) or in person. Communication is two-way. In managing a professional services firm, you should actively solicit feedback and input. You should not view communication as a top-down exercise. You must take into consideration that the same message needs to be heard at least seven times before it's fully received, and that each person receives information differently. This is complicated in matrix-managed organizations where there are multiple avenues or people communicating. I find that effective, frequent and honest communication often removes many of the barriers to the implementation of programs and initiatives that otherwise might falter. Conspiracy theories abound when people are left to wonder about the reason for many decisions. While all the details of the decision cannot and should not be shared, honest proactive communication of the process will often neutralize the conspiracies. People may not totally agree with the decision,

but the talk will be about that, not motives. Because of the nature of our business, there is a need for formal and predictable communication to match the cadence of technical, policy and business matters that impact the day-to-day performance of employees' jobs. However, it is the informal communication, where there is an opportunity to listen, that creates trust. Trust is the foundation of managing and leading a professional services firm. Trust is built through transparency, which is achieved through honest and open communication.



Rob Dutkiewicz, *president, Clayton & McKervey/Southfield, Mich.,* (FY17 net revenue: \$13 million; nine partners; 75 total staff):

The flow of information within an organization rarely moves in a linear fashion, so leaders have to use a variety of channels to gather and share information and set and achieve firm goals. As president, my No. 1 communication priority is reinforcing the importance of Clayton & McKervey's core values, vision and mission throughout the organization. When we have a key initiative we want to introduce, we communicate and discuss on multiple levels. For example, in 2016, we set out to permanently establish a women's network. The network offers training, development and networking opportunities for women in the firm to connect to one another, and to link female role models and mentors together. With our shareholder group comprised of 45% female CPAs, we understand the importance of providing equal access to ownership both now and well into the future. Yet, our high percentage of women in management required a greater level of communication as to why we felt we needed a women's network now. Wasn't that counterintuitive? We didn't think

so—we saw it as a talent issue, not necessarily a gender issue, and communicated it as such. The Women’s Network started as a conversation with a few staff members and expanded into a small committee before being rolled out to the shareholder group during an annual offsite planning session. Once vetted, the plan was presented to managers and principals in a separate meeting to allow for questions and conversation. We then presented this key initiative to the entire firm in one of our town hall meetings. At each step of the way, stakeholders had the opportunity to ask questions or seek clarification about our plans. One of the ways that we ensure full firm engagement in communication is to offer remote access to conversations through our investment in technology called LifeSize, which allows offsite employees to be both seen and heard. As programming, events and initiatives of The Women’s Network continue to unfold, firmwide communications include email, our internal newsletter, live meetings and regular staff updates, as well as a comprehensive staff survey of participants to make sure we weren’t missing the mark. Externally, we shared our progress with clients, friends and the profession through our newsletter, press releases, and social media. The Women’s Network is a good example of how multi-pronged communication often must be in order to be effectively received by intended audiences.



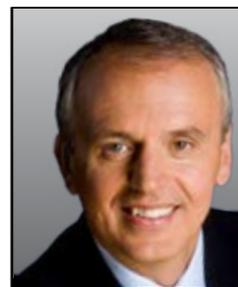
Craig Savell

Craig Savell, co-managing partner, Margolin, Winer & Evens/Garden City, N.Y. (FY16 net revenue: \$41 million; 26 partners; 203 total staff, two offices):

Regular, frank and open communication among the firm’s shareholders and the staff is one of the key reasons why Margolin,

Winer & Evens has been so successful for more than 70 years. The firm’s culture has long embraced a collegial “open door policy” where partners are always available to answer staff questions and provide professional guidance. Employees are empowered and encouraged to bring any work-related concerns they might have to their managers or to the firm leadership. The firm’s official mentorship

program is also a crucial two-way communication tool. As part of their orientation, younger staff are paired with an experienced mentor. This pivotal program, which includes regularly scheduled meetings, helps forge deep and long-lasting relationships at all levels of the firm. Mentors closely guide our staff in both the hard and soft skills they’ll need as they develop in their careers. Additionally, staff are able to give management crucial insight into day-to-day issues. Our annual review process is also a key communication tool, giving staff and their supervisors the opportunity to reflect on the prior year, assess performance and give constructive feedback to help staffers grow into the future leaders of the firm. The partners also meet on a monthly basis to discuss the business of the firm and to strategize on ways to keep MWE as an employer of choice. In addition, the firm’s marketing department regularly sends out an internal newsletter highlighting charitable and business development activities which had recent staff participation. This inspires younger staff to get more involved in taking part in activities that help grow the firm.



