

# NETWORKS

FALL 2002

*Dear Member,*

With the distribution of this issue of NETWORKS, INPACT Americas will be in Miami Beach hosting the second World Conference. We extend a very special welcome to delegates from INPACT International and INPACT Asia Pacific as well as members of LawPact. The INPACT network is a valuable resource to members, enabling them to offer their clients world class service in a local and personalized environment. The better we get to know each other, the more effectively we can work together. I hope that you will return home with a wider circle of professional and personal friendships, new ideas and resources to enhance your firm and its client services, and warm memories of your time spent in South Florida.

As we have all experienced, this is a time of unprecedented change for the CPA profession. A critical concern we all have as we attempt to lead and manage the growth of our respective firms is how we can stay focused and implement key strategic planning goals.

A lot is riding on the CPA firm's ability

to grow, maintain profitability and launch new niche services. Why? Because the rate of change in today's world dictates that those who stand still will ultimately be left behind. This also holds true for our organization.

Since 1975, INPACT Americas has been serving its membership through a variety of programs and services designed to enhance the management, marketing and profitability of each member. INPACT has sought to keep members "ahead of the curve" and pro-active in serving their clients.

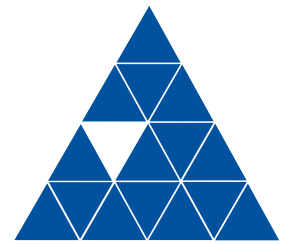


*Ronald D. Finkelstein  
President,  
INPACT Americas*

The Board of Directors is very serious about keeping INPACT a growing and vital association, responsive to changing member needs. In order to meet your expectations, we recently met in a formal strategic planning session to evaluate your responses to the Member Survey that you completed in September.

At its recent meeting, the Board of Directors began formulating a strategy for the next three to five years. Planning details will be communicated to members over the next several months with a formal presentation at the next Managing Partner Workshop in June 2003.

With warm regards, we look forward to seeing you in Napa.



**INPACT**  
A M E R I C A S

## GREETINGS!

**Welcome to World Conference 2002,** where we are honored to have in attendance delegates from INPACT International, INPACT Asia Pacific and our sister organization, LawPact! From many points from around the world, we gather with one shared goal: to strategize about the products and best practices of our firms to secure our position in the critical years ahead.

Our borders have expanded; this is obvious by those who are here, and we celebrate our diversity as we cross new lines denoting states and countries to pursue new business opportunities. In a fusion of interests such as high quality service, improved efficiencies and increased revenues, we struggle to maintain integrity and safeguard respect for our profession.

Our programs address these issues. For example, the action-packed update about the Forum of Firms will show you three reasons (at least!) why your firm should participate. As scandals rock the world of finance, and accounting practices attract attention from the media, the Forum stands as a professional icon of high standards and ethics worldwide. (INPACT is proud to have been one of the first associations to join the Forum of Firms. See article on page 2.)

Take your pick of eclectic

*continued on back*

## FIRST CRUISE CONFERENCE!

INPACT AMERICAS is preparing to launch its premier cruise conference on Thursday, October 23, 2003. Association members will sail into the sunset from Fort Lauderdale, Florida. A welcome reception and dinner that evening aboard the Enchantment of the Seas will initiate four days of dynamic sessions, vital interaction and entertainment. With a variety of shops, continuous dining options, lounges, pools, spa and shore excursions, there will be ample activities for all who join us as we cruise to Key West and Cozumel. Cabin reservations are still being accepted.



# FORUM OF FIRMS

## INPACT JOINS FORUM OF FIRMS

*Generating significant benefit to INPACT members*

Involvement with the Forum of Firms will bolster the professional standing and credibility of INPACT members and better position them to attract business in the future, says Brion Smoker, INPACT America's representative to the Forum of Firms. The Forum of Firms is an international organization of accounting firms seeking to develop international accounting and auditing standards. INPACT was one of the first accounting associations to ally itself with the Forum of Firms.

Smoker says he thinks the establishment of international standards and quality control by the Forum of Firms will help heal the damage inflicted on the profession by Enron and Arthur Andersen.

