



IAPA International Conference 2016

Rio de Janeiro, Brazil

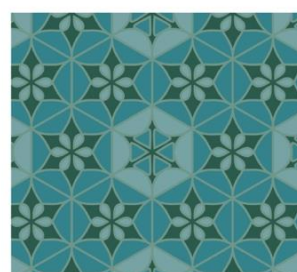
23-26 October

IAPA Strategy Review

Jan Huygens, IAPA Global Chair

Stephen Hamlet, IAPA CEO

Monday, 24 October





IAPA's aim:

To maintain and enhance a leading global association of quality independent accountancy and business advisory firms, providing a full range of professional services to clients with international needs.





Creating a stronger association



A strong brand with more global visibility

Your association –
compete more effectively for
new members, providing
reliable and trusted advisors
around the world



You as members–
compete more strongly for
international client work.
Increased knowledge sharing
amongst members



Result: Increased referral flows within our association





Ambitions for IAPA in 5 years' time:

- To have increased business opportunities for all members
- To have attracted new members
- To be more evenly represented globally
- To increase interaction amongst members



Membership

Aims:

- *to have the representation of high quality firms in key locations*
- *to enhance awareness amongst members internally and externally*

Suggested definition of ‘high quality firm’, including:

- Top quality accountancy firm
- Sufficient numbers of qualified staff
- Prompt responsiveness
- Active participation at IAPA events
- Informs other members of important updates in their jurisdiction
- Excellent English language skills

Recruitment in key locations

Aims:

- *to review what are considered to be 'key cities' for global business*
- *to ensure the association is adequately resourced in such locations*

Quality Control

Aim:

- *to ensure all IAPA members (current and future) are of a quality and standard that is expected by all, and that all members can be relied upon when a client is referred to them.*

Action:

- 'Ombudsman role' created and policy /procedures for review being investigated



Dual membership

Aim:

- *to ensure the correct policy is in place in regards to whether members can belong to another group and to determine what is best for the overall association and its members*

Suggestion:

- No member should be allowed to join another international association going forward without prior approval of the International Board



Dues structure

Aim:

- *to ensure that the dues structure is fair for existing members, taking into account the different sizes of members and different economical situations around the world, and that would attract good quality potential new members. Additionally that the structure generated sufficient revenue for the organisation to operate efficiently and to help it develop for the benefit of all members*

Suggestions:

- The minimum annual subscription be increased
- To include an amount to be put towards the attendance of the global conference
- Reduced rates for turnover < £1 million AND where GDP per capita < US\$10,000
- Tiered extra levels of dues based on annual turnover of firm
- All branch and partner supplements would then be removed
- Consideration to eventually remove referral fees

Member services

Aim:

- *To ensure members feel they get good value for money and remain engaged throughout the year with other members*

Suggestions:

- More regional split with dedicated focus
- Ensure conferences are well attended
- Ongoing assistance with marketing and PR
- Facilitating interaction amongst members
- Finding assistance and resource for members



Exclusivity of jurisdiction

Aim:

- *To enable the association to grow and develop, enhancing representation throughout the world for the benefit of member firms who need resources, and often specialised expertise, in areas outside their own jurisdiction*

Suggestions:

- A firm may be considered in any jurisdiction where the organisation currently has an existing member, but all firms within that jurisdiction must be contacted and asked if they have any objections for business and commercial reasons
- Any objections will be considered by the International Board and at the board's discretion may be used to prevent the application from being successful



Creating a stronger association





Memo from Adam Wilson, IAPA Finance Director, expressing his personal opinion

Hello everybody, I hope you are all having an excellent time in Rio and that the sun is shining!

Unfortunately I cannot be with you today so I have put some personal notes together in respect of Allinial Global.

You may be aware that I was asked by my firms' managing partner to attend the inaugural Allinial Global conference late last year in Amsterdam.

I met many very interesting people from not only Allinial Global, but also officers from a number of firms representing other networks and associations.

I have subsequently attended a number of other Allinial meetings which culminated in Wilkins Kennedy becoming full members of Allinial in September 2016.

The reason we have decided as a firm to join Allinial directly is broadly as a function of the commerce and strength they have in the US which contrasts with IAPA. IAPA is strong in other parts of the world but less so in the US.

