



ევროკავშირი
საქართველოსთვის
The European Union for Georgia



Networks, Mergers and Acquisitions

Webinar, 27 May 2021



Housekeeping



- Please select your language preference (German channel has Georgian (GE) translation)
- Please type any questions you have into the message chat stating your name and organisation (preferably in English (EN))
- Please note that the event will be recorded (in GE)
- Video recording and slides (pdf with hyperlinks to sources & readings in EN unless otherwise stated) will be available after event via email and / or at www.saras.gov.ge (GE & EN)

Agenda



- Opening Remarks – Sirje PÕDER, Attachée – Programme Officer, Delegation of the European Union to Georgia (*5 minutes*)
- Introduction – Paul Thompson (*10 minutes*)
- Networks, Associations, Mergers, and Acquisitions – Antoni Gomez (*50 minutes*)
- Questions and Answers (Q&A) – Irina Gordeladze (*20 minutes*)
- Closing Remarks - Paul Thompson (*5 minutes*)
- Reading

Presenters



Paul Thompson

Director, EFAA for SMEs and World Bank Consultant

Antoni Gomez

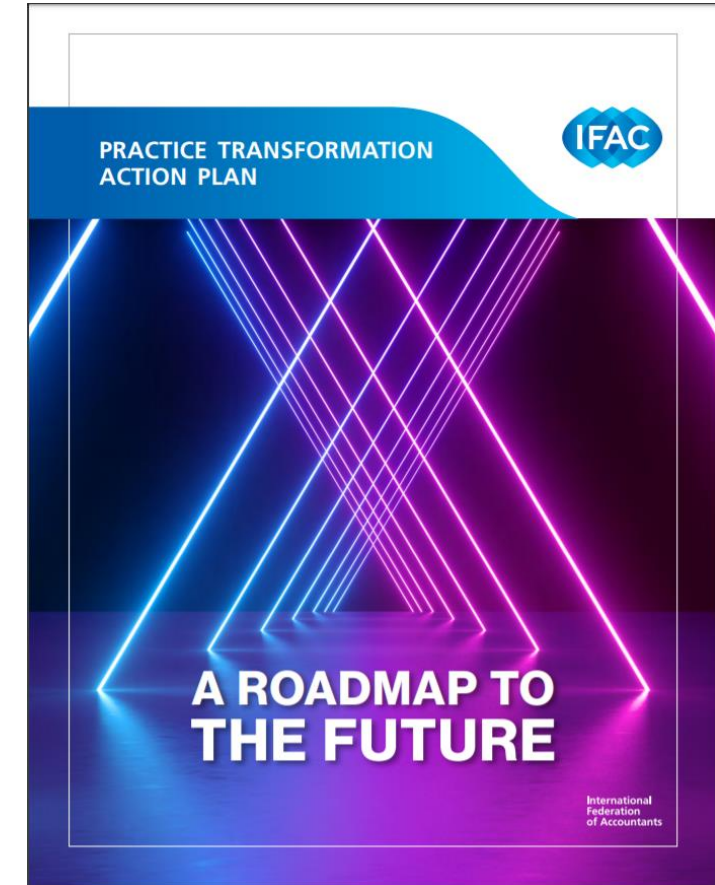
International Chairman, Auren and CEO, Antea

Practice Transformation – Introduction

Practice Transformation Action Plan – A Road Map to the Future

- Embrace Change
- Leverage Technology
- Focus on Talent Management
- **Evolve the Firm Operating Model and Build Advisory Services**

Practice Transformation Action Plan – A Roadmap to the Future



Building Advisory Services I

1. Move from Transactional to Strategic Services
2. Re-Evaluate the Services provided and Marketing Strategies
3. Move into a Niche Market
4. **Use Networks, Associations and Alliances to Add Value**
5. Conduct a Regular Strategic Review





Which Practice Model is Right for You?