"It's important for INPACT to be on board because we can expect that in the future clients will weigh and rely on such affiliations or accreditations when deciding with whom to work," Smoker points

out. "In addition, the globalization of business is an irresistible force that will eventually make international standards as relevant as national standards. INPACT needs to be at the table on this issue, along with the big firms."

Forum members agree to meet certain requirements, including a voluntary independent quality review. Membership, both full and provisional, is open to firms of all sizes, with all firms initially classified as provisional members.

Smoker explains that firms can become members by satisfactorily completing an International Quality Assurance Review and showing evidence that their policies and practices conform to the Forum's Quality Standards. These standards require member firms to:

- Adopt policies and methodologies for transnational audits that, at a minimum, comply with the International Federation of Accountants (IFAC)

International Standards on Auditing in addition to relevant national standards on auditing;

- Comply, at a minimum, with the IFAC Code of Ethics in addition to relevant national codes of ethics;
- Maintain training programs to keep partners and staff who perform transnational audits aware of international developments pertinent to financial reporting (including auditing and ethics); and
- Maintain appropriate quality control standards and conduct regular internal quality assurance reviews to monitor compliance with the member firm's policies and methodologies for conducting transnational audits.

All INPACT member firms may "opt in" to the Forum as a benefit of their membership. Firms wishing to obtain additional information may visit the IFAC Web site at [www.ifac.org](http://www.ifac.org).

## LAWPACT UPDATE

Two years ago Brion Smoker (Smoker, Smith & Associates) mentioned INPACT Americas during a meeting with Gregory Chelap, a partner with the law firm of Skarlatos & Zonarich. That firm and Smoker Smith have mutually counseled and referred clients, as a result of the respect held by each for the business practices and integrity of the other.

The conversation that day helped shape the vision of pursuing the untapped potential that existed for building relationships and sharing ideas among law firms. Thus was launched the autonomous but parallel association for attorneys, known as LawPact, similar in format and philosophy to INPACT Americas.

"The consensus of our members is that LawPact is a best practices group," states Mr. Chelap, noting that the corps is presently comprised of eight members who share a common goal of assisting each other in improving and growing their practices. Viewed as an alternative to mergers and the emergence of megafirms, LawPact enables members to retain their desired size while meeting their professional needs of practice management and business development. The firms share a similar culture and business philosophy, and assist each other with information, new initiatives and opportunities. Easy access to out-of-state attorneys, sharing of "best practices," and leveraging expertise are some of the benefits derived from the young organization.

"A lot of associations are based on trying to generate client referral," comments Mr. Chelap. "When we began, that wasn't what we were seeking. We believe, however, that increased

opportunities will result from the relationships formed between members who think alike and share a common goal." Already, he adds, client referral represents a significant value, and cites the firm recently referred to Skarlatos & Zonarich by Mr. Smoker. He anticipates its being the first law firm from overseas to join LawPact.

"We are actively seeking members," he adds, noting that there are three prospective law firms who may join in the fall.

"We have a unique, and very good, relationship with INPACT Americas. This would have never gotten started without Brion, and it wouldn't have been possible without Mara Ambrose."

Both associations value their close working relationship and, to strengthen their strategic partnership, have held concurrent conferences since 2000.



**LAWPACT MEMBERS DENVER, COLORADO, JUNE 2002**  
 from left: Greg Chelap, Doug Conover, Larry Ploucha,  
 Dave Gaw, Russ Schetroma, Ron Ruth, John McDavid

INPACT Americas has always been committed to helping association members develop tools and resources to systemically pursue service development. Several such strategic alliances were formed when Canby Maloney & Co., Inc. (Framingham, Mass.), was assisted by other firms in preparing a proposal.

"I sent out an SOS," says Brenda Sleeper, Marketing Director for Canby Maloney. "We had some questions about the international aspect, and I'm not afraid to use the resources." The response was great, she continues. "People reached out to say 'We'll be happy to help!'" One of those people was Don Reinardy, of Smith & Gesteland, LLP (Madison, Wis.), who put them in touch with one of his clients, a travel agency.

"He was willing to share anything and everything he could," comments Brenda. "He gave us such an education we felt like we knew all there was to know about the travel industry."

