Straight Thoughts, Straight Talk
Official Newsletter of the Andersen Alumni Association

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Editorial

Wow it's hard to believe but fall is in the air…. What a year so far…

What a celebration on Thursday September 26th! Over 2600 alumni gathered to celebrate Andersen's Centennial Founding. Thank you alumni, John Blumberg for penning our Toast (see John's toast below) and a big THANK YOU to all the City Planners and Event Sponsors for making it happen… Food For Thought from one attendee a Former OMP who said "I am proud that the other firms have not only embraced our people but have adopted many of the facets we took for granted. You are the greatest collection of professionals I can conceive of"

We have a great collection of relevant reading in this issue and several new sponsors to thank for their contribution in helping support our endeavors. If you get a chance tell a sponsor thank you.

As always, we need your help to further strengthen and maintain our Andersen Alumni network. Please leverage our Social Media Presence and <u>LIKE our Facebook page</u> and <u>JOIN our LinkedIn network</u>, and lastly you can <u>FOLLOW us on LinkedIn</u> as well.

Sincerely,
Kirk Hancock

Editor

Three items…

ONE FIRM, ONE EVENT, ONE CELEBRATION….SEPTEMBER 26th 2013

Thank you to the Attendees, Local City Planners and Local Event Sponsors for making September 26th 2013 such a successful event. Over 2,600 alumni attended events held in the following twelve cities: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Houston, New Orleans, Phoenix, San Diego and St. Louis. Our long term goal is include more cities in a biennial *"One Firm, One Event, One Celebration"* Next up 2015 stay tuned!

ALUMNI DIRECTORY

It's hard to believe but the 2014 Quadrennial Directory will be here before you know it. **Update** you records and or **Order** your directory now; Call toll free 1-800-927-2923 (EST) Mon. - Fri. 8:00 a.m. to 11:00 p.m. or for International Residents: You may also call USA Country Code (1) 757.965.8092 Monday - Friday 10:00 a.m. to 5:00 p.m. UTC/GMT-5

CALL TO ACTION

Andersen Alumni possess a wealth of knowledge and information relative to today's
business environment. Here are ways you can support and contribute to the Andersen Alumni Association.

- Sponsor the Quarterly e-Newsletter and or
- Sponsor the Andersen Alumni Website and hyperlink directly to yours

Here's your call to action: Call Katy Attebery, Andersen Alumni Business Development Manager, at 678-296-6824 or email Katy at keaatl@aol.com to find out how you can get involved!

True Partners Consulting, "Good things happen to people and organizations that form and sustain relationships based on strong values"
By *Cary McMillan, CEO of True Partners Consulting LLC*

Few can argue the importance of relationships, but those relationships must be based on strong and shared values. I was with Arthur Andersen from 1980 to 1999. After serving as the Managing Partner of Arthur Andersen's Chicago office, I served in many roles at Sara Lee Corporation including Executive Vice President, Chief Executive Officer of Sara Lee Branded Apparel and Chief Financial Officer. I currently serve on various boards of businesses and non-profit organizations including McDonald's Corporation, American Eagle Outfitters, Inc., Hyatt Hotels Corporation, and The Art Institute of Chicago.

In 2006, I joined with fellow former Arthur Andersen partners and founded True Partners Consulting LLC (TPC), a worldwide provider of tax and financial consulting services, headquartered in Chicago. Throughout my endeavors, I carry Arthur Andersen's values of exceptional client service and people development, and I believe these values are the key to success.

TPC is dedicated to providing the highest levels of service to each of our clients across multiple service lines, including Federal, state and international tax consulting and compliance, accounting for income taxes, transfer pricing, property tax, and unclaimed property. TPC enjoys a worldwide presence with offices throughout the U.S. and London and affiliates across the globe.

At TPC's founding, we were very proud to base the firm's principles on those of Arthur Andersen: great people, excellent client relations, and the highest quality service to clients. We chose the name True Partners Consulting because it represents the type of relationships we cultivate both internally as an organization and externally with each client.

The people gathered together here at TPC are inspired and motivated by the value proposition of delivering the highest levels of client service. Our people are the greatest asset we offer to our clients, and we are committed to their development and sense of fulfillment in their careers. The foundation of our business model is the promise that our managing directors will be engaged with every phase of every engagement. Clients work with a consistent team of experienced professionals who are deeply committed to the success of the engagement and whose responsiveness is unparalleled.

As a non-attest firm, we serve our clients as an entity that functions as an extension of their businesses without conflicts. We stand side by side with our clients, driving toward the shared goals of adding value *and* improving the bottom line. Too often businesses focus only on the bottom line. That alone will not lead to success. Being the smartest or the most experienced is not enough. The key to success is bringing together great people and a great business model supported by a foundation of strong values.

We did not set out to only create a tax and business advisory firm that would maintain and deliver excellent client service. We sought to do something much greater. We modeled our values after Arthur Andersen to foster camaraderie, develop great people, and provide the highest levels of client service. Our model allows us to become true partners with each and every employee and client. We share a history and common values with Arthur Andersen, and this commonality is felt throughout our organization every day.

For 100 years Arthur Andersen's values have inspired multiple generations of business professionals and will continue to do so through our alumni and the many organizations, such as TPC, who uphold this legacy.

