

NETWORKS

MARCH 2004

Dear Members,

Since taking office as President of INPACT Americas, I have given a good bit of thought to what defines and distinguishes our organization. One of our greatest strengths, I believe, is creating opportunities for members to engage in a practical and dynamic exchange of ideas. Learning what has worked and what has not in other member firms gives insight that would not be gained from solo operations.

In simple terms, this represents a meat-and-potatoes type of value—not lofty in nature, but critical to success and capable of changing our futures. Working together and pooling professional resources when needed, we are able to achieve a higher level of quality service for our clients. Isn't this exactly what we are all about?

Moore & Cubbedge, LLP, our firm, is one of the newer INPACT members, and I find that I am still learning about this organization. What has been obvious since we joined is the benefit derived from internal connections and the vast network of international affiliates. I encourage all members to utilize these easily accessed connections, and to attend annual meetings to foster relationships, gain new strategies and expose yourselves to diverse business cultures. Come to these meetings and work on your business.

In addition to building a referral base from contact with other professionals, there is the potential of partnering with firms that offer expertise in a niche area that would expand your services and benefit your clients. In this issue there is an article about LINKS and

some of the projects undertaken that have involved the collaboration of firms to develop new product lines.



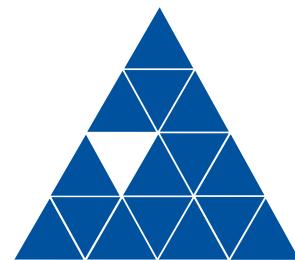
*Jean K. Hawkins
President,
INPACT Americas*

When Moore & Cubbedge joined the association, one thing we were looking for was a way to measure and compare ourselves with similarly sized independent accounting firms. INPACT's Economic Data Survey has proven to be a wonderful resource in comparing statistics, and provides a tool to improve practice management and administration.

As President I plan to continue to focus on these benefits, and work with our Board on innovative programs and incentives to save our members money and provide value in our membership that will attract new members. I welcome your ideas. As an association, it is only through our interaction and member contributions that we can build a dynamic organization to serve our own needs and create a momentum that will carry our strategy into the future. None of us can control the economy, but all of us are in charge of how we do business, and INPACT arms us with tools to give us a competitive edge in today's landscape.

I am honored to serve this organization that, since 1975, has addressed the management, promotion and profitability of each member firm.

Best wishes for a healthy and prosperous New Year with INPACT. Don't miss real barbeque and how to "speak southern" from your resident experts in June. I look forward to seeing "y'all" in Tuscaloosa!



INPACT
A M E R I C A S

FROM INPACT INTERNATIONAL

Sally-Ann Whittaker

INPACT International has welcomed fifteen new firms over the last year, strengthening national networks in the UK, Spain, Germany, France and Austria, and extending INPACT representation to Monaco, Serbia and Montenegro, Saudi Arabia, Lebanon and Poland. We are delighted to be able to now meet requests for contacts in Poland, the largest economy of the ten new countries that will join the European Union in April 2004. The expansion of the European Union presents new opportunities for U.S. companies and new challenges, including changes to taxation, for those already doing business in the region as new legislation takes effect. Good progress is being made in networking other EU accession countries, with interest from firms in the Czech Republic and Slovenia.

Delegates from twenty-seven countries attended International's annual conference in Tunis in October, making for lively workshop sessions on a variety of subjects. U.S. delegate Brion Smoker, International Liaison Director for INPACT Americas, co-facilitated a workshop on international quality standards, while the diverse nature of the INPACT network was celebrated with a session on international work ethics and cultural differences. A workshop session facilitated by a client of INPACT member firms helped delegates to focus on INPACT from a client's perspective, and emphasizing the importance of staying in touch with the needs of clients (a continuing theme of INPACT confer-

continued on back

MEMBER-TO-MEMBER INTERACTION POWERS PROFITABILITY

Brion Smoker, President of Smoker Smith & Associates in Hershey, Pennsylvania, says it's hard to explain INPACT to clients. So he tells them, "If you have a question that pertains to California, I can get you an answer. I have access to resources anyplace in the world." The network of firms that exists for the purpose of sharing information and resources benefits members and, ultimately, their clients.

