



ANDERSEN ALUMNI™

## Straight Thoughts, Straight Talk

*"Serving Andersen Alumni Worldwide"*

July 2011

Vol.4 No.3

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## Editorial

It is the summer of 2011 and it is hot. As I write this I am returning from a family trip to west Texas where was over 100 degrees and incredibly dry. The fact that it is hot in Texas during the summer is no surprise but it does not stop some people from complaining. I would get up early each morning and drive to a small country store that

had wireless so I could clear out the email before the family woke up. The fact that this store had wireless is a story for another day.

Each morning a group of old ranchers met for coffee and to discuss the world's problems. I was obviously not a local but they treated me like one anyway. They bought my coffee and we discussed the weather. The big difference was they did not complain about the weather. They told me in a matter of fact way that they had not had significant rain since June of last year. They were not angry or bitter. These ranchers whose very livelihood depended on the weather (and the rain) got up each morning, met their friends, discussed the weather and world events and left the store by 7:15 to go to work. The temperature hit 85 degrees at 8:00 in the morning as I passed the church sign that said "Pray for Rain". It was going to be another scorcher. As I drove back to the ranch I could not help but think of all of those people in Dallas (pick any city) in their air conditioning complaining about the weather. I much prefer the conversation of those ranchers.

In August we will be entering our eleventh year of [www.AndersenAlumni.com](http://www.AndersenAlumni.com) . Despite the fact that the firm no longer produces new alumni, our network of alumni continues to grow. The bonds and opportunities of this unique group of co-workers remain strong. In keeping with this growth our website continues to grow.

We are very excited about our affinity partners. New this quarter is Lenovo, the manufacturer of ThinkPads and one of the world's leading PC companies. They are offering substantial discounts (up to 40% off) and benefits to our alumni network. Check them out by clicking through on their URL below. Additionally our affiliation with Liberty Mutual and Pure Web Development continues to grow and offer unique discounts to you and your company. If you want to join our affinity group and offer your products or services to the Andersen alumni contact [admin@andersenalumni.com](mailto:admin@andersenalumni.com) .

We want to thank Ed Maier for his many contributions to our newsletter. Ed has authored numerous articles over the years on a variety of topics. Ed was a Partner for 34 plus years and founded Think Straight Talk Straight ([www.thinkstraighttalkstraight.com](http://www.thinkstraighttalkstraight.com) ). Check out his latest contribution this quarter.

As usual we have a couple of "asks" for each of you. The first is to check out the new Fan page on Facebook. This is another way for us to expand and maintain the alumni network. Secondly, we are always looking for content that is relevant to the alumni base. If you have information that you think the alumni would benefit from reading contact [admin@andersenalumni.com](mailto:admin@andersenalumni.com) . Thirdly, we have a few marquee sponsorships available on the website. This is a great way to reach alumni and support the network.

Sincerely

Kirk Hancock

# Are You True to Yourself? How Do You Know?

by Ed Maier, Former Andersen Partner

Many people have said it similarly, but one of the best ways to put it is from Shakespeare, who wrote in the first act of Hamlet:

“This above all: to thine own self be true,  
And it must follow, as the night the day,  
Thou canst not then be false to any man.”

Now while Polonius, the character who spoke these words to his son, may not have been the most noble and values-driven person in any of Shakespeare’s plays, the words he spoke are worthy of personal reflection.

I network with many people. I wish I had a dollar for everyone I meet who says something like this: “I know I should have goals and plans...” or “I know I should have some focus to my life...” or “I wish I knew what I want to be when I grow up...”.

So, I ask each of you—Do you have a plan?

Practically everyone who reads this newsletter works for some form of organization. I daresay that substantially all of those organizations have some sort of planning process in place. Research also supports the conclusion that effectively led companies are those that have an appropriate planning process for their needs. Not so surprisingly, research also shows that successful people in all walks of life—people at the top of their respective games—work with a plan.

Shouldn’t this apply to you and your life?

If your answer is “No”, or “I don’t care”, don’t read any further. But if you wish to think about this more, and actually start a process, read on.

