

THE STORY OF RSM

1964 - 2018



Foreword

Documenting the history of RSM over the last six decades has been a challenge, as well as a thoroughly enjoyable experience. The team that has produced this book includes current and previous members of the RSM Global Executive Office and member firms. The list of people is too long to mention here, but all of the contributors who sent in information, completed questionnaires or gave their time so generously to be interviewed deserve a special mention of thanks. In particular we would like to extend our sincerest thanks to Hugh Aldous, Frank Attwood, Chris Connor, Sabry Heakal, Kim Hutchinson and Bob Dohrer. Without your help, we would not have been able to tell RSM's story.

Our most recent history is inevitably much fresher in the memory, and we have a store of information about members and events to refer to. Going back to the origins of the network, we did not have the same reference material. In fact, we had to piece together some of the key events from a number of sources, and therefore hope, and believe, the key moments and events detailed in the book have been described accurately.

In telling the RSM story, we have also tried as much as possible to explain what was happening in the accountancy profession at that moment in history. This is important because the history, and indeed the future, of RSM is connected to what has happened in the world around us. RSM is part of a bigger story, and its future beyond this book will be shaped by events, and by the decisions current and future leaders of RSM and its member firms take.

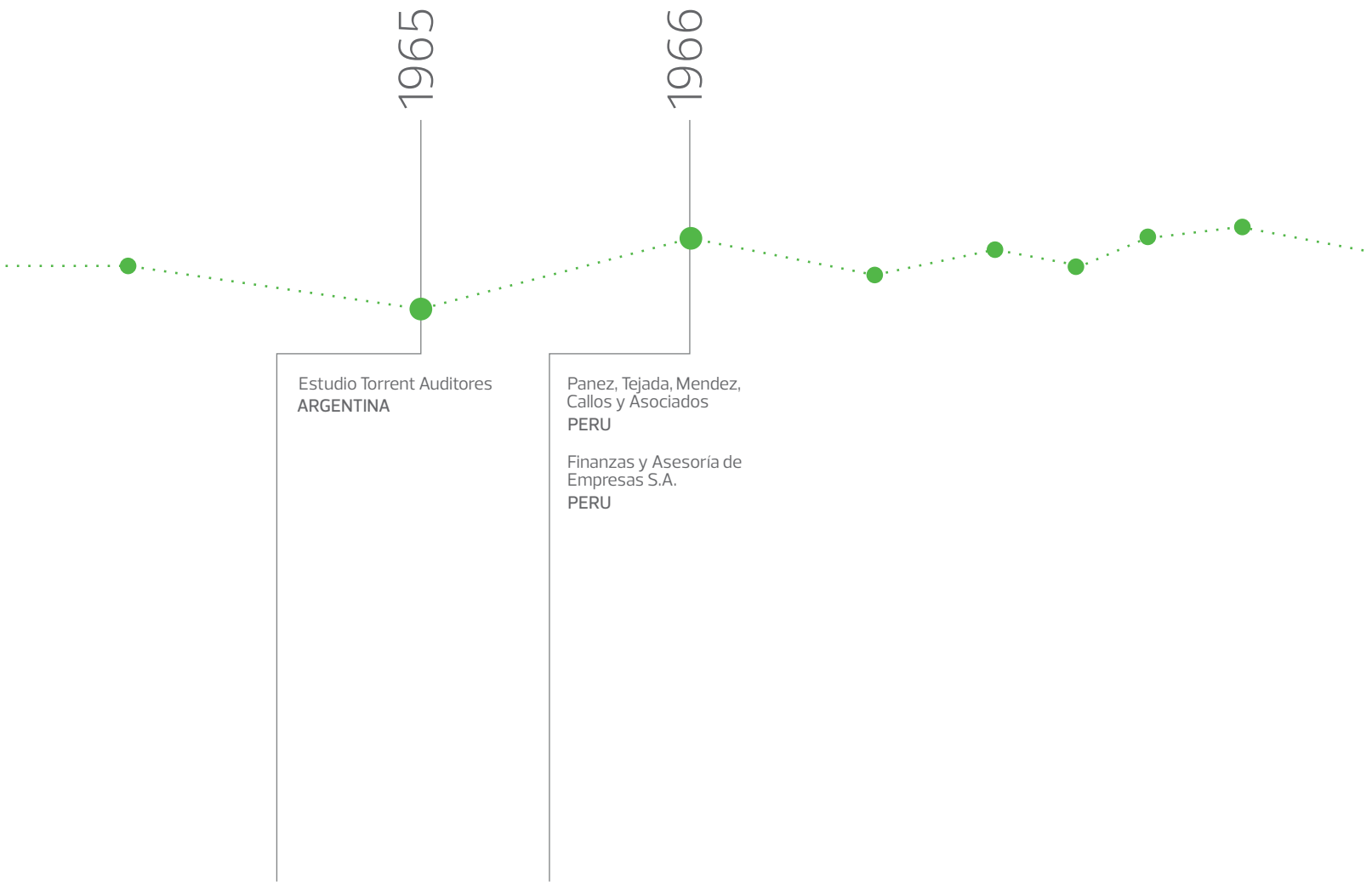
Finally, over the years, firms have come into and left the network from all around the world. These firms are a significant part of our history and while not all are specifically mentioned in this book, we do acknowledge and recognise their contributions. The timelines that are illustrated at the beginning of each chapter are a record of the firms in the network (at October 2018), the year they joined and their name at that time.