IT risks facing companies seeking global expansion

By Michele Juliana, Director of Technology Consulting, McGladrey LLP and Greg Schu, Partner, McGladrey LLP

In today's global economy, technology has removed barriers to international markets, opening avenues to lucrative expansion opportunities for many companies. However, several IT risks are prevalent when working in global markets, and companies must fully understand threats and regulations prior to initiating overseas operations. The following is not an exhaustive list of issues, but are prevalent concerns that companies must keep in mind to protect against threats and remain in compliance.

U.S. companies need to be aware of the laws that govern data sharing between countries. Regulations vary significantly from country to country and are very fluid in determining how data can be accessed and utilized. Even in the U.S., you should be aware of the rules for data leaving the country. Depending on the type of information transferred and what countries you are working with, stringent regulations exist for how to properly

conduct business. For example, information such as health care data and other personal information is very sensitive and highly protected. Transferring such data improperly can carry significant sanctions.

Even if your company is not considering establishing operations outside the U.S., implications can also exist with outsourcing arrangements or third-party contracts. If an outside provider is hosting any information or data, it is important to know where that data resides, and that it is not hosted overseas or crossing international borders without your knowledge. Evaluate your service-level agreements and contracts to confirm allowed and prohibited data activity. Verify that you have an audit process to confirm that third parties are demonstrating compliance with all contract agreements.

In today's environment, cloud services are a popular theme, which increases the susceptibility and focus of those who may try to exploit the environment. An important process is to check with your vendor to understand the location of your sensitive data and how they are managing the data.

If you are comfortable with where your information resides, you also must carefully manage who has access to your data. If you have partners in foreign countries, you may want to allow them to view your data, but render it as read only to discourage copying or transferring. Install a monitoring framework that includes the location of data and notifies designated employees when files are moved or transferred or when unusual activity occurs.

When operations are initiated overseas and systems are shared, they must be available in English and in applicable foreign languages. As you go global, you must develop a support system to account for technical difficulties in other countries. For example, if infrastructure resides in the U.S. and an issue occurs in Germany, is a system administrator available late at night to help alleviate the concern? Time zone differences can pose a problem, so carefully determine the level of support that is necessary and who is responsible for staffing.

For business applications being considered for use globally, such as enterprise resource planning (ERP) and customer relationship management (CRM), the systems should be evaluated carefully to determine whether they are sufficient for supporting international operations. Global systems should provide the following key functions:

- Multiple languages available within the same installation, depending on the user preference
- Unlimited currency support, with direct access to real-time currency exchange rates
- Country-specific localizations to address specific tax, accounting or financial reporting requirements for various countries
- Intercompany transactions to support sales across legal entities
- Global sales order management, sourcing and inventory to provide a single view across multiple locations around the world
- Consolidated financial reporting to roll up financial results across multiple legal entities, currencies and organizational structures
- Support availability across multiple time zones around the world

In some instances, companies may establish an international presence on a pilot basis, only for the cost and benefit of the expansion to result in a decision to stay in the U.S. With any expansion, the goal is for it to be successful. However, a back out plan should be developed from the outset, as it can be difficult to retract data from foreign countries. Companies typically know how to deal with information within U.S. borders, but factors or regulations specific to a country or other legal hurdles need to be understood before transitioning information outside the country.

While a company does not look forward to a data breach, the unfortunate reality is that they are occurring at an increased frequency and scale. The attacks are not haphazard; they are performed by individuals who are sophisticated and focused on gaining unauthorized access to an organization's information or infrastructure. Millions of sensitive files are accessed annually through criminal activity in the U.S. alone.

To protect consumers, data breach notification and disclosure laws exist in some countries and continue to be established all over the world. If a breach occurs, your company must have a process in place to respond in a quick and decisive manner to stop illicit behavior and protect your reputation. Your business must be familiar with breach laws in the countries you plan to operate in, to avoid financial penalties and lawsuits that compound an already difficult situation.

These are only some of the data and technology risks that companies must consider and prepare for prior to planning for international expansion. You must fully understand U.S. and foreign regulatory requirements as well as the contracts that are established with third-party vendors. Perform due diligence on providers to collect information and evaluate applicable controls and evaluate internal personnel and the IT infrastructure so you are prepared to limit risks and remain compliant with U.S. and international guidelines.

Business interruptions, "How to manage the unavoidable"
Thought Leadership provided by Grant Thornton

Business interruptions:
What you need to know to protect your interests

Did you know?

Most business interruption events do not make the front-page news.

The United States had the world's **costliest disasters** (Hurricane Sandy and the central Great Plains drought) in 2012[1].

$119 BILLION in economic losses from **manmade disasters and natural catastrophes** in the United States in 2012[2].

The new normal is ridden with risks that you can't ignore. It's no longer a question of if, but **when** disaster strikes your business. Here's how to prepare.

Know your RISKS →

- Natural disasters
- Fire and explosions
- Malicious computer attacks
- Flooding
- Supply chain interruption
- Product contamination
- Mechanical failures
- Civil authority restrictions

PREPARE for business interruptions

Step 1
Identify what you consider risks for your organization.

Step 2
Quantify your risks as best you can.