- Sole Practitioner
- Cost-Sharing Arrangement
- Partnership of Equals
- Unequal Partnership
- The Consolidator Model
- Multidisciplinary Firms

Top 20 International Networks 2020 (1-10)

(Source: <https://www.accountancyage.com/rankings/top-20-international-networks-2020/>)



Ranking (2019)	International Company	Latest Annual Total Income (\$m)	Previous Year's Income (\$m)	% Change
1 (1)	Deloitte Touche Tohmatsu	47,600	46,200	3.0%
2 (2)	PwC	43,032	42,488	1.4%
3 (3)	EY	37,200	34,800	6.9%
4 (4)	KPMG International	29,750	28,960	2.7%
5 (5)	BDO	9,618	8,999	6.9%
6 (7)	RSM	5,739	5,370	6.9%
7 (6)	Grant Thornton International	5,720	5,450	5.1%
8 (9)	Nexia International	4,495	4,262	5.4%
9 (8)	Crowe Global	4,376	4,331	1.0%
10 (10)	Baker Tilly International	3,858	3,639	6.0%

Top 20 International Networks 2020 (11-20)

(Source: <https://www.accountancyage.com/rankings/top-20-international-networks-2020/>)



Ranking (2019)	International Company	Latest Annual Total Income (\$m)	Previous Year's Income (\$m)	% Change
11 (11)	Moore UK	3,045	3,061	-0.5%
12 (12)	HLB International	2,933	2,727	7.6%
13 (13)	Kreston International	2,305	2,318	-0.6%
14 (14)	PKF International	1,454	1,475	-1.4%
15 (NE)	Etl global	1,294	1,281	1.0%
16 (15)	ECOVIS International	1,157	1,079	7.2%
17 (19)	MGI Worldwide with CPAAI*	945	475	99.0%
18 (17)	SFAI	660	652	1.0%
19 (16)	UHY International	581	573	1.4%
20 (18)	Russell Bedford International	574	499	15.0%

Top 10 International Alliances & Associations 2020



(Source: <https://www.accountancyage.com/rankings/top-20-international-alliances-and-associations-2020/>)

Ranking (2019)	International Company	Latest Annual Total Income (\$m)	Previous Year's Income (\$m)	% Change
1 (1)	Praxity Global Alliance	6,377	5,835	9.3%
2 (2)	GGI Global Alliance	6,001	5,632	6.6%
3 (3)	TAG Alliance	4,810	4,747	1.3%
4 (5)	Allinial Global	4,110	3,301	24.5%
5 (4)	LEA Global/Leading Edge Alliance	3,139	3,429	-8.0%
6 (7)	PrimeGlobal	2,926	2,649	10.0%
7 (6)	IAPA	2,800	2,700	3.7%
8 (8)	MSI Global Alliance	1,543	1,454	6.1%
9 (9)	BKR International	1,424	1,406	1.2%
10 (10)	DFK International	1,402	1,303	8.0%
17 (20)	Antea Alliance of Independent Firms	293	272	7.7%

Key Question: What is Right Model for You?

- Different perspectives depending on your business model.
- There is market for everyone.
- Need of coherence.
- Focus on market.
- Changes in our profession.



- Strategic thought: Swot analysis.
- Reasonable size is important.
- Organic and inorganic growth.
- Mergers and acquisitions as a way to incorporate talent, capability and clients base.
- Focus on similar organization or in complementary aspects.
 - Similar mainly for market size, complementary for additional skills teams.
 - Similar existing partners navigate on known, complementary, rely more on new people.
 - Similar, pay attention to teams integration, complementary, both staff more relaxed, key point synergies and collaboration. one team goal.