The first edition of this book was written to commemorate RSM's 50th Anniversary in 2014, but has since been updated to present day – October 2018.

We hope you enjoy 'the story of RSM'.

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Chapter One

1964 – 1983

THE INTERNATIONAL CLUB

1979

Treuhand-und
Revisionsgesellschaft
AUSTRIA
McGladrey Hendrickson
& Company
US



J.K. Lasser Top photo
Harmood Banner Left photo
Colonel Dunwoody Right photo

The story of RSM is not only a biography of an international network, but also tracks the evolution and history of the accountancy profession.

Since the origins of the network six decades ago, the accountancy profession has been transformed from a collection of firms that were nationally focused into global networks serving international businesses in every corner of the world. Every event that has taken place and every challenge that has been overcome reflects the vision and determination of the people who shaped RSM over the last six decades. They have created a strong foundation, and it is now up to the present and future leaders of RSM to continue the story.

The original name of the network was not RSM, which came into existence in 1993. Between 1964 and 1993 there were three iterations of the network, each with a different name that reflected the names of the participating firms. What drove participation was a common need for trusted partners who could service the international requirements of their local clients.

The network names were LHBD in 1964, LRRD in 1974, DRM in 1979, and finally RSM in 1993. The changes in the names of the network were not for superficial reasons. They reflected an important dynamic that has characterised the entire accounting

profession since its earliest beginnings, namely, the dynamic of mergers and acquisitions. When the membership changed, the network name was changed to reflect its new membership; it was only in 1993 that this practice was discontinued, when the name for the network, RSM, was adopted.

Although RSM's history can be traced back to 1964, its origins lie much earlier in the 19th century. That was when the first firms that would later shape RSM were founded.

LHBD stood for Lasser, Harmood Banner and Dunwoody. Harmood Banner's history stretched back to 1805, when Harmood Banner and Son was established. By the time it joined LHBD it was already 159 years old. It had lived through the industrial revolution, the rise of the British Empire, and two world wars. In its early years it provided accounting services to the growing number of industrial and commercial companies of the day; and as the scale and complexity of businesses grew, so did Harmood Banner.

Their role in the mid-1800s was straightforward. It was to attest that the financial statement the directors presented to company shareholders was full and fair.



Sir Lawrence Robson

In the 19th century, the relationship between the accountant and the company was both private and personal. The job of the accountant was not one of investigation and testing internal procedures and systems, and it did not have an obligation to share its findings with shareholders, or the general public. This closed relationship would remain standard practice until 1932, when the *Ultramares Corporation v. Touche* case challenged the practice that accountants could only be held liable for negligence by their clients, with whom they had a contract, and not by shareholders or other injured parties.

By the early 1930s, Dunwoody and J.K. Lasser had been established for a decade. Dunwoody was founded in Winnipeg, Canada in 1921 and J.K. Lasser in New York, USA in 1923. Dunwoody, originally from Belfast, was affectionately known as 'The Colonel'. He had been awarded the DCM (Distinguished Conduct Medal) and DSO (Distinguished Service Order) in the Great War.