Step 3
Determine the probability of the risks actually occurring.

Make a choice

Avoid the risk
Eliminate a product line that creates too great of a risk.

Mitigate the risk
Redesign part of the operation to reduce the risk.

Transfer the risk
Buy more property and business interruption insurance to cover the risk.

Need help figuring out what's the best strategy for your commercial property?
Contact Michael Speer from Grant Thornton LLP's Forensic and Valuation Services practice at 312.602.9180 or michael.speer@us.gt.com

[1] http://thoughtleadership.aonbenfield.com/Documents/20130124_if_annual_global_climate_catastrophe_report.pdf
[2] http://www.swissre.com/media/news_releases/nr_20130327_sigma_natcat_2012.html

Catastrophic business interruption events can be costly, put your company at risk and may even result in injury or death. From increasingly devastating natural disasters to homeland terrorism to cybersecurity threats, business interruptions are as wide-ranging as companies' abilities to rebound. "Businesses have too often limited their view of exposure to risk," says Michael Speer, director in the Forensic and Valuation Services practice at Grant Thornton LLP. "Recent events like Hurricane Sandy, the 2011 tsunami in Japan, and the Boston Marathon bombings were wake-up calls causing businesses to expand their consideration of risk." Speer adds that business interruptions result not only from natural disasters and "everyday" risks such as fires and explosions, but myriad other events such as vandalism, malicious computer attacks, reputational damage, product recalls, key supplier and customer issues, and closure by order of civil authority. "The rising number of incidents shows us that it's no longer a question of preparing for 'what if,' but rather preparing for 'when,' " Speer concludes. In other words, it's about managing the unavoidable.

A disaster can strike indirectly — and still affect your business. Exposure to business interruptions is extensive and at times confounding. "One of our clients had their hotel closed for days following an evacuation ordered by authorities due to wildfires that never even touched the hotel", explains Speer. "Another client, a food

manufacturer in New Jersey, escaped damage from Hurricane Sandy, but was unable to access its plant for nine days due to road closures. The same is true of a number of restaurants and retailers in Boston that experienced no physical damage but nonetheless lost days of business because of their proximity to the Boston Marathon terrorist attack," he adds.

Plan now, thank yourself later.

Taking the time to plan for business interruptions is essential for your organization. "You need to think through worst-case scenarios, determine the maximum possible loss exposure and consider what it might take to recover," Speer says.

Developing a business risk and recovery plan that addresses business interruption is best accomplished with the assistance of a forensic accountant who has extensive experience advising clients on these matters and preparing business interruption insurance claims on their behalf. These five simple steps will help you get started:
1. Identify your business interruption risks and degree of exposure.
2. Quantify the risks, also referred to as your business interruption values.
3. Determine the extent to which risks can be eliminated or mitigated.
4. Determine how much risk you're willing to retain and if you have adequate insurance to cover the rest.
5. Develop risk mitigation and disaster recovery strategies.

"This is really an exercise in awareness — it's about financial recovery in the wake of a catastrophic event, whatever the cause," Speer explains. "Every business faces risks that could adversely impact cash flow, profitability and its ability to function as a going concern. You need someone to help you discern whether you are adequately covered. It's our job as forensic accountants, not only to help our clients after a catastrophic event, but also to help them assess ahead of time if they are adequately covered when a loss does occur."

Three (3) major mistakes to avoid

Avoiding these three transgressions will go a long way toward supporting financial recovery following a catastrophic disaster:

Mistake No. 1 — Not understanding your business interruption risks and obtaining adequate insurance coverage

A real-life event is the best example of why it's important to have adequate business interruption insurance. One of Tennessee's premiere attractions, the Gaylord Opryland Resort & Convention Center, suffered hundreds of millions of dollars in losses for property damage and business interruption during Nashville's historic 2010 flood.1 Unfortunately, the property had a $50 million limit on its insurance coverage. 2
"They had a major gap in their coverage," Speer says, "and it threatened their ability to recover from the loss. It comes down to understanding your risks and making sure you have all your ducks in a row — an understanding of your risks, implementing risk mitigation strategies and obtaining proper insurance coverage."

Mistake No. 2 — Not putting the correct team in place following a disaster

Make sure you have the right people on your post-disaster team:
• An experienced forensic accountant who specializes in business interruption claims
• A coverage attorney who focuses on supporting policyholders with insured losses
• Your company's insurance broker
• Professionals specialized in rebuilding your business (e.g., engineers, microbiologists, architects)

Mistake No. 3 — Turning your loss claim over to the insurance company and trusting them with the outcome

"You need an advocate in your corner," Speer says. "The insurance company is going to bring in its own experts, and they generally are there to look out, first and foremost, for the interests of the insurance carrier."

> Did you know? The fees for forensic accountants assisting policyholders with their business interruption claims are typically fully or partially covered by a company's insurance policy. Most insurance policies include a clause for professional fees, although there may be exclusions. Check with your insurance broker to learn more.

It is important for you to have someone representing your company's best interests, and at the same time dealing with the insurance issues so management can focus on restoring operations as quickly as possible.