For the first step in a self-planning process, I refer you back to Shakespeare and Polonius. Do you know who you are? Or, as one of my friends in the coaching business would say, do you know who you be – not what you do, but who you be? Is who you be headed where you want to be? Do you have a vision for yourself? Does it encompass your entire self – personal, professional, physical, spiritual?

There is a simple exercise you can use to start this thought process. You have died. Your friends and relatives are gathered together to honor your life. They are talking about who you were. Some of them know you professionally, some personally. What are they saying about you? What do you hope they are saying about you? If you know what that is, that is your vision.

State your vision in your own words and begin to set your time frame to achieve it. How long do you have? How long do you plan or hope to live, how old are you now, how much time do you have left? That's your timeframe. The difference between your current age and your anticipated end yields your planning and execution horizon.

Now you are almost ready to identify steps to reach your vision. But one step I suggest you consider here is to make sure you assess who you are. I mean: What are your values? Or, as my friend John Blumberg wrote in his recent book "*Good to the Core-- Building Value with Values*", what is your core? What are the key life principles that you have? Which do you value so greatly that you will not compromise them in any aspect of your life? Don't rush to put this list together. Think about it; share it with others close to you; refine it. But don't take forever to assemble it. You can polish it as you go along.

Armed with your vision and values, you can begin to set measurable goals to help you achieve your vision, while always living your life within your values.

Start your goal-setting exercise with the concept suggested by James Collins and Jerry Porras, authors of the best-selling business book *Built to Last: Successful Habits of Visionary Companies*. What are the big, hairy, audacious goals that, if achieved in your lifetime, will bring you closer to your vision? State them specifically; make sure they relate to all aspects of your life – personal, professional, physical and spiritual. Then break your timeline down into manageable chunks and set individual, measurable goals that you can use to guide your life toward your vision.

Decide what accountability periods work for you and establish your goals accordingly. Some people have daily goals; some have weekly goals; some have monthly. Do what suits your personality, your style. You must decide and you must hold yourself accountable. Share them with a partner or a friend, if you wish, but don't try to pass off the accountability to someone else.

Summer is a great time to think about your life vision and your personal plan to achieve it. So don't just use your summer to hit the golf ball, catch the fish or climb the mountain. Use some of the time to be true to yourself.

I am always eager to hear your thoughts on these subjects. Please write to me at [Ed@ThinkStraightTalkStraight.com](mailto:Ed@ThinkStraightTalkStraight.com) and share yours.

## **Entrepreneurial Spirit: 3V Solutions – *Making a Difference in the Small to Medium Enterprise***

3V Solutions was founded by Mark Dendinger, an Andersen Alumni from the New Orleans Office, Management Information Consulting group. Prior to 3V in the mid

1980's Mark built custom applications at Arthur Andersen & Co. for systems processing outside of the standard financial applications. Custom applications gave way to packaged software where 3V has been successful in selling and delivering strategic customer solutions to the Small to Medium Enterprise ("SME") marketplace. The 3V Solutions' management and business philosophies are deeply rooted in the principals learned and carried forward from AA & Co.

In the beginning "we were pioneers for partnering with SAP in America." Today we are a Channel Partner and a Master Value Added Reseller (VAR) with SAP America providing an excellent program for consulting, audit/tax and advisory firms to become a SAP partner. For interested companies, we offer a SAP partnership through our Master VAR program. Pending approvals, we can qualify and process a partnership application within 24 hours. This program enables our partners to be a SAP Extended Business Member (EBM), with access to the SAP ecosystem and SAP Partner Portal, providing a graduated commission payout up to 50% of the software gross profit. At a minimum we offer one of the best referral programs in the industry with rewarding benefits.

During the 1990's enterprise operations shifted to ERP Packages and began using client server processing. Unfortunately in most instances it was cost prohibitive for the small and medium size enterprises (SME) to do the same. Reengineering efforts increased the consulting costs beyond the budgets of the smaller entities. However, over the last 11 years software companies have refined their products to be more attractive to the SME. Gone is the need to reengineer, gone is the heavy consulting burden on the front end of software implementations, and gone is the long implementation project with budgets of 1:3 and higher multiples of software to services cost ratios. Today at 3V Solutions we are providing ERP, extended ERP, business intelligence and mobility solutions with minimized risks, fixed project scopes and pricing, with the lowest TCO's, while utilizing industry best practices to meet the majority of each customer's requirements. Software pricing models range from the traditional user licensing model (with financing options for 24 to 36 months) to the "cloud based" Software as a Service (SaaS) model with a "pay as you go" monthly payment structure.