Our Board felt that whilst being fully supportive of the merger (and I have asked Jan Huygens to vote in favour of ongoing discussions with Allinial on my firm's behalf) we felt that there may be a time delay before a full merger is in place and we wished to take advantage of the very strong commercial opportunities they may bring for our clients.

I am aware that there is a feeling that Allinial are perhaps more commerce focused and perhaps IAPA is a more "friendly" association, and a merger in due course may change our culture and ethos.





Memo from Adam Wilson, IAPA Finance Director, expressing his personal opinion

Firstly in relation to the second point, in all my dealings with both Allinial and their members, I have found them all to be exceptionally nice people and I really see little difference between them and IAPA members in terms of personality - after all we are all people!

In terms of commerce, the Allinial association, particular North America, has some very large firms such as Eisner Amper with a turnover of around \$400m, Wipfli who are around \$300m, and Squar Milner who are also very large.

In addition, many of their other firms outside these top 3 are also quite substantial compared to IAPA firms.

Whilst size isn't everything, it does mean that many of the clients of these firms are quite large and with that size comes international connectivity i.e. their clients want to work in other markets apart from the US; certainly since we have joined we have had a large number of enquiries and been able to answer many of their clients' questions in relation to assistance with UK accounting and taxation matters.

Overall, I am delighted, as are many of my fellow partners that we have chosen to join Allinial and I would thoroughly endorse IAPA's potential merger with Allinial.





Memo from Adam Wilson, IAPA Finance Director, expressing his personal opinion

The sheer logic of merging two associations that are both fiercely independent in terms of network status, one being predominantly US based and one predominantly not US based is very obvious and I would urge the Board of IAPA and its integration committee to continue with every effort to try and ensure that this merger works for the benefit of not only IAPA and Allinial, but perhaps most importantly for all its members and especially their clients.

After all, we should only be here as members of IAPA to help service our clients' needs - I can see that a merger can only help that aim.

I wish you all the best in your deliberations and look forward to seeing you all in Dubai in March, and enjoy the rest of your conference.

All the best,

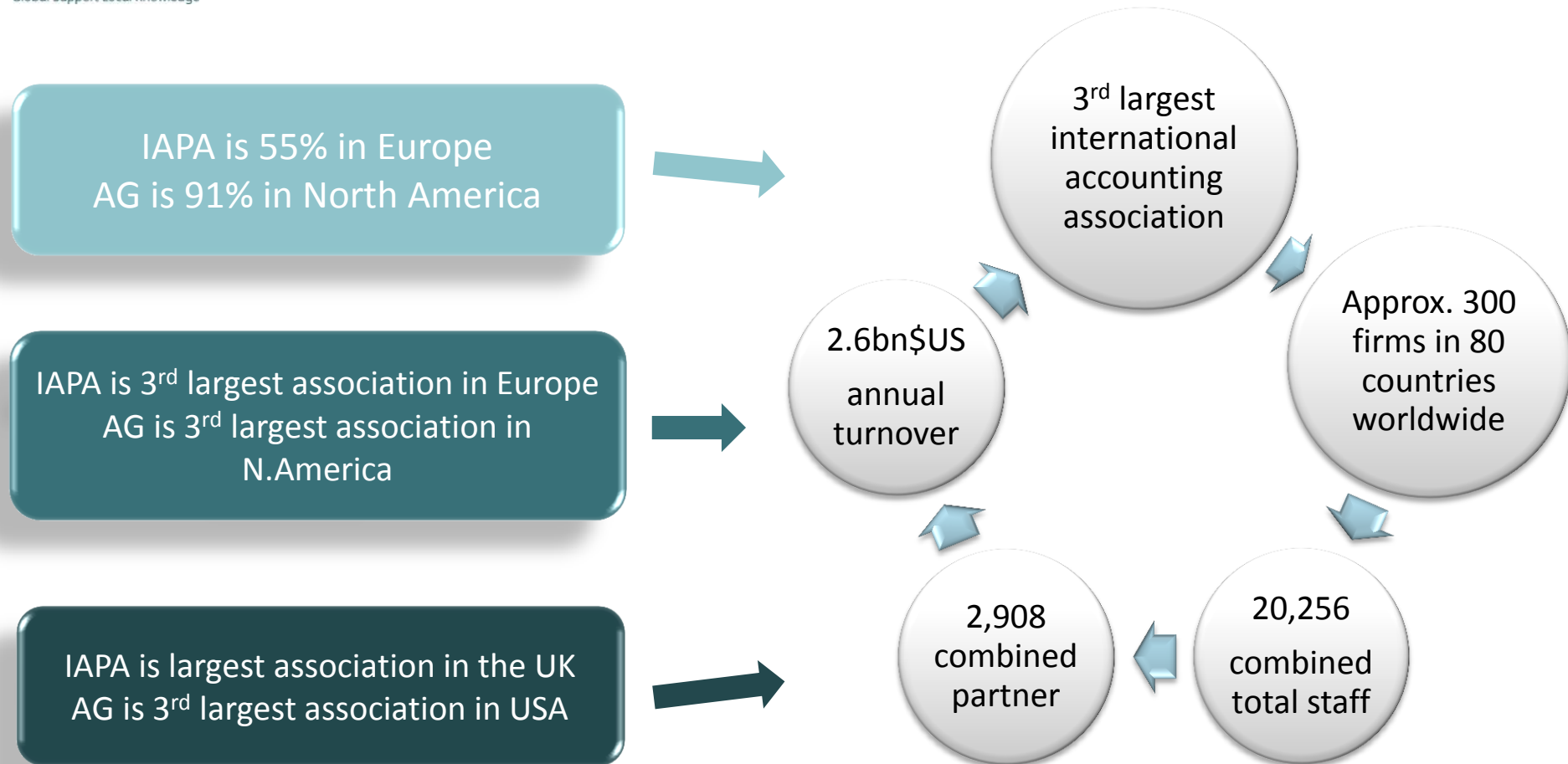
A handwritten signature in black ink, appearing to read 'Adam', with a horizontal line underneath.