"Leadership rarely has the time or expertise to focus on the business interruption insurance component," Speer says. "They need trusted experts who can take the ball and run with it. It's imperative to build a team that has a successful history of analyzing claims and is accustomed to working with insurance carriers. Their role is to help the client get a fair and equitable resolution. You need to protect yourself. The burden of proof is always on the insured to present its claim."

1Source: http://www.tennessean.com/article/20120501/BUSINESS01/305010036/Gaylord-Opryland-flood-protection-nearly-complete
2Source: http://hospitalityrisksolutions.com/2010/05/08/hotel-flood-insurance-gaylord-opryland-resort-nashville-tn-purchased-maximum-50-million-flood-insurance-and-is-unsure-if-coverage-will-be-sufficient

A Call to Action
By Dean Fischer and Gary Beu, West Monroe Partners

"We make a living by what we get; we make a life by what we give."
   Sir Winston Churchill

We've always been inspired by this Winston Churchill quote. Yes, it's true we're living in the so-called "Me" era. But there's only a "We" when it comes to giving back.

These days, everyone talks about social responsibility. But, as the adage goes, actions speak louder than words. Companies run the gamut when it comes to social responsibility programs, varying in both the guiding principles as well as execution. From our perspective, the foundation for strong social responsibility starts by hiring passionate individuals and creating a culture that supports and rewards such activities. That's what we're trying to do at West Monroe.

Social responsibility must be ingrained into company culture, not simply an afterthought

Social responsibility is very important to both of us personally and to everyone at West Monroe Partners.

At the end of 2011, we launched our "1+1+1 Program," a corporate social responsibility initiative through which we donate one percent of our time, one percent of our "treasure" and one percent of our talent each year to organizations in our communities. Since the program's inception, we have collectively matched 1,500

employee volunteer hours, completed nearly 4,000 hours for pro bono projects across the United States, and donated over $250,000 to non-profit organizations.

Our career model encourages the leaders of West Monroe to serve as board members of nonprofits, where they can help make a difference. When they combine their executive skills with their passion for a particular cause, the personal fulfillment and benefit to the community are astounding.

At West Monroe, we often say that we don't just want to do well; we want to "do good." We are energized every day by our people's passion and commitment to making a difference—from addressing socioeconomic challenges in our communities to tackling the very complex issue of sustainability. We've been fortunate enough to partner (pro-bono) with world-class organizations like the Shedd Aquarium, Autism Speaks, the YMCA of Greater Seattle, Girls on the Run, and the Seattle Repertory Theater – to name just a few.

Social responsibility 2.0

Doing well for our people, our clients and our bottom line is important, but there are other bottom lines of equal, if not greater, significance – the vitality of our local communities, the health of our environment, the stability of the world around us – and we understand this. Choosing which bottom line to serve should not be and need not be an 'either/or'. It can be an 'and' – demonstration of which we are prepared to advance through the introduction this fall of the **West Monroe Global Service Fellowship Program.**

This program will provide an opportunity for employees at any level in the organization to submit an application to support a cause near and dear to their hearts and make a difference. West Monroe will provide paid time off from six weeks to six months, depending on the nature of the request, to support our employees in giving back.

What's in it for West Monroe?

We are sometimes asked how West Monroe Partners benefits from these programs. That's simple to answer. Our 1+1+1 and Global Service Fellowship Programs empower our employees to give back to our communities in a way that accrues to them both personal and professional satisfaction. The goals that we set through our volunteer initiatives have given us an even deeper sense of purpose and motivation to do the best work possible in and outside of the office. West Monroe Partners has always been a community of driven, creative, and curious people, but it is our social good efforts especially that have brought out the compassion and loyalty in all of us. As social media continue to bring our personal and professional lives closer together, our identity as individuals increasingly is affected by the reputations of the organizations for and with which we work. People want to be associated with organizations that "do good"—and West Monroe has a tremendous opportunity to lead some of the change that needs to happen. These programs have truly helped bring some of the best of the best people (not just talent) to our firm—and that's good for our clients and all who work here.

What's in it for us?

The two of us have been in the workforce now for a combined 76 years with the majority of our careers at Arthur Andersen, the great firm that fostered our professional development, informed the success we feel we've enjoyed and in so many ways shaped the whole of our lives. We've shamelessly stolen some of the things that made Andersen legendary to us and introduced them here at West Monroe, and we have created a culture and live to values that are reminiscent of the very best of the Andersen tradition. Among the values we carried forward and both embrace as a priority is stewardship… overseeing, protecting and, when possible, improving those things worth preserving… whether it be the institution where we work, the communities in which we live, or the world at large. This has led us each to seek opportunities through the years to serve and lead on boards

of organizations that align with our individual interests – Dean's concern for our environment and natural resources through the Student Conservation Association (SCA) and the Association of Zoos & Aquariums (AZA); Gary's around humanitarian and health issues through UNICEF and the Arthritis Foundation. A shared commitment to help academically achieving but economically vulnerable high school students go to college inspired Dean to become one of the earliest supporters of the HFS Scholarship program, and Gary to join the board of the Chicago Scholars organization.