3V Solutions is committed to its customers and partners by having a unified partner family that enables individual partner growth in their particular core business area. If your company is a consulting or CPA firm, you can leverage your offerings to our customers through our partnership. For more information or to discuss further you can contact me at [mark.dendinger@3vsolutions.com](mailto:mark.dendinger@3vsolutions.com) or 601-720-4999.

## **Competency-Based Hiring: A Win/Win/Win/Win Approach to Getting Great Talent** *by Royce Kerr, Andersen Alumnus and Director, St. Charles Consulting Group*

As a professional involved in recruiting manager- and executive-level hires for a global professional services firm during the 1990s, one of my most dreaded voicemail messages (yes, to you of the GenY and Millennial generations, we did have voicemail way back

then) was from one of our service line leaders, who reported, “I think I have found someone who is perfect for that opening we have in our region ...”

Typically, this executive had been traveling and struck up a conversation in the Admiral’s Club or with a seatmate on a flight. Over a beer or glass of chardonnay, the conversation between them evolved to the business challenges each was facing and, by the time the plane landed, our executive had shared that we were looking for a new person and learned that the new acquaintance was either qualified or knew someone who would be really great for the position.

From there our executive had quickly moved from sourcing the candidate to selling, and of course all of this happened with very little focus on the actual skills, knowledge, and attributes required for the new hire to be successful in the specific role with our firm. In other words, there was no **competency basis** for making the determination that this was an “ideal” candidate.

Lest you think this is the kind of thing that only happened in the “olden days,” here’s the modern day scenario: Not only do the same kinds of conversations occur but, more often in this day and age, that same executive is connected to or talking to others on LinkedIn, Facebook, Twitter, SMS (text), Skype, or one of a number of social networking sites. On such sites, the executive is a member of several groups including the university alumni group, industry or professional groups, and community organizations. From those “conversations,” connections are made. In 2011, the hiring manager or sponsor no longer needs to leave the comfort of home or office to identify the “ideal” candidate.

What’s wrong with this picture? Doesn’t personal networking enhance the recruiting process? Isn’t it better to have a referral, especially from the hiring sponsor?

Maybe, but not necessarily. Why? Four reasons:

1. The hiring sponsor or manager has likely not focused on the **specific capabilities** needed to be successful in this role. Often the hiring sponsor is operating from the context of the talent that is currently in place, not what is needed for the future or even what would make someone most successful in this role now.
2. The recruiter probably *is* focused on the specific capabilities and has already started sourcing based on this. Now he or she will be in the predicament of “unselling” a candidate who may not be qualified and negotiating with the hiring sponsor for time to consider other, more qualified candidates.
3. When the hiring sponsor or manager proceeds with conversations about the position without full consideration of specific capabilities required, the recruit often gets a less-than-full or unrealistic picture of the job. It is easy for an anxious hiring manager to move to selling the candidate before assessing capabilities when there is a pressing business need.

4. The organization has strategic imperatives and priorities. To achieve these priorities, the people who take on roles need to have very targeted skills, particular knowledge, and attributes or behaviors that enable them to drive the results that the organization needs.

Competencies create a common language for aligning all stakeholders in the hiring process. When an organization, a business unit, or functional area can clearly articulate the knowledge, skills, and attributes that enable their success, they have formed an important basis for hiring great talent.

- The organization has some **core attributes** that are critical or foundational to anyone working there – attributes like “takes initiative,” “continuous learner,” “customer focus,” and the like.
- There are also **unique attributes** for the particular job that are more likely to make someone successful in the specific role. An example for someone in a supervisory role might be “develops others” (or “invests personal time and energy in developing others”).
- Then there are the **functional or technical skills and knowledge** required to perform the work in the job (or group of jobs). These need to be stated with some precision, specifying the type of work the individual is able to do and/or the degree to which he or she has direct knowledge of key subject areas.