Adam

18 October 2016



Combination of IAPA and AG at a glance:

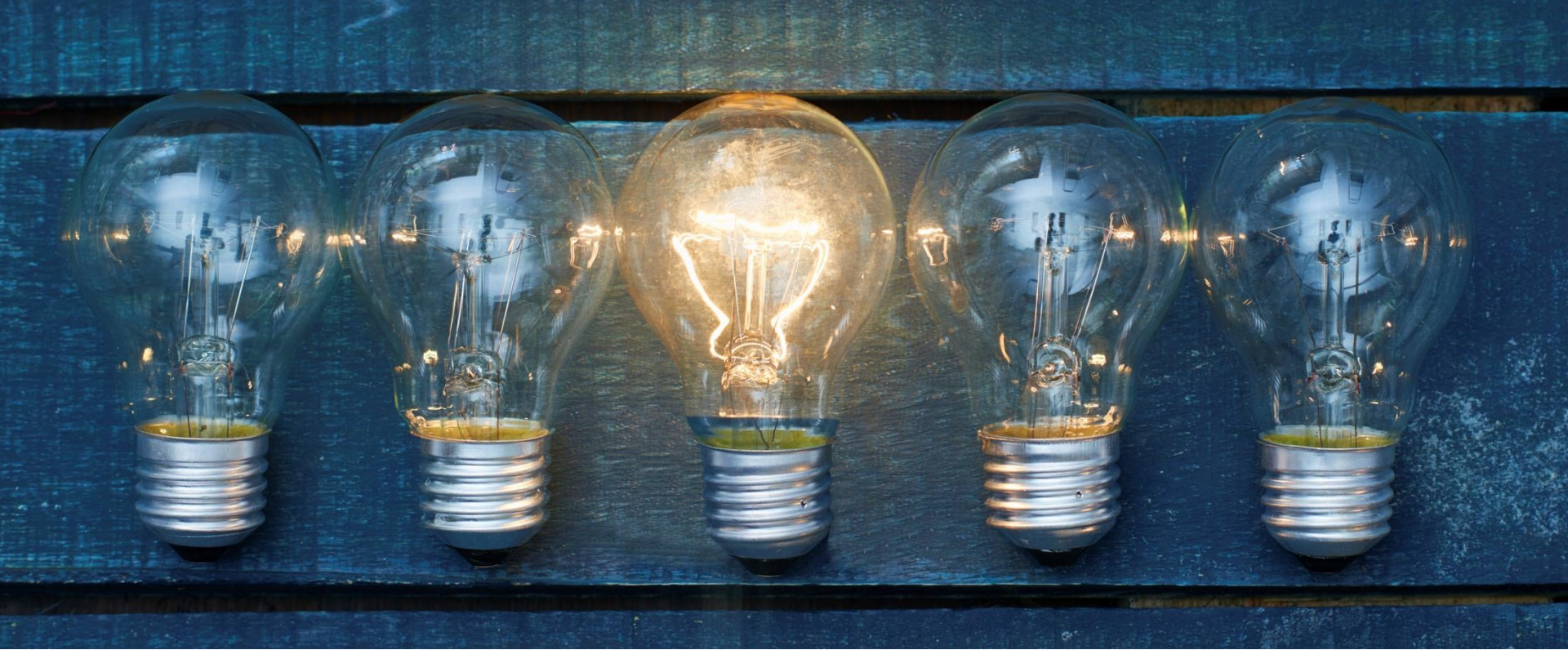




Creating a stronger association

A reminder of key timings....

- Letter of Intent signed end April 2016
- AG Firm Management Forum attended by IAPA integration team representatives, in mid May 2016 in Orlando, involving initial discussions with AG International board amongst others
- IAPA EMEA Vienna and IAPA US Portland meetings attended by AG representatives
- AG International Meeting in Washington DC attended by the IAPA Integration Committee for the first official Integration Committee meeting on Monday, 27 June
- Integration committee meeting held 13 September
- Strategy document sent to all IAPA contact partners on 4 October
- Allinial Paper sent to all IAPA contact partners on 7 October
- *Aim: Members to vote at the 2016 AGM for the **ongoing collaboration** between IAPA and Allinial, granting **authority to the Integration Team** to prepare all necessary documents, with the objective of **progressing the merger** if in the **best interest** to enhance IAPA*
 - ***Definitive agreement to be ratified by the membership by electronic vote***



Why?

- To provide better solutions for members' clients, and targeted clients, by providing efficient connectivity, greater commercial opportunities, more global locations and quality members – balanced by solid networking and best practice and knowledge sharing





Benefits

1. Strong presence in the US, increasing workflows, improving position in regards clients' needs in the US
2. Greater commerce, create attraction to commercially focused international firms to join, enhance promotion for existing members
3. Retain members who are looking for more commerce
4. Sharing of resources and knowledge amongst a larger group, more dedicated regional focus
5. Strong representation and leadership in Europe and North America