Tom Hagar, with Schlabig & Associates, Ltd. (Kent, Ohio), ran a detailed benchmark analysis that was incorporated into

## ACCESS TO EXPERTISE

the project bid. Conference calls were also conducted with Rayner Essex in London and Morris Langer in Canada.

"These companies worked closely with us and were extremely helpful," notes Brenda. "We put a lot of hours into the bid. There were eight firms competing in the process, and we made it down to the final four where there were three of the big 5 and us." Ultimately, a bigger firm was selected, based on the volume of potential business and the range of clients represented in their bid.

Brenda has relied on INPACT members for expertise in the past, but had not previously collaborated for bid preparation. She was greatly impressed and not only praised the response of INPACT members, but also sent personal thank you notes.

"The people who respond to these SOSs are ready and willing to share, and they don't hold back," she states. "I'm a firm believer that you don't need to re-create the wheel; the association allows us to form alliances and remain competitive through the expanded knowledge that results from geographic and professional diversity."

## CFO TO GO WINS FIRST PLACE IN INAUGURAL AWARD

In a perfect world, businesses would have access to the financial management they need at those times when they need it. That scenario has been achieved by Canby Maloney & Company, Inc. (Framingham, Mass.) for firms lacking that resource in-house. At the recent Managing Partner Workshop held in Denver, Robert Gertner presented his firm's CFO to Go program and took home the first INPACT Award for Innovation and Management Excellence (AIME). Conferred by member vote, the award recognizes the firm that submits the most innovative or best firm practice in any area.

"Many businesses miss out on the financial expertise that a Chief Financial Officer can bring, either because of budget constraints or because it is not required on a fulltime basis," states Mr. Gertner. "Many business owners try to do everything themselves. Yet there is so much involved in operating a successful business that no one person can do it all effectively."

CFO to Go provides an affordable alternative with part-time financial expertise that ranges from strategic planning to accounting and operations management.

"This program represents a widening

repertoire of services firms are able to offer their clients in this increasingly competitive market climate," comments INPACT Executive Director Mara Ambrose.

Stephen M. Thompson of Huth Thompson, LLP (Lafayette, Ind.), received Honorable Mention for an incentive compensation program created for staff. For several individuals, the year-end bonus derived from the award amounted to 40% of their normal wages. For the firm, it has generated that much or more in additional revenue.

"This has created an atmosphere of excitement, rather than needing the partners to encourage staff to work harder to get good realization and hours billed," comments Mr. Thompson. "The results have been major for many previous non-performers, and also very good for the firm."

Harvey Wershale of Howard, Wershale & Co (Cleveland, Ohio), was recognized for implementing an innovative management succession plan. Shareholders approved the concept and elected a three-member committee that meets monthly for development and review.

Also named for Honorable Mention was Brion Smoker of Smoker Smith & Associates, PC (Hershey, Pa.), for sending flowers to the wives of male employees and to female employees in the office

as an expression of gratitude for their dedication during the rigors of the busy season.

John Heveron of Heveron & Heveron CPAs, P.C. (Rochester, N.Y.), was selected for surprising staff who thought they were gathering on the front lawn for a meeting. Instead, a limousine pulled up and chauffeured them to Best Buy, where they were instructed to spend \$250 on themselves within 40 minutes. (Some Best Buy employees were so impressed

*continued on back*

### BOARD OF DIRECTORS

(Term expiration is December 31 of the year noted)

**Ronald Finkelstein, President (2003)**

*Peed Koross Finkelstein & Crain, PA*

**Jean Hawkins, Treasurer (2003)**

*Moore & Cubbedge, LLP*

**Kenneth Vohs, Immediate Past President (2002)**

*Olsen Thielen & Co., Ltd.*

**Gary Benware (2004)**

*Dragon Benware Crowley & Co., PC*

**Stephen Klunk (2004)**

*Stambaugh Ness, PC*

**Harvey Wershale (2004)**

*Howard, Wershale & Co.*

**Donald Ethridge (2003)**

*CBEW Professional Group, LLP*

**Donald Reinardy (2002)**

*Smith & Gesteland, LLP*



Val Olson

## INPACT ORCHESTRATES INTERNATIONAL INTERNSHIP

Val Olson, an accounting major at the University of Wisconsin-Whitewater, wanted to arrange an international work experience. She mentioned this to her uncle, Don Reinardy, a Managing Partner at Smith & Gesteland, LLP, and he contacted colleagues in the London area through INPACT International. Val was offered an internship in the audit department at Rayner Essex, where she worked June 1 – August 1, 2001, and lived in the home of a St. Albans resident.