Frank Attwood

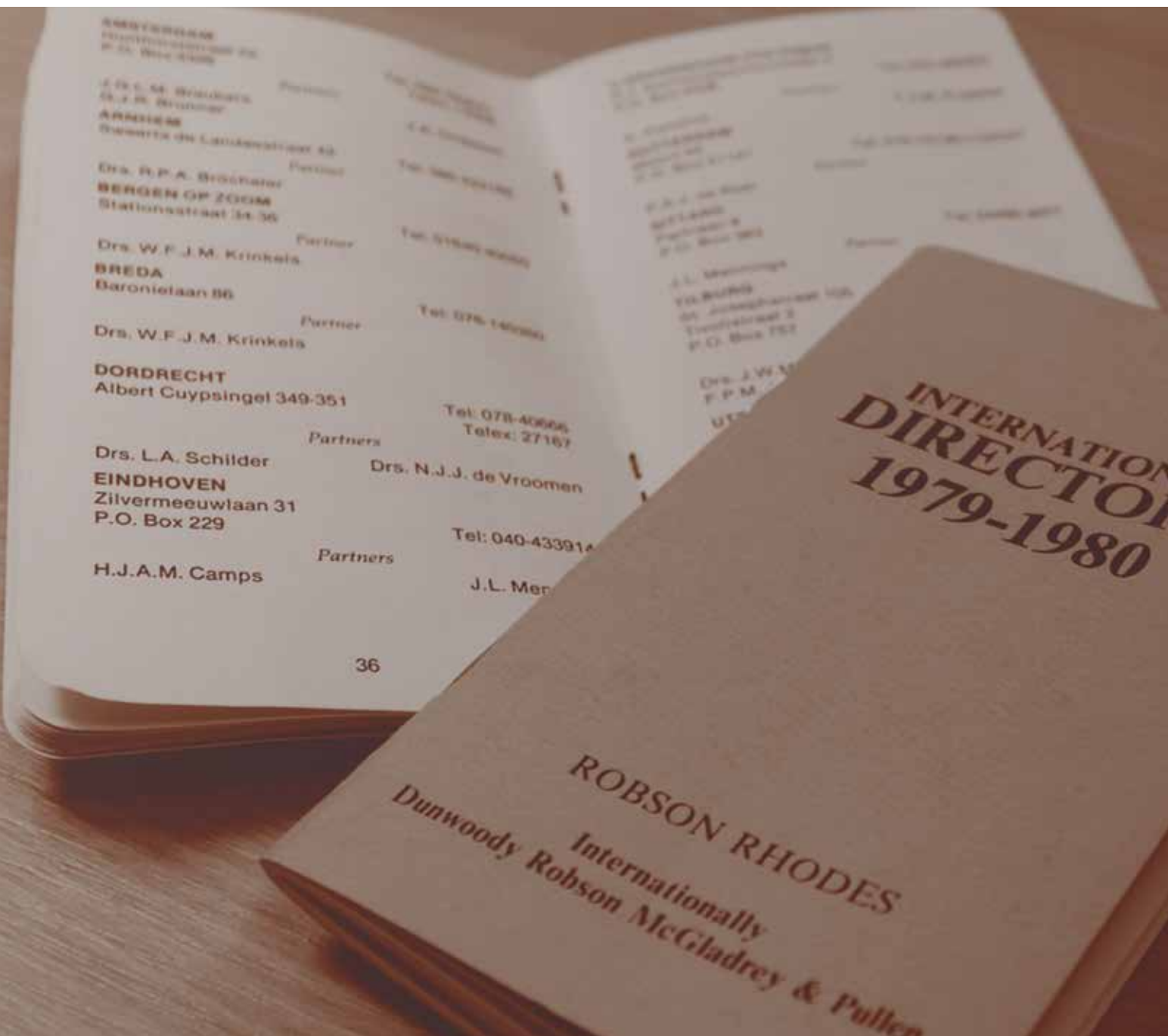
J.K. Lasser, who was from Newark, New Jersey, later became famous for his knowledge of tax. His book *Your Income Tax*, first published in 1939, became a best seller, and the institute he founded continues to this day to publish tax guidance. Its books have been purchased by over 75 million Americans.

LHBD survived for ten years, until Harwood Banner joined Deloitte & Co. in 1974. This left the American and Canadian firms with a problem. They had lost the UK firm of their network, and needed to find a new one, and were mindful that they needed a firm who could represent their clients' interests in the UK, but, crucially would not threaten any of their existing client relationships. It was this need that led them to Robson Rhodes, who, ironically, had inadvertently caused the Harwood Banner merger in the first place.