These are the kinds of contributions we like to make because we know there's a big world outside our walls – and social responsibility, like stewardship, may be ours to tend to today, but will be for others to shoulder tomorrow. Our firm comes together every day with the purpose of building a thriving organization, but our success ultimately depends on the health and viability of the people, communities, resources and environment around us. We make it a point to judge our success not just by the dollars we earn, but by the positive impact we make through our actions as individuals and through the way we do business. At West Monroe, we're hoping to establish a legacy such that all future leaders of West Monroe will willingly and readily carry on a great tradition, one we learned and absorbed as 'Andersen People'.

How are we stacking up?

What a Celebration!!! The Network Is Still Very Much Alive!!!
By Ed Maier, *Former Andersen Partner*

On the evening of September 26, did you happen to feel the earth move under your feet? Did you sense that the raucous noise emanating from several cities around the country was some unknown geophysical phenomenon? Well if you did, don't worry. The planet is still intact. If you were in one of those cities, you know that it was **simply** the gathering of hundreds of Andersen, Arthur Andersen and Accenture alumni from around the country. They gathered to celebrate the Centennial of the firm Arthur Andersen founded in 1913. The Andersen Alumni Association reports indicate that over 2600 people took part in this celebration. Not all of the cities who participated were able to do so on September 26, so there are still a few more celebrations to be held, including at least two outside of the United States!

It was fun to catch up with a number of people that I have not seen in awhile. It was a great evening all around. Besides the fond remembrances we have of the firm and our people, what can we learn from the experience? What can we carry forward in the spirit of stewardship? A couple of things come to mind – culture, networks.

Understand the culture of the organizations in which you participate – work, school, church, not-for-profit, etc. If you cannot articulate the culture in a satisfactory manner to others, then you don't understand it. Take some time to learn it. If you are new to the business, talk to others about it. If someone tells you "We are a people first company", ask them to explain how they know that. Look for evidence to support it. What stories do they tell you that reinforces the people-first concept? If you have been in the business for a sufficient time, you are one of the stewards of the culture. What do you do to promote the culture among your colleagues and any newcomers to the organization? Do you have stories that you can pass along to others that reflect the culture of your workplace? If you do, you should weave them into conversations with your colleagues and customers. If you do not, you should ask yourself why and what can you do about it?

Live the company culture. Challenge yourself to set aside some time, periodically, to reflect on the culture and how it affects you. Keep mementoes reflecting the culture in your workspace. A leadership guru I have worked

with in the past always told his clients that they have a responsibility to own a portion of the culture in your organization. I believe that is true. Carry the message of your culture to others in your organization, to your customers, to other stakeholders.

Last week I was also reminded, once again, of the value of networking. And although I know we often get tired of that term, the celebrations of September 26 reinforce the idea that we should build and retain, or as I choose to call it "steward", our own networks.

People came together that evening from a variety of age groups and current professional backgrounds. Some are in transition; some are looking to be in transition. Old acquaintances were rekindled and new acquaintances were made. It was a great demonstration of the power of our alumni network. I hope you plan to take advantage of this opportunity to re-establish or cement relationships. After all, why network if it is not to build relationships with others?

Service to others should be our primary consideration in networking. Networking feels better when we keep the idea of helping others in mind. But, of course, we also network for our own purposes. We attend a professional association meeting to expand our professional relationships or our business knowledge. We go to a favorite club to seek social relationships. We network to learn about new organizations. When we are in transition, we network to meet people who can help us with our search; we share ideas and leads; we brainstorm potential contacts; we secure informational interviews. We network to identify potential customers, to promote our products and services, to identify people who can help us solve a problem. And, we simply network to maintain or rekindle old relationships.

Through networks that I frequent, I meet many people who are in career transition. They often tell me that they have not maintained their networks while they have been in full-time work mode. Then, when the inevitable job change or restructuring occurs, they find themselves in startup networking mode all over again. Try to create your own discipline that builds your network in a way that it flexes with your needs over time, but does not completely dissipate. Naturally, you will network more when you are going through job or career transition. But don't let that be the only networking you do.

For example, as I moved to the post-Andersen stage of my life, I identified certain groups that I wished to use as my primary base for networking. Some were local and some were national in scope. When we decided to relocate from Chicago to Dallas, I had the opportunity to use the national network organizations as a starting point for building my network in Dallas. In addition, I sought out other new local groups. Now that we have been here for several years, I shuffle and re-shuffle the groups that I frequent, depending on the business and other activities I have going on in my life. But, I don't let relations with any one group go "unconnected" for too long.

I also like to try networking with different groups. These can be related to a hobby I have or an interest other than my profession. I challenge you to think about the organizations in which you participate or the things you have in common interest with others. If networking is not a part of it, set a network up and see what happens. It can be a group of hobbyists; a group from one of your church's ministries; a book club; fellow coaches in a youth soccer league; any organization that regularly gathers for a purpose also provides the opportunity for networking. One of the volunteer organizations I work with recently established a program to connect individual members with each other to have coffee or lunch together. The purpose is to help us get to know each other better. Within this organization, we often work on common projects, but we don't really know each other. Any business or organization that encourages "internal" networking helps build its culture.

When I attend a meeting that will have networking opportunities, I prepare for it. I develop a plan—nothing elaborate. I make note of a few people with whom I would like to reconnect. I think about what they have been

involved with in the past so I can have a conversation with them on a familiar topic. My plans are not very complicated. I often develop them in the car on the way to the meeting.