"One of the biggest strengths of INPACT is the rapport that results among firms," says Executive Director Mara Ambrose. "People have realized that, collaboratively, they can accomplish so much more. LINKS (Leveraging INPACT Network Knowledge for Success) is a way to formalize those relationships and member-to-member interactions that often result in keeping or obtaining a client."

LINKS was the product born out of a strategic planning session in 2002. A formal presentation was given at a workshop in June 2003. There are many success stories. One is the collaboration between Brion's firm and Huth Thompson, LLP, which resulted in closing a deal for an Employee Stock Ownership Program (ESOP).

"This began during table conversation at an INPACT meeting," says Steve Thompson, managing partner at Huth Thompson. "I happened to be going to Pennsylvania in a few weeks and met with Brion's client for two to three hours and gave an ESOP presentation. This was an older business owner who was thinking of retiring and wanted to consider all his options. He and his wife both came."

Steve says he can ask about a dozen questions and accurately assess if an ESOP

is the right choice for an individual. As exit strategies, ESOPs are exploding across the nation and his clients who have decided on that option are loving it, he adds.

"They realize how good a deal it is," he states. Both firms made money and everyone was happy with the outcome.

He is presently talking with managing partners of two other INPACT firms, Heveron & Heveron and Dragon Benware Crowley & Co., about possibly collaborating to offer ESOPs to their clients.

"You never know when an individual is going to walk in and say 'I'm ready to retire. What can you do for me?'" he says. "You risk losing that client if you don't know, or pursue, all the options. ESOPs are just another tool in the toolbox that can help you gain a client, or even a portion of that per-

continued on back

"EVERYBODY WINS; IT'S A NICE PRODUCT."

— Brett Flickinger

Brett Flickinger, Principal and Director of Marketing at Dugan & Lopatka, is credited with spearheading the development of turnkey marketing for the firm. He is instrumental in helping to develop new product lines, and customizes the materials to promote them. Staff provides the knowledge and coaching to support such programs. Cost segregation, a plan for accelerated depreciation of component parts of buildings, is one example that has worked to everyone's advantage.

"We developed the program within our firm and then realized the opportunity to collaborate with other firms," Brett says. "The savings benefit to clients averages 10 to 20 times our fees." Every firm has a niche service, he says, that they can leverage to other firms that will result in increased profitability margins. Furthermore, these specialized services can serve as the proverbial "foot in the door."

Ken Vohs, President of Olsen Thielen & Co., heard about cost segregation when he was talking with Mike Dugan at an INPACT meeting. He was interested, pursued an alliance with the firm, and says that the service is a new avenue he believes is unique in their area.

"Audits are seen as a necessary evil," he notes. "The client says thanks and that's it. With cost segregation they get a rebate check and they're genuinely happy." One client's savings in tax breaks for one year paid the firm's fees for having completed the cost segregation study and concluded the entire process.

Brett says the first niche service developed at their firm—business valuations— began about 10 years ago. Seven years ago they

launched a technology company with great success, and two years ago the firm introduced a financial services company. Additional products will be announced in 2004, he says.

"You follow the clients," Brett states. "Our role is to help them by being pro-active and identifying their needs rather than limiting the scope of services we offer. Some INPACT firms are leading by example. Hopefully, others will follow and we'll all do better as a result."

Cost segregation is a great service for prospecting, he notes, adding that his firm's approach is to give a free presentation that includes an estimate of the savings to be gained and a quote for professional fees. Study documents are very detailed and must be substantiated by engineers since the Internal Revenue Service began requiring engineering-based studies. Of the 12 times the IRS has requested documentation from Dugan & Lopatka, they have never disallowed any of the items listed for cost segregation, he notes.

An Invitation

Member firms who would like to share or develop expertise in the following areas are encouraged to join one of the existing LINKS groups:

- Not-for-profit focus group;
- Litigation/business valuations focus group;
- Medical and dental practices focus group.
- Firm Administration Network (FAN)

If your area of interest is not listed and you would like to start a new group, please contact the INPACT office at 301-694-8580 or inpactam@inpactam.org.

SMOKER, SMITH & ASSOCIATES WINS AIME AWARD plus Recognition Plaque at Summer Conference

INACT's Award for Innovation and Management Excellence (AIME) was presented to Smoker Smith & Associates, PC (Hershey, PA). The firm, in cooperation with Staples Business Expo™, offered a free Quickbooks® Seminar in February 2003 at the Hershey Staples store. Anyone who attended the seminar and then became a client received a free copy of Quickbooks®.