6. More revenue for combined group to recruit in weak areas
7. Greater ability to jointly build and enhance Asia Pacific region and sub-regions





Risks and concerns

- Dominance from North America (*ensure: parity at top governance level, both CEOs with equal power*)
- Duplication of costs (*initial stages of any merger would encounter such, and in the transition it is important to learn each other's strengths*)
- Further dues increases (*IAPA new structure Year1, 60% of any 'new merged structure' Year2, 100% Year3... BUT this new "merged and aligned structure" has yet to be negotiated and even under AG current structure, no significant difference for firms with turnover of < \$3m*)
- Dues for North American members will increase even more (Many services that may currently be provided by 3rd party suppliers... Year1 no increase, so opportunity for trialling the offering, plus further scope for negotiation)



Risks and concerns (continued...)

- Loss of culture and ethos (IAPA influence at governing level will prevent this, both CEOs having equal authority, but both organisations will have to go through some cultural change – AG to become more international and understanding of different cultures, IAPA to become more commercially aware)
- Bigger is not better (But... IAPA is constantly being told of weakness in the US and the need to grow there, plus with greater resources quality of services can be enhanced and added focus can be enhanced to regions)
- Competition and overlap (Accounting industry is changing; one resource per geographical location is not enough, promotion of specialisms and niches: greater number of members should imply more work flows and opportunities to pitch for work)

Common vision

To operate as an association, not a network

- Independent firms
- Client focused
- Member driven
- Promote international connectivity
- Develop a recognised brand