If I am attending a group for the first time, I seek background information on the nature of the group – what do they represent, why do they get together, who is most likely to attend? I ask: How do my skills add value to or fit in with the group? If the group has a board of directors or leadership team, I try to research their backgrounds. Google is generally my preferential source for doing this research.

If the event is a seminar or workshop that includes registration, I try to obtain an advance list of who will attend, or a membership list of the organization. If that is not possible, I look for a roster of the attendees and review the attendance list to find specific individuals I would like to meet.

It's also good to formulate a plan that includes specific objectives to meet certain people. For example, if I know a potential client is going to be at the event, I will try to connect with them to set up a separate future meeting. If there are existing clients at the event, as a minimum I try to greet each of them.

Be specific when you meet people and talk to them. Practice our "Think straight, talk straight" mantra. If you wish meet just to arrange a follow-up meeting, don't be nervous about asking them to do so. Don't leave the conversation without doing so. On the other hand, if they ask you to commit to something, make sure you note it (note pad, iPad, iPhone, etc.) for your own follow-up.

In your networking conversations, use open-ended questions more than closed-ended (Yes/No) ones.

We have heard about the "elevator speech" or "ninety-second announcement" ad nauseam. Make sure you have one and are polished at delivering it. It might sound something like this: "Hi. I'm Ed Maier. I am an executive coach, speaker and business advisor. I help people strengthen their leadership skills, such as communication, strategy, and teamwork. By helping people, I help their organizations improve productivity and performance. I also speak to groups of all sizes to share my perspective on how to improve performance through effective leadership."

An essential part of effective networking is to practice great listening skills. Reframe comments that others make or repeat them in order to demonstrate you are listening and "getting it". Work hard to have the other person talk more about themselves than you talk about yourself. Ask questions to clarify points. Give good feedback when necessary. Use each networking opportunity as a chance to learn.

Speak directly to people; maintain good eye contact. Don't let your eyes wander around the room. I have had the embarrassing moment of being called on the carpet by a senior executive who believed I was not giving him my full attention in a networking conversation. Don't let that happen to you.

As my dear mom always reminded me, always be polite – remember to say "Please" and "Thank You".

Many do a great job in the conversation part of networking. They listen well. They encourage others to talk more about themselves, their companies and their issues. They leave the conversation with a lot of good information, but no action items. Don't be afraid to "ask for the order". Look for follow-up opportunities. Whether it is a connection, a future networking meeting, a preliminary sales call, or just a commitment to get together in the future for a more detailed conversation, don't be afraid to make the ask! If you make a significant connection, follow it up with a personal note.

Know when to stop talking; know when to leave the conversation. Leave the conversation gracefully and politely. But also do so firmly so that your listener doesn't end up "hanging on". Many of us are

uncomfortable in breaking off a networking conversation. Thank people for their time and excuse yourself to circulate the room and meet others. Generally, the separation goes very naturally.

Dress appropriately. Over my career there has been a dramatic change in what is acceptable dress in the workplace. Different businesses have different dress codes for their employees; dress codes that fit their culture. When you go to a function outside of your company, if you cannot inquire about the dress code for the function, I suggest you "dress up".

Exchange appropriate business information with the people you meet. Offer business cards or resumes. Don't be the one who says: "Oh, I forgot my business cards." If you happen to forget your business card or resume, make sure you get theirs. Upon returning to your home or office, put them in your contact file. Send an email to each and thank them for the conversation. This provides them with your contact information. I am forgetful. In order to minimize the risk of forgetting my business cards, I make sure one pocket of every jacket I wear has a small supply of business cards. I keep mine in the left pocket; I put those I receive in the right pocket. For women, I suggest you keep a small supply of business cards in each purse you own. And, when you switch purses, just leave them in the purse you emptied. They will be there the next time you use it. I also keep a small supply in my glove compartment in my car, in each briefcase or portfolio I use and even in my golf bag. And, I still forget them once in awhile!

When you have a networking experience in which someone does something for you, or connects you with someone else, or just provides you with some good ideas, send them a timely thank-you note. I won't debate whether they should be emails, typed letters or personal notes. Do whatever you prefer. But always thank others for the help they give you.

We all know the Golden Rule or some version of it. One version I suggest you adopt is: "Return the phone calls, texts or email messages of others as you would have them return yours." If you leave a message and indicate you would like a response, you should follow-up as often as you feel comfortable. And, don't forget to respond to those who ask you for something -- even if it is to say "No".

Develop a tracking method to monitor your networking activities. There are a variety of tools available to you from electronic spreadsheets to software programs to business card storage containers to post-it notes. Develop something you can work with and that fits your style. Review it periodically to make sure you are maintaining contact with people and follow-up as appropriate.

Finally, understand your behavior style and the behavior styles of others. Our style, no matter what it is, affects how we network. And, the vast majority of others we meet will not have a style consistent with ours. Think about it. If you consider the types in the Myers-Briggs Type Indicator, you have a one in sixteen chance that the person you are communicating with has the same style as you. As you network, understand your style. Be aware of the style of others. Adjust your style to theirs and enjoy the experience!

Don't stop networking. Don't pass up opportunities to do so. Have your own tools for planning and keeping track of your own networking efforts. As one colleague told me: "Don't wait until you need your network to build your network." Be a good networking steward and help others build theirs.