Creating and communicating the competencies required for the various functions and roles in an organization is time consuming, and introducing the discipline to hire based on these competencies definitely requires diligence. But, when these are clearly defined in the context of the organization’s business goals, everyone benefits:

- WIN #1 – Recruiters know specifically the criteria they should communicate and screen against.
- WIN #2 – Hiring managers or sponsors have a solid, rational basis for evaluating and prioritizing among a group of qualified candidates.
- WIN #3 – Candidates have clear expectations about the job they are applying for, and the new hire has clear expectations about the job that he or she accepts.
- WIN #4 – And, ultimately, the organization acquires talent specific to the unique business needs.

If your organization does not use a competency-based approach to hiring or has not defined the skills, knowledge, and attributes required to perform key functions, it might generate more in the way of win/win/win/win results if your organization re-thinks that strategy.

For more information, please contact Roycee Kerr at [rkerr@stccg.com](mailto:rkerr@stccg.com) or call 214-802-0349.

# Forbearance Agreements and Covenant Defaults: What you need to know

by Bill McDermott ,CEO, McDermott Financial Solutions [www.bankingsolved.com](http://www.bankingsolved.com)

Covenant defaults often lead to forbearance agreements because something has gone wrong in your business that the bank cares about. However, there is still a negotiation that involves you and the banker. So, here's how to negotiate for a successful outcome. A great book by Urey and Fisher, "Getting to Yes", has influenced much of my "how to"

- Separate the people from the issues, make sure you understand your banker's point of view, keep your emotions in check and make sure you're communicating clearly, no grandstanding
- Focus on interests, not positions, get an understanding of why the covenant default was important to the bank and why they feel the need to enter in to a forbearance agreement. Likely, their interest is getting paid off, yours is keeping things status quo
- Generate creative options to help resolve interests for both sides, don't decide prematurely on any one option because there may be something better that has not been identified
- Use objective criteria when generating options, this makes it easier to avoid a battle of wills and preserve a good relationship.

I have several clients who have healthy operating companies, but have real estate investments that have declined in value substantially and the rent generated by the property will not cover the debt service and operating expenses. The bank is interested in getting paid back or paid off. Some clients would like to walk away and let the bank have the property. So, negotiations start. Issues are identified (rents have declined hence the value of the property) Banks want to get paid back faster because they're upside down; the borrower has no cash flow to do that. Options are generated, restructure the debt, sell the note at a discount, short sale of the property, deed in lieu of foreclosure, foreclosure, and bankruptcy. All these options have different consequences for both parties. However, you can potentially preserve a good relationship for both parties when these ideas and techniques are used.

If your bank is asking you to sign a forbearance agreement, you may perceive them as more powerful because they control the debt you owe them. Often you will establish a "bottom line" in an attempt to protect yourself against a poor agreement. The bottom line is what you anticipate as the worst acceptable outcome. Here's what you may consider as an alternative.

- Concentrate on assessing your best alternative to a negotiated agreement
- You should reject agreements that would leave you worse off than your best alternative
- Without a clear idea of your best alternative you are simply negotiating blindly.
- You will have a better understanding of the negotiation context if you try to estimate your bank's best alternative
- When you develop the best alternative in your agreement you not only know what is a minimum acceptable agreement, you likely raise the minimum

Recently I worked with a client who was negotiating a forbearance agreement with his bank. Our best alternative was to sign the forbearance agreement but to avoid forbearance fees and the cost of an appraisal. We also wanted a maturity longer than the bank was willing to offer. With a firm understanding of our best alternative, we had several rounds of negotiations, but ultimately won our best alternative by understanding what the bank's best alternative was. They were more interested in obtaining a forbearance agreement than collecting the fees and appraisal costs and a shorter maturity. To successfully negotiate against a more powerful opponent, have your best alternative in mind and understand your bank's best alternative also.

At times some people will use unethical or unpleasant tricks in an attempt to gain an advantage in negotiating a forbearance agreement. I have experienced bank forbearance agreement negotiations that include

- Good guy/bad guy routines
- Uncomfortable seating, etc.
- Deliberate deception about the facts, their authority, or their intentions
- Parties may try to make-take-it-or-leave-it offers.