Infrastructure

- A new company will be created, setup in the UK; 3 regions: EMEAI (Europe, Middle East, Africa and India), Americas (Canada, USA, Latin America and the Caribbean), Asia Pacific (Asia and Oceania)
- Dedicated focus for each region with dedicated leaders, own autonomy following Guiding Principles
- Each region shall select its own Board of directors and, in turn, its representatives for the International Board
- Regions will be responsible for recruitment, member services, quality assurance, member engagement, amongst other matters
- Each region may also have its own regional website
- Sub-regions may be created as deemed appropriate and necessary

Governance

- The integration team (4 IAPA / 4 AG) plus each CEO
- After that period, the Executive Team will consist of the 2 regional CEOs (EMEA and Americas) who will both act as co-Global CEOs. A 3rd to be added from the Asia Pacific region. Any disagreement resolved by Board of Directors
- Both current CEOs and their teams will work together, learning from each other, sharing knowledge and experience of their memberships and of different parts of the world
- Once the integration team has completed its duties, a Board of Directors will be created. There will be 3 positions for EMEA, 3 for the Americas and 3 for Asia Pacific, with both CEOs having non-voting positions
- Board member terms will be for 2 years, initially staggering 3-2-1, and reappointed by their regions, with no term limits
- The Chair and Vice-Chair will be elected from the Board of Directors and will also have a two year term
- The International Board will be responsible for global strategy and direction of membership, amongst other matters

Global Council

- A meeting group for members, allowing a voice in the organisation and a channel for information between the membership and the board

Dues structure

- Legacy IAPA members shall continue to be connected to their original organisation, funding that organisation's office and resources, paying the current level of dues (as proposed under the new IAPA strategy)
- At the start of Year 2, legacy members will move to a new International dues structure (if outside North America) or to the Allinial current dues structure (if within North America) and they will pay 60% of those new dues
- At the start of Year 3, legacy members will pay 100% of the dues structure (either 'International' or 'North American', whichever is applicable)
- Any new firms recruited from the beginning of January 2017 will be added to the membership in their correct regions using the new International dues schedule immediately (or the North American dues schedule where applicable)
- Special arrangements made for existing groups, such as the BHD Canadian group and the UK200Group

Name and Brand

- “Allinial”: a global logo containing 2 colours and the original IAPA hoops
- Each region shall also adopt this logo, in exactly the same style and format BUT will use a different 2 colours
- The tag lines that currently exist for IAPA (“Global Support. Local Knowledge” and “Creating the fabric of a global society”) will also be adopted into the merged branding



Guiding principles

➤ Each region shall adhere to consistent top-level principles

1. The organisation an association of independent accounting and business advisory firms. It has no intention of being a network of such firms.
2. The membership of each region will consist of accounting and business advisory firms meeting minimum professional standards as prescribed within the jurisdiction(s) in which the member firms operate. The combined organization will establish a quality verification program to be executed in each region.
3. Each region will be responsible for adhering to the vision of the combined organization and operating in accordance with the global strategy, policies, goals and objectives of the combined organization. The mission of each region should be compatible with the overall stated mission of the combined organization.
4. In carrying out the activities and operations of its respective region, each region will operate in a transparent manner and be accountable to its member firms and the combined organization as a whole.
5. Each region will operate as a self-supporting region funding its direct and allocable costs through member dues and other service revenues.
6. Each region will contribute financially its allocable share, in amounts to be determined, to fund the cost of the combined organization's coordination and oversight of global activities.
7. Allinial Global is a member-driven association accountable to its member firms for significant global issues. The Board of Directors of each region is to be elected by member firms of such region and is to be representative of the membership of such region.
8. In situations where a vote of the membership of a region is required, such vote will be based on dues units of member firms, as determined by organizational documents of the combined organization.
9. Each region will foster and support international connectivity on behalf of member firms within the combined organization that result in commerce and client-focused solutions for member firms.
10. Each region will provide services, as deemed appropriate, to its member firms to assist the member firms in remaining independent and achieving success.
11. The success of Allinial Global is predicated on member firms being engaged in the activities of the association. The combined organization will adopt appropriate member in good standing guidelines to be used by each region in monitoring the engagement of its respective member firms.
12. The member firms of each region will not be granted territorial exclusivity. The combined organization will establish guidelines for territorial exclusivity including a process for objection by a member firm.
13. Each region will be responsible for executing the global branding and marketing strategy of the combined organization within its region and as such will be responsible for direct and allocable branding and marketing costs.

Questions for discussion?