Brion Smoker, President, reported that the event yielded great PR and netted some new clients for the firm. Based on the success of the seminar, they plan to hold it again.

The inaugural AIME Award was presented in June 2002 to Canby Maloney & Company, Inc. for implementing a "CFO to

Go" program that they designed after discussing at a conference a similar program being offered by Huth Thompson, LLP.

Brion was also recognized with a special plaque at the June conference in Napa, California. His firm spearheaded a state-wide initiative that helped service men and women who were called to active duty on short notice to file their 2002 tax returns. Other member firms who volunteered were: Stambaugh Ness, PC; McMahon O'Polka Guelcher & Associates, Inc.; and Goff Backa Alfera & Company, LLC. The effort was coordinated through the Pennsylvania Institute of Certified Public Accountants (PICPA) and INACT Americas.



A Look Back

Managing Partner Workshop June 17-20, 2003

The workshop in Napa, California, provided a wealth of practical information, including technology updates, a discussion of data mining and procedures for paperless auditing. Participants shared best practices in areas identified in the Economic Data Survey. Steven Shelton, CPA and managing partner of Way Ray Shelton & Co., helped attendees review their firm's financial statistics, develop benchmarks for success, and discuss productive and profitable operating practices. After an "unforgettable" bus



ABOVE: Member-to-member interaction is the hallmark of INACT workshops. Immersed in discussion in Napa, California, are (from back left) Gary Benware, Steve Shelton, David Hui (partially blocked), Ron Finkelstein, and guest Ron Stevens.

BELOW: INACT members went underground for camaraderie, fine cuisine and world class wines when they dined in the cave at The Truchard Vineyards. Shown (from left) are Cathy Benware, Jim Tidgewell, Jan Tidgewell and Lynette Mehall.



ride, members were hosted at a reception given by LawPact member Gaw VanMale Smith Myers & Miroglio at the extraordinary estate of a client. The group then enjoyed elegant dining in the setting of a cave at The Truchard Vineyards, known worldwide by critics and wine connoisseurs. Dinner wine selections were hosted by INACT member G & J Seiberlich & Co, LLP.

Partners Forum Cruise October 23-27, 2003

Key West, Cozumel and the allure of the Caribbean provided the setting for our first-ever cruise conference that merged the serious and cerebral (work) with the serene (the relaxation). Steve Erickson, CPA, CVA, a nationally recognized consultant to accounting and law firms, offered tools and techniques for capturing value and managing risk factors in a practice. He identified the major risk factors in the practice areas of unity, strategy, clients, processes and people, and talked of leadership coaching and succession planning. In an Open Forum, critical issues facing the profession were identified and discussed.

BOARD OF DIRECTORS

Jean K. Hawkins,
President
Moore & Cubbedge, LLP

Steven H. Klunk, Treasurer
Stambaugh Ness, PC

Gary R. Benware
Dragon Benware Crowley & Co., PC

Donald C. Reinardy
Smith & Gesteland, LLP

Harvey Wershbaile
Howard, Wershbaile & Co.

NEW BOARD MEMBERS:

Roberto Soto Leyva
Soto Prieto Consulting

James E. Tidgewell
G & J Seiberlich & Co LLP

LAWPACT UPDATE

From nine members two years ago, LawPact has grown to 13 firms, including representation from Germany and England. Half a dozen others have indicated interest in the young association that first met in Kansas City in June 2001. It was there that the prospect of untapped potential for new relationships was discussed, and the needs of member firms were identified. One of those needs was for better practice management and leadership continuity that would help already-technical-proficient firms survive in the new economy.

"Participation opens the door to sharing 'best practices,' business strategies, diverse areas of expertise, and innovative ideas," comments Doug Conover, LawPact President and partner with Rieck and Crotty, PC in Chicago. "Members share the desire to remain small to mid-sized independent firms so we can provide the highest quality service in a timely, personal and competitive manner."

The mission of LawPact is threefold: to provide a practice management forum where members can see what has worked and what has not; to provide a referral network to better serve clients; and to offer a resource network. People are benefiting from the association and it's working well, according to Doug.