Robson Rhodes was another long-established firm, albeit a few years younger than Harwood Banner. Its earliest founding firm stretched back to 1844, when Harold Blackburn

was established. By 1974 it was the summation of over 30 amalgamations, the most recent of which had happened in 1970 when Blackburns, Robson, Coates & Co. merged with Ford, Rhodes, Williams & Co. to form Robson Rhodes & Co. It changed its name to Robson Rhodes in 1973.

Robson Rhodes, strictly speaking, should then have been part of Deloitte in place of Harwood Banner, as Frank Attwood remembers well. He joined Blackburns, Robson, Coates & Co. in 1965 and went on to become CEO of the DRM network (the successor to LRRD) in 1989. He had expected them to merge with Deloitte, along with everyone else in the firm, given the close relationship, "We'd always had a strong Deloitte connection. If we needed something done somewhere around the world, Deloitte would do it, but more often than not we were doing inbound work. It was like we were an associate of Deloitte that dealt with mid-size clients, who, after we had qualified, were allowed to work on some of their big clients."



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— Frank Attwood

In the end, Lawrence Robson put paid to the idea of merging with Deloitte. Had the merger gone ahead, he would have been forced to retire. So, although he gave the partners a free vote, in the end that didn't matter because he held more than half the voting equity; and he voted against it. It was this decision that led to Deloitte talking to Harwood Banner.

The influence of clients on the development of the network should not be underestimated, even though it may seem an obvious point to make, because clients drive everything. The impetus to create and build international networks was not altruistic. It was driven by need, but not the need of the member firm – it was driven by the need of their clients.

relationship. Therefore, the network was important on a number of levels.

Of course, not all partners would be involved in the network relationship. If a large proportion of a member firm's fee income came from national relationships, then inevitably the majority of its partners would focus their time on national clients. This practical consideration shaped the attitude of certain partners to the international concept.

Chris Connor, who was Senior Partner at Robson Rhodes between 1998 and 2006 and Chairman of RSM between 2004 and 2007, experienced that for himself, "The reason we had offices in cities such as Birmingham, London or Manchester, or anywhere else for that matter, was because we wanted to grow our business in those cities. That's the prime driver. It is a bit of a step to move that forward and say that an office should also be developing international business as well."

"The reason we had offices in cities such as Birmingham, London or Manchester, or anywhere else for that matter, was because we wanted to grow our business in those cities. That's the prime driver. It is a bit of a step to move that forward and say that an office should also be developing international business as well."

So when, in 1974, Harwood Banner merged with Deloitte, J.K. Lasser and Dunwoody came to the UK in search of a new UK-based firm, they found Robson Rhodes a very willing partner and the network name was changed to LRRD, which stood for Lasser, Robson Rhodes and Dunwoody.

LRRD provided new impetus to the network. This was not only because it brought fresh faces from Robson Rhodes to the table (although inevitably new relationships were formed between partners from all three firms), it also brought new client relationships and new challenges, as opportunities arose and assignments were referred between LRRD members.

As companies established businesses in new international territories, they first needed auditors and then consultants to help them. They turned, naturally, to their incumbent auditor. So the importance of the network was that it became the glue that connected member firms together. It enabled them to meet the growing requirements of their internationally-minded clients and, at the same time, the opportunity to generate new revenues through referrals.

It also protected their existing client relationships. If a client needed help internationally, the network provided them with a willing non-competitive partner, which meant they could keep control of the

While for some the international dimension may have been a remote phenomenon, for others, like Frank Attwood, it was a major part of their career.

Frank worked on international assignments from the moment he started at Robson Rhodes, as he explains, "One of our big international clients was Revlon from the US, which at that time was only in the cosmetics sector. It was a large client for us in the UK. Peat Marwick McLintock dealt with it elsewhere in the world, so we had to be on the spot to keep