The best way to respond to such tactics is to explicitly raise the issue in negotiations and attempt to resolve it. Participants can avoid falling into a win-lose mentality by focusing on shared interests. When the parties' interests differ, they should seek options in which

those differences can be made compatible or even complementary. The key to reconciling different interests is to "look for items that are of low cost to you and high benefit to them. I can't emphasize enough the importance of having a plan for your bank presentation during any forbearance agreement. Here's the quick version of what the bank presentation should include:

1. If you're unprofitable, how and when will you get to break even then profitable operations?
2. Banks want to see sufficient cash flow to cover their debt with 125% coverage meaning cash flow is 125% of all debt payments. Show them how you will get there.
3. If your plan involves selling off assets (inventory, equipment or real estate), the bank wants to know if you will be selling them yourself or whether you will engage outside help.
4. Financial statements are an important part of your presentation because the bank will want to monitor your progress going forward
5. Any presentation should include what your banking requirements will be once you have executed all the parts of your plan. Will you need a line of credit, if so, how much?

I'm working with a client in the retail business. He has five locations in different cities and owns the real estate, which each location operates in. Because of the decline in the economy, 3 of his 5 locations are unprofitable. His plan includes closing 3 of the 5 locations and selling off the underlying real estate in each location. He will list the real estate with a local broker, but also with a regional broker to maximize the marketing exposure to a potential buyer. He also has excess inventory, which he will liquidate over time to increase his cash for operations and reduce his line of credit. He will keep the two locations and their respective mortgages. He will need a smaller line of credit to finance inventory purchases, which the bank should agree to provide. His two remaining locations have been profitable through the economic downturn and should continue based on their recent operating history.

The bank presentation during a forbearance agreement with a specific plan to implement is key to getting your bank on board with what you hope to accomplish. Without a plan, you give your bank no choice but to consider implementing a plan of their own.

# The Phoenix Project: the perpetuation of AA& Co.

By Bill Barsanti

With the support of a few faithful colleagues, on March 7 2005 Arthur Andersen International was constituted here in *Roma caput mundi* (Latin for Rome capital of the world), Structurally, Arthur Andersen International is the parent company (owner of trademarks, etc) and AA International is our operating, coordinating firm.

Today, six years later, following tireless efforts, many disillusion and disappointments, AA International has a community of 13 Associated Firms of AA extraction in 7 countries, 3 continents (Europe, North and South America), with 26 offices, and circa 335 people. Moreover, besides the 67 active partners in associated firms we have 34 inactive, supporting (Class B) shareholders, several of which had leading roles in the development and management of AA Worldwide, to wit:

Dick Measelle (ex Worldwide MP); Bob Kelley (XAAAC site director), Bob Mednick (MP Worldwide Professional and Regulatory), Bob Roussey (Chicago WHQ, Auditing Procedures), John Andersen (ex MP, Denmark), Mats Fredricson ( ex MP Sweden), Guy Barbier, (ex MP Europe, Africa and Middle East), Horst Isele ex AA audit MP, Germany), Matsutaro Morita (ex MP Japan), Teruo Ozaki, (ex MP Audit, Japan), Roy Rohatgi (ex MP India).

More information on our Associated Firms and supporting shareholders can be found on our website, [www.aainternationalsrl.com](http://www.aainternationalsrl.com) or [www.aandco.com](http://www.aandco.com). For questions, further information etc, contact me at [will.bar@tiscali.it](mailto:will.bar@tiscali.it).

Viva Arthur Andersen!

## GOOD to the CORE: *The Movie*

In the last issue of our Andersen Alumni Newsletter, we mentioned John Blumberg's book, *GOOD to the CORE*. Since then, John's publisher Simple Truths, has released an inspirational movie for the [GOOD to the CORE](http://www.goodtothecore.com) book. It is a short movie ... just three minutes! But, hopefully, it will keep you thinking much longer than a full-length motion picture. We encourage you to check it out at [www.goodtothecoremovie.com](http://www.goodtothecoremovie.com).

Mac Anderson, Founder of Successories and Simple Truths describes GOOD to the CORE this way: "*So many times, it's not what you say, but how you say it that turns the switch from "off" to "on."* And John Blumberg, in *GOOD to the CORE*, has "*nailed*" this all important topic of "*building value with values.*" *If there was ever a time in the history of this great country that we need to re-visit our core values ... the time is now.*

The concept of core values seems all so simple. Nothing could be further from the truth. Do you ever wonder if you or your business are good to the core? This movie will leave you with no doubt ... and a lot to think about!