Tom Hall of Tuesley and Hall, LLC in South Bend, Indiana, is spearheading the recruitment of prospective members. One of the keys, according to Doug, is online access to information, as that is

one of the first questions he is asked. The website www.lawpact.org was launched in January and includes membership and meeting information, the philosophy of the organization, and a description of INPACT Americas and its international affiliates. The autonomous but parallel associations are similar in format and philosophy, and assist each other with information, new initiatives and opportunities.

"Through the efforts of INPACT members, we were able to get our association off the ground," comments Doug. "We very much value our relationship with them and the opportunity to share programs. Through their international firms, we have access to accounting and taxation expertise in all major industrial countries." Concurrent conferences will be held by LawPact and INPACT in Tuscaloosa, Alabama, in June.

Conover adds, "Part of improving our service is to build a global alliance that will enable us to have access to legal expertise from around the world. We are pleased to report that LawPact is rapidly moving forward in Europe. Our European member firms have planned their inaugural conference for March 11 - 12, 2004, to be held in Munich, Germany. Bernd Lichtenstern reports that 10 - 12 prospective member firms are expected to participate. Ron Duplack and I will attend as well, to represent the American LawPact group. We are excited about the prospect of an affiliate LawPact group."

Referrals for new members are always welcome. Contact Tom Hall either by phoning 574-232-3538, or emailing Thall@tuesley-hall.com.



Jean Hawkins (incoming President) presents a plaque of appreciation to Ron Finkelstein, outgoing President.

Looking Ahead...

MANAGING PARTNER WORKSHOP June 17-18, 2004, Tuscaloosa, Alabama

Featured presentations by John Brown (*Exit Planning Strategies*) and Roman Kepczyk (*Technology Issues*), as well as the annual *Economic Data Survey* and a *LINKS* session.

WORLD CONFERENCE 2004 November 11-13, 2004 Melbourne, Australia

"LINK" with colleagues from around the globe. Featured speaker, Andrew Geddes, will discuss issues in practice management. Choose from concurrent workshops in a variety of interest areas.

MILESTONE MEMBERSHIPS

The success of INPACT Americas is directly attributable to its creative, hard-working and loyal membership. A deeply-rooted foundation has developed over the nearly-three decades of our service to the accounting profession. Members have conferenced, networked and collaborated to share ideas, knowledge and resources. Through their interactions, they have strengthened their ties, their firms, and their service to clients. INPACT Americas takes great pleasure in saluting its longest-standing members:

Charter Members — 29 years

Agler & Gaeddert, Chtd.
Emporia, Kansas

CBEW Professional Group, LLP
Cushing, Oklahoma

Kerber Eck & Braeckel, LLP
Springfield, Illinois

Linton Shafer & Company
Frederick, Maryland

Olsen Thielen & Co., Ltd.
St. Paul, Minnesota

Schlabig & Associates, Ltd.
Akron, Ohio

Smith & Gesteland, LLP
Madison, Wisconsin

28 Years
Guthoff Mehall Allen & Company, PC
Bloomington, Illinois

26 Years
Compton Kotke & Associates
Louisville, Kentucky

Haddox Reid Burkes & Calhoun, PLLC
Jackson, Mississippi

Huth Thompson, LLP
Lafayette, Indiana

Stambaugh Ness, PC
York, Pennsylvania

20 Years
McMahon O'Polka Guelcher & Associates, Inc.
Erie, Pennsylvania

Wermer Rogers Doran & Ruzon
Joliet, Illinois

19 Years
Moffitt & Company, PLLC
Paducah, Kentucky

15 Years
Dugan & Lopatka CPAs, PC
Wheaton, Illinois

Heveron & Heveron CPAs, PC
Rochester, New York

Smoker Smith & Associates, PC
Hershey, Pennsylvania

Member News

Linton, Shafer & Co., PA Frederick, Maryland, hosted a Maryland Association of Certified Public Accountants Managing Partner Seminar in December that focused on legislative and regulatory issues brought about by business failures and questionable accounting practices.

INPACT ASIA PACIFIC — GETS SET ... GO MELBOURNE!