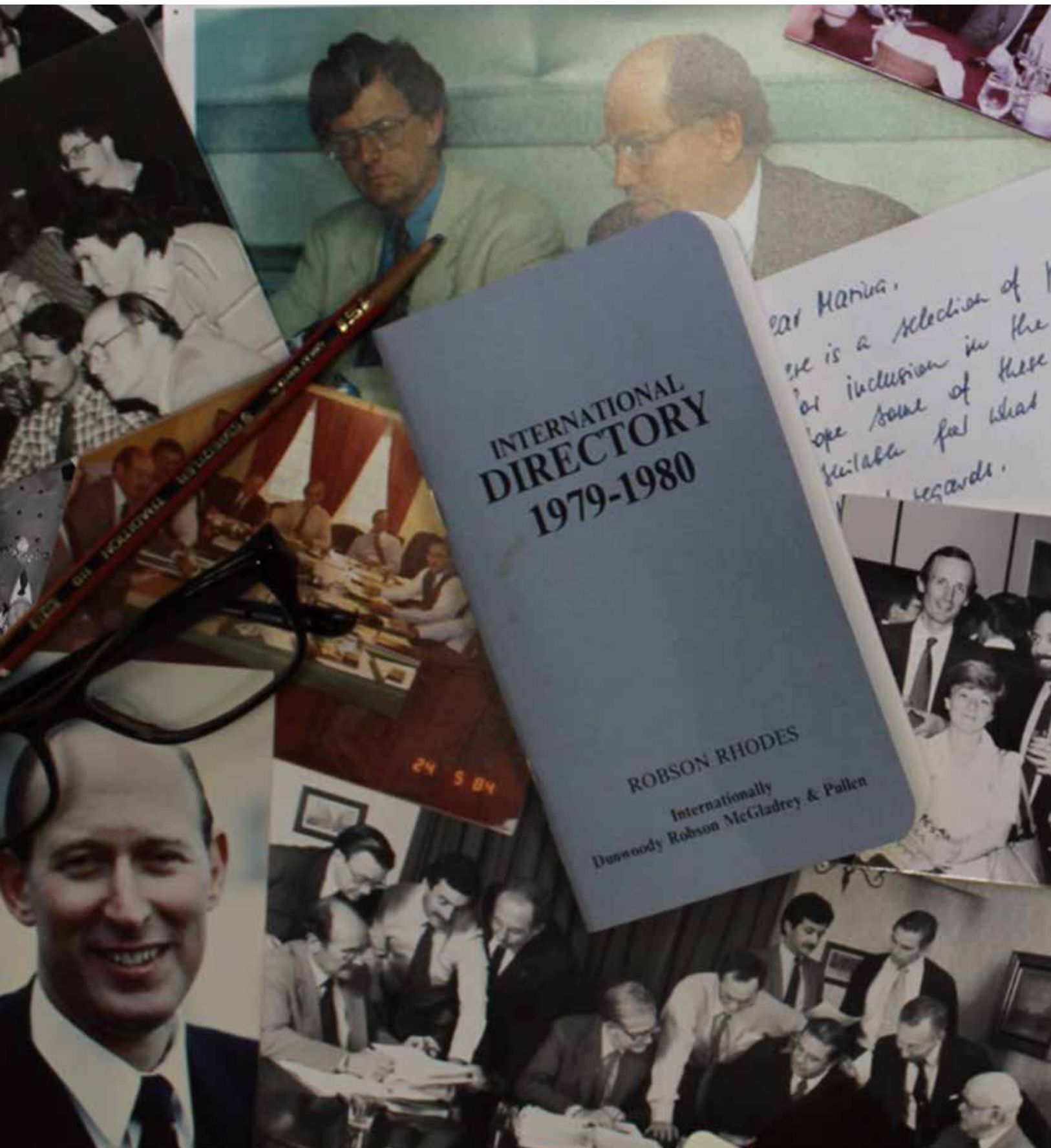
Hugh Aldous

"In those days it was a club. When senior partners ceased running their firms, and were still around, they travelled in business class around the world, so they could meet and socialise with each other. At that time, the network didn't have international standards or manuals."

– Hugh Aldous



Chris Connor



**INTERNATIONAL
DIRECTORY
1979-1980**

ROBSON RHODES
Internationally
Dunwoody Robson McGladrey & Pallen

Dear Maria,
there is a selection of [unclear]
for inclusion in the [unclear]
hope some of these [unclear]
available for what [unclear]
regards.



them out. I moved from being the junior student, to becoming the lead partner over a number of years; and I was a regular visitor to the States to maintain client contact."

Involvement with international clients was arbitrary, and whether relationships between partners grew strong, and how closely firms cooperated with each other, was largely up to the partners involved. The network was more like a club than a regimented organisation, and this is certainly how Hugh Aldous remembers it. He became a partner at Robson Rhodes in 1976, Managing Partner in 1987, and later became Chairman of RSM in 1996, "In those days it was a club. When senior partners ceased running their firms, and if they were still around, they travelled business class around the world to meet and socialise with each other. At that time, the network didn't have international standards or manuals."