The Centennial Toast

By John Blumberg, *John is an Andersen Alumni and a full-time professional speaker and author who speaks with organizations who want to strengthen their core values and turn their people into better leaders. You can learn more about John at* www.keynoteconcepts.com

"Tonight we simultaneously gather in 12 cities across the United States (totaling more than 2,600 Andersen Alum) to celebrate One Firm … One Night … One Celebration!

And so in the spirit of One Firm we share coast-to-coast this one toast: To the 100th Anniversary of the founding of what would prove to be one of the greatest professional services firms to ever exist … and to the thousands upon thousands of incredible professionals who were part of building the Andersen story … each who were made better for having been a part of it.

Tonight we celebrate all that was good, profound and special about our experience with "the Firm." We especially celebrate a lifetime of relationships that were formed with incredible clients and even more importantly with each other.

For years, we used a recruiting tag line … *People Make the Difference*. It sounds so cliché … but, at Arthur Andersen, it just happened to be the truth as evidenced by your presence here tonight.

And so tonight we toast … from coast-to-coast … the family of Arthur Andersen who lives-on a century later!"

The One-Firm Firm Revisited *(part one of a three part series)*

by David Maister & Jack Walker, *David is widely acknowledged as one of the world's leading authorities on the management of professional service firms. Prior to his retirement in 2009, he served for 25 years as a consultant to prominent professional firms around the world, on a wide variety of strategic and managerial issues. He was previously on the faculty of the Harvard Business School. He is the author of the bestselling books Managing the Professional Service Firm (1993), True Professionalism (1997), The Trusted Advisor (2000), Practice What You Preach (2001), First Among Equals (2002) and Strategy And The Fat Smoker (2008.) His articles, blog, videos and podcasts may be found at www.davidmaister.com*

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In 1985, one of us (David Maister) wrote an article for the *Sloan Management Review* called "The One-Firm Firm." It identified a strategy common to leading firms across a broad array of professions — creating institutional loyalty and team focus.

The firms named in that article were McKinsey, Goldman Sachs, Arthur Andersen, Hewitt Associates, and Latham & Watkins, where Jack Walker became managing partner three years later.

If one is prepared to accept the argument that Accenture (formerly Andersen Consulting) is the legacy firm of Arthur Andersen, and not the defunct audit-based business, then that 1985 list of one-firm firms stacks up remarkably well as a predictor of subsequent success. These are still preeminent and immensely successful firms.

The marketplace for professional services has changed in ways that were unimaginable in 1985. Clients and client relationships have become dynamic at best and fickle at worst. Shortages and mobility of talent have affected every profession. As a result, the five named firms — and their main competitors — have adapted by making dramatic and often risky changes.

For example, of those five firms, Goldman, Accenture, and Hewitt have become publicly held companies — most have acquired other firms with varying degrees of success, and all have grown, become global, and (except perhaps in the case of McKinsey) have profoundly diversified their service offerings. Yet each has maintained or improved its competitive position as one of the most admired and profitable firms in its industry or profession.

In this article, we will address the issue of whether the one-firm firm *principles* identified in 1985 are still relevant to the continued, sustained success of these five firms. We will focus on what has been maintained, adapted, and abandoned in their management since 1985.

As we shall see, one-firm firm principles do indeed continue to drive success for these firms, even as their specific practices have been adapted and modified for changing market conditions.

What Is It?

The one-firm firm approach is not simply a loose term to describe a "culture." It refers to a set of concrete management practices consciously chosen to maximize the trust and loyalty that members of the firm feel both to the institution and to each other.

In 1985, the elements of the one-firm firm approach were given as:

- Highly selective recruitment;
- A "grow your own" people strategy as opposed to heavy use of laterals, growing only as fast as people could be developed and assimilated;
- Intensive use of training as a socialization process;
- Rejection of a "star system" and related individualistic behavior;
- Avoidance of mergers, in order to sustain the collaborative culture;
- Selective choice of services and markets, so as to win through significant investments in focused areas rather than many small initiatives;
- Active outplacement and alumni management, so that those who leave remain loyal to the firm;
- Compensation based mostly on group performance, not individual performance;
- High investments in research and development; and
- Extensive intrafirm communication, with broad use of consensus-building approaches.

The one-firm firm approach is similar in many ways to the U. S. Marine Corps (in which Jack Walker served). Both are designed to achieve the highest levels of internal collaboration and mutual commitment in pursuing ambitious goals.

Loyalty in one-firm firms, and in the Marines, is based primarily on a strong culture and clear principles rather than on the personal relations or stature of individual members.

The key relationship is that of the individual member to the organization, in the form of a set of reciprocal, value-based expectations. This, in turn, informs and supports relationships among members — who often do not know each other personally.

Everyone knows the values they must live by and the code of behavior they must follow. Everyone is commonly and intensively trained in these values and protocols. Everyone also knows that if an individual is in trouble, the group will expend every effort to help him or her.

Marines have a special bond and a shared pride, built on shared values and a shared striving for excellence with integrity. Critical to the success of the organization is respect for both the past and the future. Every marine grasps the concept of stewardship — the organization, its reputation, and its very effectiveness have been inherited from previous generations and are held in trust for future generations.