Chris Millias

Chris Millias, managing partner, OUM & Co./San Francisco (FY16 net revenue: \$17.6 million; 11 partners; 68 total staff, two offices):

At OUM, we are constantly working to enhance our communication with all staff. Starting with our inter-office website, when you turn on your computer, it’s the first thing that comes up. Today, I posted a fraud alert that impacted two of our clients. We post daily, both serious and fun stuff. This year, we’ve implemented real-time automated performance surveys for timely feedback. Our performance coaching program includes meetings during the year with a mentor. This has proven to be really effective. We also hold staff-level meetings throughout the year to discuss topics that are top of mind and collectively agree upon action items. Last year, we initiated a firmwide wellness program that includes a monthly wellness newsletter and ongoing fitness challenges. To share firmwide information, we hold

monthly departmental meetings and an annual State of the Union event. Our most popular gathering spot is our beautiful kitchen (large table, TV, and great snacks) because honestly, that's where everyone shares information on a daily basis. My office is right next to the kitchen, so it's where I get my best information!



Jim Proppe, *managing partner, Plante Moran/Southfield, Mich.* (FY17 net revenue: \$468.6 million; 292 partners and entity members; 2,200 total staff, 24 offices):

At Plante Moran, we have several systems in place to ensure a culture of open communication and transparency, including (1) a communication structure where management team members speak to the firm's five-year vision, industry and service group leaders share information specific to their practice groups, office managing partners deliver a consistent message throughout their offices, and team partners meet with individuals or small groups to reiterate the message and answer questions; (2) quarterly financial updates on our intranet where we share information about our financial performance and give staff the opportunity to respond with questions; (3) associate meetings (managers and up) led by management team members and designated to share information and answer unfiltered questions; (4) a "Speak up! If something's not right, we'll change it" model that includes formal and informal outlets to encourage staff to ask questions and provide feedback; and (5) an annual firm conference

where all staff come together to celebrate and learn more about our culture, new initiatives, promotions, financial performance, and staff awards. With an organization of 2,200-plus people, this interconnected network of communication ensures everyone has the opportunity to share information and be heard.



Heidi LaMarca, *president and CEO, Windham Brannon/Atlanta* (FY17 net revenue: \$25 million; 13 partners; 160 total staff):

Successful communication at any firm starts at the top and needs to go beyond emails sent to employees periodically updating them on the state of the business. It needs to be a continuous, interactive flow of information and ideas that empower employees to be a part of the evolution and growth of the firm. At Windham Brannon, we utilize several points of engagement to ensure our employees are involved and actively working toward our business goals. In addition to regular firm updates, monthly newsletters, a feedback program and a bi-weekly update to our partners, I hold monthly informal small team breakfasts to allow employees to ask questions and share ideas or concerns. We also do "temperature checks" through surveys on internal benefits and perks. Finally, one of the most important pieces of communication comes through development and our coaching program. Every employee at Windham Brannon is assigned a coach to help guide them through their professional development. ■

PEOPLE, FIRMS AND PROMOTIONS

Erin Triolo was named enterprise division leader at **Apex CPAs & Consultants**, based in St. Charles, Ill. She will oversee consulting, accounting and financial guidance of projects for clients and help identify

opportunities to reduce operational risk. She also joined the firmwide leadership team and will assist with growth initiatives.

BKR International admitted **SVP Chartered Accountants** of Doha,

Qatar and **Ronalds & Assoc.** of Nairobi, Kenya, to membership.

Baker Tilly International named **Timothy Christen**, former chairman and CEO of Chicago-based **Baker Tilly Virchow Krause**,

as the network's new chairman. Christen recently completed a term as chairman of the **AICPA**. (See *related item, page 3*.) He was elected by Baker Tilly International's board of directors and will serve a four-year term. Christen succeeds **Jim Castellano**, former chairman of St. Louis-based **RubinBrown**, who was Baker Tilly International's chairman for 15 years.