Derek Lai

The first half year of 2003 had not been smooth sailing for countries in the Asia Pacific region, the result of a SARS epidemic that impacted various developed cities in the region. The virulent 'contagion' virtually crippled the recovering economies of Hong Kong, Singapore and Taiwan. The malaise lingered as headlines in June & July precipitated the cancellation of the annual conference of INPACT Asia Pacific which took place in early December at Brisbane to fulfil the statutory requirements.

In spite of the woes exacerbated by SARS in 2003, INPACT Asia Pacific is pleased to report that two new member firms — Sygnum Financial Services from Perth, Australia, and Vision Corporate Finance Inc. from Seoul, Korea — have joined the Asia Pacific network and thereby strengthens its emerging national networks. In Seoul, the respective new and existing members, Vision Corporate Finance Inc. and Sejong Accounting would continue their established synergy in providing complementary services to their mutual clients.

As the Asia Pacific countries gradually emerged from the recession brought about by the economic downturn and financial crisis since 1997 and with the breakthrough of China's ascension to WTO in 2002, finally (after 15 years of talk), the network is set to strengthen its national networks and accelerate the membership of East Asia in 2004.

At the beginning of 2004, during the woes of another escalating epidemic — the 'bird flu' — the network welcomed two new members into the Asia Pacific network: Ariya Group from Bangkok, Thailand, and PT Tasnim Ali Konsultan from Jakarta, Indonesia. Concurrently, as this newsletter is being printed, the Asia Pacific network will welcome another new member from India, N.N. Das & Co. in Kolkata (formerly known as Calcutta).

INPACT Asia Pacific has also hit the milestone with INPACT International on the use of the INPACT name in Australia. INPACT



International has provisionally agreed to permit members in Australia and New Zealand to use the INPACT name as a prefix to their firm's name. The Australian and New Zealand members are set to proliferate the national image of INPACT locally and enhance the brand building value in Australasia.

Three new publications were printed in 2003. The Chinese brochure was essential to market and promote the network to all sizeable accounting firms and organizations in PRC. The booklet, *Doing Business Guide in China*, provided a general perspective of the business environment in PRC, and the 2003 Network newsletter gave updates on the regional network. All members may request hard copies of these publications from their respective administration offices or directly from the Asia Pacific administration office in Hong Kong. Alternatively, the soft copies of the two latter publications may be downloaded from the members' section of the Asia Pacific website at www.inpactap.com

INPACT Asia Pacific is honoured to host the 3rd World Conference of the network this year. This long awaited significant bi-annual event is being organized by its Melbourne member, INPACT McDonald Carter, to be held in Melbourne. INPACT Asia Pacific looks forward to welcoming all members and associates to the renowned "Down Under," and promises that every participant will enjoy the different experiences and the sights of Melbourne.



Ron Finkelstien

THOUGHTS FROM OUR PAST PRESIDENT

Dear Members,

First, I want to thank everyone — particularly the Board of Directors and Mara Ambrose — for their hard work and support during my tenure as President of INPACT Americas. The association is blessed with talented people who represent forward-thinking firms, and I know that our firm, Peed Koross & Finkelstein, P.A., benefited from our affiliation.

Our membership allowed us to grow through forging alliances and professional relationships. Online access meant immediate networking with peers from around the

world. Giving and getting information is a powerful tool for growth, and also a necessity for surviving in these increasingly competitive times.

Interaction with international managing partners brings a unique global perspective and an entrée to the free market movement of people, products and information. These benefits, along with high quality conferences that address shared needs and interests, are strengths of INPACT and allow for continued development of resources.

The challenge remains to increase membership. I encourage you to take a leadership role, and to personally make it your goal to help grow the organization and participate in our newly formed industry niche groups. Be active. Support the Board of

Directors and Executive Director Mara Ambrose in their efforts to market and strategize to not only ensure the future, but also to be in a position to offer greater value to member firms.

Membership means a voice among a peer group of entrepreneurs. It means a sense of solidarity, and a forum for sharing ideas. This has led to great success for members who have identified opportunities that have led to partnerships and greater profitability for participating firms.

I applaud the fact that INPACT embraces uncompromising integrity and encourage you to build on the many strengths of this organization. Thanks once again for your support. You have my best wishes for the future.

MEMBER-TO-MEMBER *continued*

son's work."