The Warlord Model

A contrasting, and more common, approach to running a professional service firm is the "star-based" or "warlord" approach, which succeeds by emphasizing internal competition, individual entrepreneurialism, distinct profit centers, decentralized decision-making, and the strength that comes from stimulating many diverse initiatives driven by relatively autonomous operators.

In extreme warlord firms, the productive senior members operate as chieftains presiding over their own territories, coordinating occasionally but fundamentally without a commitment to the institution or each other.

Many prosperous firms are close to the warlord end of the spectrum. Such firms succeed by forgoing the energy that comes from institutional commitment and extremes of collaboration but achieve a powerful substitute through extreme levels of entrepreneurial energy exhibited by individual warlords.

Warlord firms succeed when management keeps the "big hitters" happy and productive. The past and the future are not high agenda items. Consequently, the performance of extreme warlord firms often swings through peaks and valleys over time. The environment at these firms tends to be politically charged, and a great deal of management energy is expended in modulating that charge.

Personal taste can play an important role in determining which path a firm takes. Some of the most effective professionals cannot abide by the one-firm firm model and thrive in the warlord model (and vice versa).

We hasten to note that the great majority of firms are neither pure one-firm firms nor pure warlord firms. What the one-firm firm and warlord models have in common is high levels of energy. Firms in the middle may pay a price if they fail to fully engage either method of eliciting energy (high levels of internal collaboration or high levels of entrepreneurial individualism).

Capturing the benefits of high institutional energy is not easy. The one-firm system (like that of the Marine Corps) depends upon a mutually reinforcing set of concrete policies and practices, and many firms may not be able to "get from here to there" in a short period of time. Indeed, part of our argument is that "true" one-firm firms were, are, and will likely remain statistical anomalies in each of their industries, albeit successful ones.

Twenty-One Years On

Looking at the range of their services and locations, the five one-firm firms are now almost unrecognizable compared to what they were in 1985. Goldman now emphasizes proprietary trading — a change from its predominantly advisory roots; Hewitt and Accenture have moved into business process outsourcing; and both McKinsey and Latham have expanded their service offerings and global coverage. As mentioned, Accenture, Hewitt, and Goldman have become public companies.

According to most press reports, McKinsey experimented with some significant changes as the impact of technology on consulting was felt. An early countercultural attempt to acquire and integrate an IT firm was generally considered to be a failure.

In the late 1990s, the technology bubble led the firm to expand at a faster pace, rapidly increasing the rate of hiring new juniors. It opened offices in many more locations around the world and reportedly cut back on training. As did other professional firms in that era, McKinsey stretched its compensation system to pay more to stars in order to keep them.

Then, when the bubble burst, the relative economics dropped and the firm had to let a lot of people go. A "capital call" on the partners was issued. According to most reports, the new managing partner who took over in 2003 has reoriented the firm on a more values-driven, one-firm firm approach.

Goldman Sachs has also been through significant policy and cultural changes, particularly during the late 1990s, leading up to the decision to go public. As with much of Wall Street, the traditional reliance on long-term relationships to build the firm has been significantly influenced by a move toward a "transactional" approach, pursuing fast-moving market opportunities.

Most observers would concede that Goldman is still, by far, the most collaborative, team-based banking firm. But this may now be a relative rather than an absolute description.

Latham has also stretched the boundaries of the one-firm firm approach. As we discuss below, it has relied, like most of the one-firm firms, on an increasing use of laterals. It has also introduced a greater individual component into its reward scheme. And it has acquired some sizable groups over the course of its expansion. (For example, it added a firm of more than 90 lawyers in France in 2001.)

Hewitt has also experienced dramatic changes. A few years ago it acquired a large firm which it had some difficulty integrating. It has gone public and has shifted from mainly an advisory firm to primarily a human resources business processing outsourcer.

Hewitt often acquires the client's HR department in order to do this, which is contrary to the one-firm firm approach of stringent, selective recruiting from the bottom.

Accenture has also migrated to the profoundly different business of outsourcing, along with the concomitant less stringent hiring practices.

In spite of all these changes, something essential remains in most (if not all) of these firms. They are still, observably, institutions designed much more committed than most of their competitors to emphasizing teamwork and collaboration rather than individual entrepreneurialism.

This is most clearly revealed in their special human resource practices, designed to enforce high standards of *both* teamwork and dynamism.

The April 29, 2006 issue of *The Economist* magazine contains an article profiling Goldman Sachs, with rich details about its intensive and selective hiring process, tough promotion process, and enforcement of high standards even among the firm's most senior people. The article says, "Often enough, someone important is asked to leave. This is one of Paulson's most critical roles." (Then CEO Hank Paulson is now US Treasury Secretary.)

Paulson is quoted as saying: "Goldman is a hard place to be hired, a hard place to be promoted and a hard place to stay." One of *The Economist's* writers observes that, "if you want an explanation of how Goldman endures, that, perhaps, is the best explanation of all."

What these firms teach us is that the essence of the one-firm firm strategy (and what gives it its economic power) is *not* a superior ability to select markets and services, but a greater ability to achieve high standards

through the consistent application and enforcement of espoused operating rules, philosophies, values and ideologies.

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