Brown Smith Wallace, based in St. Louis, named **Bernard Ottenlips** as a state and local tax services principal. Before joining BSW, Ottenlips was a director for the **PwC** St. Louis indirect tax practice.

Cherry Bekaert, based in Richmond, Va., elected **Michelle Loyd Thompson** as firm managing partner and CEO on Oct. 18. Thompson will transition from her current position as managing partner of the firm's assurance services practice and assume her new role May 1. She is based in the firm's Raleigh, N.C., office. In addition to serving as managing partner, Thompson will become chairman of the firm's executive board. Thompson will succeed **Howard J. Kies**, who will step down May 1 after serving as managing partner for the last 27 years. Under his leadership, Cherry Bekaert experienced continuous advancement through strategic acquisitions and organic growth initiatives to include expansion into all major metro markets in the Southeast; development of industry and specialty groups; restructuring the firm; and building a "one firm" culture resulting in Cherry Bekaert's revenue growing from \$20 million to more than \$200 million. In addition, **Christopher "Chris" Rux** was named managing partner of the firm's Tampa Bay, Fla., practice. Rux served as an audit partner prior to his promotion.

New York-based **CohnReznick** elected three partners to serve as the newest members of its executive board. They are **David Kessler**, **Mike Micholas**, and **Alan Wolfson**. Kessler, based in Washington, is national director of the firm's Commercial Real Estate Industry Practice. Micholas is regional managing partner of the firm's Mid-Atlantic Region and is based in Washington. Wolfson is office managing partner of the firm's Manhattan office. The three new members will serve three-year terms. **Risa Lavine**, principal and chief of staff, was re-elected to the board.

Dixon Hughes Goodman, based in Charlotte, N.C., named **Frank Graham** as CFO. He succeeds **Mary Frazier**, who was named chief performance officer. Both are based in Charlotte. The firm also admitted 11 new partners. They are **Natalie Centeno** (tax/Charlotte); **Stephanie Fenner** (tax/Gaithersburg, Md.); **Louie Galbraith** (assurance/Tysons, Va.); **Kelly Hill** (assurance/Charlotte); **Wanda Justus** (healthcare consulting/Greenville, S.C.); **Luke Martonik** (assurance/Tysons); **Chris Masone** (healthcare consulting/Greenville); **Wesley McLeod** (assurance/High Point, N.C.); **Rob Oden** (assurance/Newport News, Va.); **Brian Smith** (assurance/Tampa Bay, Fla.); and **Teri Sowder** (tax/Jacksonville, Fla.). In addition, **Will Sneed** was named president of **DHG Wealth Advisors**. Previously, he was a managing director. Sneed succeeds **Woody Hoyle**, who continues to work with his individual clients.

McHale P.A., based in Fort Myers, Fla., named **Veronica Larriva** to partnership.

Morison KSi admitted **Pere Lopez Economistes** of Andorra la Vella, Andorra, to membership.

Plante Moran, based in Southfield, Mich., opened an office in Tokyo. **Eigo Yamamoto**, principal in the firm's management consulting practice, is the office's leader and will serve as a local contact to Japanese clients with U.S. operations. PM serves more than 100 Japanese-owned companies, and a physical location in Japan will help the firm work closer with Japanese clients as they navigate the American business environment. PM's Japanese Business Services practice includes a team of English- and Japanese-speaking CPAs accredited in both the United States and Japan.

RKL LLP, based in Mechanicsburg, Pa., is joining Mechanicsburg-based **Padden, Guerrini & Assoc.**, effective Jan. 1. The transaction enhances RKL's position in the region, growing the size of its local team to approximately 50 members. The two firms share respected positions serving the credit union and senior living industries, in addition to serving middle-market commercial clients. This transaction will place RKL in the top 10 firms serving credit unions nationally. PGA's five partners and 26 team members will join RKL, which employs a total of nearly 400 team members. The Mechanicsburg office will represent the sixth Pennsylvania-based location for RKL.

Ryan Sharkey, based in Reston, Va., admitted four new partners. They are **Perry Kessler** (assurance), **Anthony Ricciardella** (financial advisory), **Travis Sherman** (tax), and **Ricky White** (financial advisory). ■