The success of the network was measured in the value of referral work, and whether the network had the capability to meet the specific international needs of national clients. This, of course, explains why the history of accountancy is also a history of professional relationships;

relationships that were forged and broken by differences of opinion, but more often than not, by necessity.

When the partners of a firm were unable to convert business opportunities because their network partners could not deliver what their client wanted, they inevitably questioned the entire network relationship. And that is what happened with J.K. Lasser.

Two years after forming LRRD, J.K. Lasser decided the time had come to move on. By this time J.K. Lasser was a large and successful New York firm, but it did not have offices across America. So in 1977 they decided to merge with Touche Ross. Touche Ross was a larger firm, and it had a large network of offices that stretched across the country. This is what they needed to keep their clients happy, and was therefore the better option than staying part of LRRD.

It is always said that as one door closes, another opens; and so it was at this time. When LRRD came to an end, it created the opportunity for a new American firm to join in. This firm was McGladrey and it remains, albeit now known as RSM US, the largest single firm in RSM today.

The McGladrey firm had experienced a number of mergers and at this time they were considering taking another major step in their evolution – a merger with Broeker Hendrickson & Company.

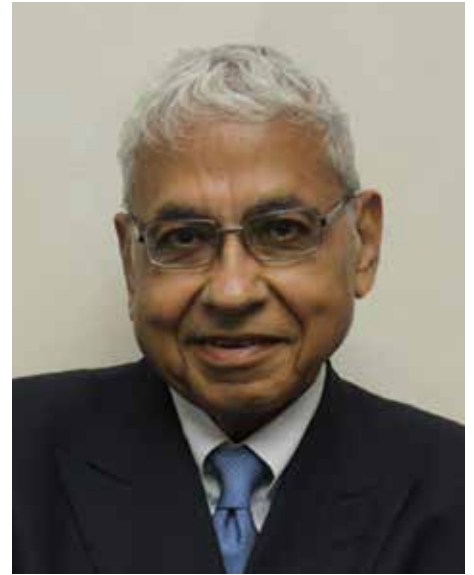
Broeker Hendrickson & Company had 16 offices in five states. I.B. McGladrey Company, founded in 1926 by Ira McGladrey in Cedar Rapids, Iowa, later became known as McGladrey, Hansen, Dunn & Company and had 29 offices in eight states. The merger of both firms to create McGladrey Hendrickson & Company in 1978 created a firm with the capability to serve clients across the entire Midwest.

When James Clement, who was Senior Partner at Robson Rhodes, and Bill Curran, who was his counterpart at Dunwoody, went in search of a US firm to replace J.K. Lasser, they did not find one firm, they found three.

As well as McGladrey Hendrickson & Company, Clement and Curran also went to talk to A.M. Pullen, who were strong along the eastern seaboard, and Moss Adams, whose strengths lay on the West Coast.



Ivan Bull



Sabry Heakal

"I joined during the summer. On the first day, the managing partner told me the firm had merged with McGladrey, Hansen, Dunn & Company and changed its name to McGladrey Hendrickson & Company."

— Sabry Heakal

Edouard Salustro, who later became the 'S' of RSM in the 1990s, was rapidly building his reputation as an auditor of major companies in France, and in 1978 the firm Edouard Salustro & Associates emerged.



Edouard Salustro

However, although there was an urgency to build the next generation of the network, none of the partners considered it a perfunctory matter. Considerable time and effort was spent by all parties getting to know each other, reviewing their working practices and considering whether the relevant parties could work together.

Dunwoody and Robson Rhodes sent several partners to visit firms throughout the US, and assessed the quality of their work. Frank Attwood was one of the partners who travelled extensively, "I was in a team that went to Seattle, Des Moines, Davenport and New York for several weeks. We reviewed files and interviewed partners in the run up to the three firms becoming the US representatives of the network."

Coincidentally, the discussions about the new network took place in the same year Sabry Heakal joined McGladrey Hendrickson & Company. Sabry went on to become CEO of RSM in 1996, "I joined during the summer. On the first day, the Managing Partner (Ivan Bull) told me the firm had merged

with McGladrey, Hansen, Dunn & Company and changed its name to McGladrey Hendrickson & Company."

Later, in 1979, the network name was changed, for the third and penultimate time, to DRM (Dunwoody, Robson Rhodes, McGladrey & Pullen).