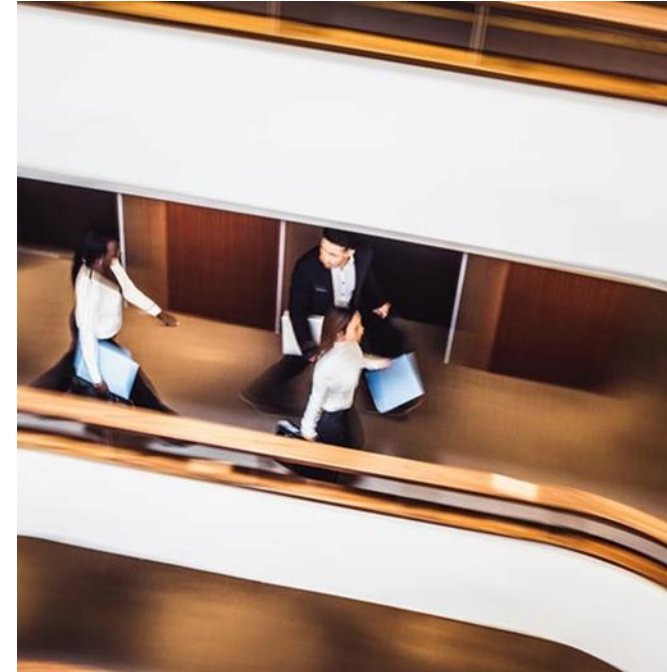
Mergers and Acquisitions I



- **Mergers:**
 - ✓ Don't require financial capital.
 - ✓ "power" is shared.
 - ✓ Need to have and visualize two parties advantages.
 - ✓ Key to have agreement on common vision: Personal understanding.
- **Acquisitions:**
 - ✓ Opportunities on main partners retirements.
 - ✓ Pay attention to the incorporation: appropriate planning.
- **Both:**
 - ✓ Take care of communication to staff, minority partners and managers. Also take care your own people.

- Be sure of your motivation and your goals with potential merge.
- Are you and your partners ready to afford renounces and to change?
- Do you want to merge with a bigger one?
 - ✓ how big to feel comfortable?
 - ✓ What are your expectations with the merge?
 - ✓ What are your values on the operation?
- Are you looking for a similar or smaller firm ?
- Explore actively opportunities.
 - ✓ Ensure confidentiality
 - ✓ Be patient!!!

- Name as one of the most difficult matters.
- On acquisitions be sure you don't buy an empty box.
- Involve your partners and be sure that key people is happy with the process
- Be prepared to spend time before and after the operation.
- Take care of appropriate communication to the market. Positive for the two parties.



Some Points on Selling

- Normally related to retirement.
- Pay attention to the process, better at least 5 years in advance. You will be asked to stay some time after the sell.
- Keep confidentiality but at the right time be sure this is accepted by key staff.
- Ensure you are comfortable with the new partners.
- Normally price is on statements and contingent to final figures. Work on the transition process.

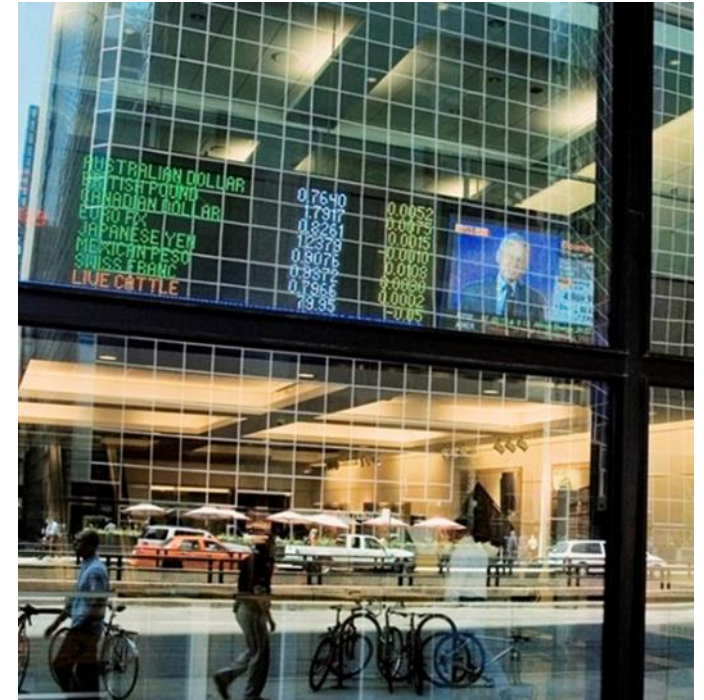
Networks and Associations – International I

- Key differential points among them.
- Great diversity of independent structures. International.
 - ✓ Big ones.
 - ✓ “Followers”.
 - ✓ Medium structures.
 - ✓ Small structures.
 - ✓ Local.
- The better known, the most expensive and more strict rules.
- What are you looking for? Are you interesting for the contra-part?



Networks and Associations - International II

- Benefits:
 - ✓ Referrals.
 - ✓ Coverage for your clients needs.
 - ✓ Capability to attend bigger, more dynamic and profitable clients.
 - ✓ Marketing and image on your markets.
 - ✓ Improving methodology and knowledge.
- Disadvantages:
 - ✓ Cost, belonging, referrals fee, conferences.
 - ✓ Imposed rules and methodology, teams, etc. in different level.
 - ✓ Imposed name, corporate image etc in some cases.
 - ✓ Compulsory use of international structure, in some cases.
 - ✓ English skills on partners and teams.