“This was a great experience because of the daily travel involved,” says Val. “While learning accounting practices, I saw communities and businesses in and around the London area. The employees at Rayner Essex were extremely friendly and outgoing,” she adds.

“Val visited several clients during her time with our firm,” states Antony Federer, firm partner, “and this gave her valuable experience with UK companies.” She also worked in the Insolvency Office, Griffins— very different work from that at Rayner Essex, so her experience was broadened even further. Mr. Federer notes that, through adequate supervision, it was possible to have Ms. Olson work in place of a junior staff member.

“It was a successful experiment which we will be happy to repeat in the future,” he notes. “She added a lot to the firm, both in terms of her work and her personality.”

In addition to seeing tourist attractions throughout Great Britain, she traveled to Scotland, Paris, Amsterdam and Venice. “Not only did I learn more about accounting, but I was also able to experience a different culture,” she states.

## Congratulations!

**Smith & Gesteland, LLP** (Madison, Wis.), received extensive coverage in a business publication\* as a result of an in-depth study of the venture capital market derived from high-tech and biotech industries. The firm’s high-tech niche has grown dramatically in the past five years, primarily due to start-up companies associated with The University of Wisconsin/Madison. UW-Madison gives birth to an average of 12-15 new companies a year.

The study, described as “brutally honest,” got the attention of state organizations. The Wisconsin Department of Financial Institutions contacted S&G, and asked them to present their findings at a Summit on Capital. Neil Fauerbach, Director of Marketing and

Business Development for S&G, talked with the editor of Corporate Report Wisconsin (CRW) about holding a roundtable discussion for prominent players in the investment community. That meeting served as the basis for a 16-page insert in CRW, as well as an article in Madison Magazine.

UW-Madison subsequently asked S&G to help plan an economic summit, and a local association of high tech companies requested that an S&G representative serve on the advisory board for an upcoming meeting.

The 55-page study can be downloaded from the firm’s Web site at [www.sgcpa.com](http://www.sgcpa.com).

\*CPA Marketing Report, Aspen Publishers, August 2002

## GREETINGS! *continued*

topics such as “A Fisherman’s Guide to Marketing: How to Land the Big Ones” or “Strategies for Developing Transnational Business.”

From a future that promises to transform public and private enterprise, to a timely discussion of leadership with integrity, take advantage of programs designed to enhance knowledge, skills and intuition which ultimately lead to successful management of your accounting practice.



**MANAGING PARTNER WORKSHOP  
DENVER, COLORADO JUNE 2002**  
*Panel on Surviving Firm Crisis (from left):  
Jean Marie Caragher, Bob Martin, Gail Johnson*

## CFO TO GO *continued*

they asked for job applications to work for the firm!)

The AIME Award concept was enthusiastically received by members. INPACT Americas will continue to solicit entries on an annual basis to augment the collection of member firms’ “best practices.”

The content of this newsletter is of general interest and should not be regarded or relied upon as professional advice. For information about a specific matter, readers are advised to consult the appropriate professional. CPA Management Systems, Inc., trading as INPACT Americas, is affiliated with INPACT International, a voluntary association of independent accounting firms. INPACT Americas has member firms in the United States and Canada. Referrals between member firms are made, and services are rendered, on the basis that each member firm is liable for its own work on behalf of clients.



S. Mara Ambrose  
Executive Director  
PO Box 495 • Frederick, MD  
21705-0495 USA  
Tel: 301 694 8580  
Fax: 301 694 5804  
E-mail:  
[inpactam@inpactam.org](mailto:inpactam@inpactam.org)  
Website: [www.inpactam.org](http://www.inpactam.org)