## **Ten Years Later the Tradition Builds... What is Connections**

In a nutshell, CONNECTIONS is a national leadership conference exclusively for the former partners and employees of Arthur Andersen. Continuing a 10-year tradition, CONNECTIONS 2012 will be held February 24-26, 2012 at the Q-Center in St. Charles IL (the former Center for Professional Development for Arthur Andersen). CONNECTIONS began as a reunion of the former Recruiting and HR professionals of Andersen and has now expanded into a national leadership conference for all former Andersen partners and employees.

The agenda of CONNECTIONS rivals any professional association's National Conference with a complete line-up of National Speakers. What makes it unique, however, is that you get to learn and develop exclusively with former Andersen partners and employees. And beyond an incredible leadership development experience, you get to connect with the greatest network on earth ... the former partners and employees of Arthur Andersen.

It is an experience you are not going to want to miss. The complete agenda detailing a great experience for CONNECTIONS 2012 will be coming later this summer. Watch our next newsletter for the agenda line-up and all the details on registration.

In the meantime, you can you can join the CONNECTIONS conversation through social media on our Facebook Fan Page at *Connections Conference*, on Twitter at *#connections2012* and on LinkedIn at *Andersen Alumni Association*.

## **Andersen Alumni Benefits**

### **Lenovo**

Andersen Alumni Association has partnered with Lenovo and you can save up to 40% on ThinkPad X220, the NEW ThinkPad X1 and IdeaCentre All in One desktops with eCoupon USXJULYSAVINGS2011. Apply at checkout and save. Click on the following URL:

<http://shoplenovo.i2.com/SEUILibrary/controller/Lenovo:EnterStdAffinity?affinity=andersenalumni&ConfigContext=StdAffinityPortal&cid=us|disp|ba|andalum|july15th800x150|banner&>

## **Liberty Mutual**

Andersen Alumni Association has partnered with Liberty Mutual, the nation's fifth-largest auto and home insurer. Through Liberty Mutual's Group Savings Plus® program, Andersen alumni may save up to 10 percent on their auto insurance and 5 percent on their home, condo or renters insurance\*. That can be hundreds of dollars back in your pocket. Plus Liberty Mutual offers their customers who have both auto and home policies an attractive added multi-policy discount.

In addition to discounts, Group Savings Plus® offers Andersen Alumni:

- The freedom to purchase insurance the way you want: through a personal sales representative at more than 400 offices countrywide, a toll-free telesales center, or online.
- Convenient payment by automatic checking account deduction or direct billing to your home
- 24-hour toll-free claims service
- 24-hour emergency roadside assistance
- 24-hour homeowner emergency repair service
- Outstanding customer service from a local office, or from Liberty Mutual's J.D. Powers and Associates-certified call centers.

To find out how much you can save, call 1-800-835-0894.

## **Pure Web Development**

Did you know that 84% of Americans have cell phones? Huge numbers now use mobile phones to get online instead of desktop computers and by 2012 smart phones are set to outpace sales of desktop computers. Currently all major American carriers are providing 3G and in some instances 4G connections at speeds up to 12Mbps.

The way we access the internet is evolving and it is vital that your web presence and the way you present your products/services/information online adjusts with it. Now is a perfect time to get your website into the hands of these new internet users or maybe just enhance it with a custom application for use on the iPhone or Android phones.

Contact us today and find out if your website is mobile ready and what it would take to get it there. Special pricing will be extended to all Andersen Alumni members!

Phone 404-921-0090 or email: [sales@purewebdevelopment.com](mailto:sales@purewebdevelopment.com)

## **Social Media: Association's LinkedIn Group and Facebook Fan Page**

Social Media is a great way for us to stay connected. To request the Association Status added to your Linked in Profile click on the following:

<http://www.linkedin.com/e/gis/38306/6E0CB25BC94E>

To “like” our new fan page simply click on the following:

<http://www.facebook.com/pages/Andersen-Alumni/182112725168442>