Networks and Associations - National

- Different propose structures.
 - ✓ Sharing capabilities (tax or legal professionals, consulting services networks...)
 - ✓ To Improve image (sharing a brand, newsletters, geographical coverage, rankings...)
 - ✓ Central methodological or technical or technologic support (IT programs, flexible teams for specific proposals, for instance for quality control or second partner review)
- Different requirements depending on the circumstances: cost, name and image, compulsory referrals.

What is Better?

- Depending on your strategy.
- If not a boutique, size and international perspective very important, for your clients and for your staff.
- Often international networks and associations provide also national structures.
- The stronger the requirements more careful to consider risks and potentialities (brand and image matter). Advantages and disadvantages.
- If you don't move and your clients and competitors do, you will go back on your positions.



Auren around the world

EUROPE

Andorra
Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Luxembourg
Malta
Montenegro
Norway
Poland

Portugal

Romania
Russia
Serbia
Spain
Sweden
Switzerland
The Netherlands
Ukraine
United Kingdom

AMERICA

Argentina
Bolivia
Brazil
Canada
Chile
Colombia
Costa Rica
Dominican Republic
Ecuador

El Salvador
Guatemala
Honduras
Mexico
Panama
Paraguay
Peru
Uruguay
USA
Venezuela

MIDDLE EAST AND AFRICA

Algeria
Angola
Egypt
Israel
Jordan
Kenya
Kuwait
Lebanon

Mauricio
Morocco
Nigeria
Saudi Arabia
South Africa
Tunisia
Turkey
UAE

ASIA-PACIFIC

Australia
Bangladesh
China
India
Indonesia
Japan
Malaysia
New Zealand
Pakistan
Singapore
South Korea
Thailand

Wherever you are, we can deliver a service tailored to your needs. As we operate worldwide, we understand other cultures. As a member of Antea Alliance of Independent Firms, we have a wide network of associates so we can provide you with support in your internationalisation wherever you need it.

You can depend on us to accept any challenge.





Discussion between Antoni & Paul



Questions and Answers (Q&A)

Moderated by Irina Gordeladze

Post your questions in Q&A or Chat

Closing Remarks

- Video recording and slides (pdf) will be shared via email and posted to www.saras.gov.ge
- **Next webinar likely in late June - details to follow**



Reading 1 of 2 (GE = Georgian language translation)

- [COVID-19 - the SMP's road to recovery](#) ([GE](#)), ACCA
- [Practice Transformation Action Plan – A Roadmap to the Future](#) ([GE](#)), IFAC
- [Transition into Advisory Services - Leveraging Partnerships and Networks](#) ([GE](#)), IFAC
- [Module 8: Succession Planning](#) ([GE](#)), IFAC
- [Why joining an international network is a good move for SMPs](#) ([GE](#)), ACCA
- [Encouraging Successful Exit Strategies–Passing the Baton](#) ([GE](#)), IFAC
- [Global firms grow despite pandemic](#), ([GE](#)), ACCA
- [Challenges & Opportunities for Sole Practitioners – and How PAOs Can Help](#), ([GE](#)), IFAC



Reading 2 of 2 (EN only)

- [Module 2: Practice Models, Associations and Networks](#), IFAC
- [Practice Connect \(new hub to connect, inspire and support SMPs\)](#), ACCA
- [The Practice Room \(peer-to-peer community series supporting SMPs\)](#), ACCA
- [European Group of International Accounting Networks and Associations \(EGIAN\)](#)
- [Growth despite the pandemic for global accounting networks and associations](#), International Accounting Bulletin
- [The pros and cons of joining an accountancy network or association](#), ACCA
- [International Accounting Bulletin 2021 World Survey](#), International Accounting Bulletin

EFAA Secretariat



The European Federation of Accountants and Auditors for SMEs

4 Rue Jacques de Lalaing, B - 1040 Brussels, Belgium

T +32 2 736 88 86

F + 32 2 736 29 64

E secretariat@efaa.com

Website www.efaa.com

Twitter @EFAAforSMEs