In another example of member-to-member interaction, Brion contacted John Heveron when he had a not-for-profit client in Philadelphia who was going through major changes. Heveron and Heveron serves more than 100 not-for-profit organizations, monitors legislation and stays apprised of emerging issues.

"He reduced our learning curve," comments Brion.

John cites a time when he went online to the Members Only section for help with a client's judicial liquidation process. The two owners couldn't agree on terms, and their accountants had selected his firm.

"We had the integrity but not the expertise," John states. He was able to help his client by consulting with another firm. When another client in Rochester was selling a property in Florida, John was able to collaborate with a member firm located there and solve his client's geographic needs.

A number of firms who specialize in services for not-for-profit organizations have been connecting by phone and sharing successes, he continues.

"Probably a dozen of us shared proposal formats that are vital to business development. We all got to see the best of the best...that's how I describe INPACT; as a member, you benefit from the best components of each member firm."

"It's been incredible to see the suc-

cess from bringing in an outside source, and viewing them as an advocate and not an adversary," says Brion. "We're focusing more on that type of interaction because we realize we can't be all things to all people." The outreach extends to firms in other countries, he notes.

Smoker Smith & Associates has established a relationship with Vasan & Sampath in Bangalore, India. Brion and Arun Srinivasan became acquainted as conference delegates, found that they had much in common, and have continued to explore cross-border opportunities and other mutual interests.

Arun, CEO of Vasan & Sampath, along with his wife and daughter, stayed with Brion in his home for a week after they had initially talked at the Miami conference.

"That's what happens at the conferences," Brion says. "If you talk to the people who are there, something positive happens and you tap into the potential of referrals."

"There's a huge potential source of referrals in any firm," he adds. "It's easy to secure the competitive advantage through professional connections, and identification of target markets and prospects."

He comments that there are personal benefits to be derived as well; when he travels he contacts INPACT members, takes them out to dinner and learns about the best of each locale.

INPACT INTERNATIONAL *continued*

ences). An international tax workshop provided valuable feedback for the newly formed International Tax Committee, which will work in close co-operation with the also newly formed Marketing Committee.

Participation from all three regional INPACT networks in these new committees promises to deliver a consistent approach to member services. The Marketing Committee looks set to make a substantial contribution to furthering the development of the INPACT brand while the Tax Committee already has two projects in the pipeline. The first edition of a quarterly Tax Bulletin, highlighting major changes to tax legislation in INPACT member countries, will be published early in the New Year. The development of a Tax E-directory/database should help to further identify, share and market the considerable tax expertise within the network.

The building of the INPACT brand has continued at national network level with INPACT Consulting in Italy experiencing great success, not only in the additional services the member firms provide under this name but also in the fields of publishing with a second edition of their book on Family Business Succession and a new title on E-Business Models. INPACT Consulting's publishing success has inspired the German member firms to follow suit, and the developing relationship with the international business school of Schmalkalden University of Applied Sciences has attracted the attention of a major publisher for a German guide to Business Succession that will be a joint publication between the University and INPACT Germany.

At the end of 2003 the Board of INPACT International underwent significant change as two of our longest standing Directors stepped down. Simon Noakes, International Director and founder of the INPACT network, and Wim van den Reek, who chaired INPACT International for two successive terms, retired from the Board after fourteen and twelve years service respectively. Both were instrumental in the development of INPACT. Holger Wanke from Switzerland and Erling Sandberg from Norway will also be retiring from the Board. Heinfried Brunsmann, now a regular participant in INPACT Americas meetings, will continue as Chairman of INPACT International and joins us in extending thanks to all previous Directors. In the meantime we look forward to substantial input from new Directors Simon Hammerton from London, Massimo Tognola from Switzerland, Lena Fiedler from Sweden and Younis Shehabi from Dubai who joined the Board in January.

Hosted by INPACT Asia Pacific, the third world conference in Melbourne, Australia in November 2004 will complete the first cycle of INPACT world conferences and will be an exciting opportunity to develop INPACT's global plan for the next five years. In the meantime we look forward to continuing to expand the INPACT International network and develop member services for the benefit of all member firms and their clients.

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 and Asia Pacific, voluntary associations of independent accounting firms. INPACT Americas has member firms in the United States, Canada and Mexico. 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
Website: www.inpactam.org