The early years of RSM's story inevitably also reflect events that took place across the wider accountancy profession. By the early 1970s, the profession was dominated by eight firms: Arthur Andersen, Deloitte & Co., Arthur Young, Touche Ross, Peat Marwick Mitchell & Co., Ernst & Ernst, Price Waterhouse, Coopers & Lybrand.

In the late 1970s, Coopers and Lybrand's international association of firms across the US and UK had grown considerably; as DRM came into existence, Deloitte & Co. and Haskins & Sells became Deloitte Haskins & Sells and the American firm Ernst & Ernst merged with the British firm Whinny, Murray & Co. and Turquands Barton Mayhew & Co. to form Ernst & Whinny in 1979.

Across the world, the accountancy landscape was changing, and the foundations that would eventually accelerate RSM's growth in the 1990s and 2000s were being laid.

Although the appetite for mergers and acquisitions continued at a significant pace, particularly in the US and UK, it was not confined to those countries alone.

Edouard Salustro, who later became the 'S' of RSM in the 1990s, was rapidly building his reputation as an auditor of major companies in France, and in 1978 the firm Edouard Salustro & Associates emerged.

By 1982 Vicente Bogarín and Ricardo Rodríguez had begun the process of creating a national firm that would eventually become RSM Bogarín.

In the same year C.P. Bird & Associates changed its name to Birds, and after a decade of expansion in Western Australia, embarked on expanding the firm across Australia. By 1989, when the firm became Bird Cameron, they would be a national firm.

Across the world, the accountancy landscape was changing, and the foundations that would eventually accelerate RSM's growth in the 1990s and 2000s were being laid.

Around the unstoppable trend for internationalisation, merger and consolidation, swirled a very different and important current. This was the demand by governments for greater scrutiny and regulation of accounting procedures and principles.

Corporations grew ever larger, and became major international businesses. This was the stimulus to the pace of mergers and acquisitions of accountancy firms. Although there were many successful businesses, there were also a number of high-profile failures. These failures led many to call for greater regulation, and shone a critical spotlight onto the practices and responsibilities of auditors and the profession as a whole, which drove the demand for better quality standards.

This led to a number of initiatives, directed by the US and UK governments, various political committees and within the profession itself – all of which were intended to improve, clarify and standardise reporting.



*Partners developed close and enduring friendships.
That seems to be a real point of difference between
RSM and the rest.*

For example, in 1970 the ICAEW founded an Accounting Standards Steering Committee (ASSC), which went on to produce Statements of Standard Accounting Practice (SSAPs). In the US, in 1973, the International Accounting Standards Committee (IASC) was formed and, in 1976, the International Federation of Accountants was formed.

The backdrop to these initiatives was litigation, brought by injured parties who blamed accountancy firms, and the established procedures and practices of the day, for creating the conditions that had led to their financial ruin. Hugh Aldous vividly remembers one company failure that underlined the need for the profession to improve.

Court Line was a client of Robson Rhodes when, in 1974, it ran into financial difficulties. This forced one of its subsidiaries, Clarkson Holidays, into liquidation. The consequences were dramatic and widely reported, as the company left 100,000 holidaymakers stranded across the Mediterranean.

As Hugh recalls "it was a huge issue at the time. We youngsters (at Robson Rhodes) said never, ever, are we going to allow this to happen again. We are going to install technical standards to a vicious extent." So events like these, and others around the world, drove the accountancy firms and regulators to demand better and more rigorous

standards and practices; and it would be this ambition that would play a significant part in the development of RSM in the next 20 years.

However, during the first 20 years, the network is best described as a club, rather than a professional organisation; and was therefore very different to the organisation we recognise today. The International Board meetings also lacked purpose and structure as Mark Scally remembers. He was a member of the International Board, and Chairman, and attended many meetings in the 1980s. He clearly recalls thinking the first meeting he attended didn't focus enough on the international agenda, "It was so boring. Each country rep would take 30–45 minutes going through all the domestic and governmental activity in their country. In my first meeting as the Board Chair, we changed this process to spend more time on building international capabilities."

Although the early years of RSM were characterised by a club mentality, it was a club that had been established out of mutual respect for the capabilities and integrity of the partners of the member firms, and it was motivated to satisfy the business interests of its clients. But it was not a joined-up organisation; and it wasn't focused or driven by clearly defined and articulated goals.

The bonds between firms were loose although, each party saw the value in each other. They recognised they needed to have an international partner capable of meeting client requirements who would not threaten their existing client relationship. However, they were not bound to each other legally or in such a way as to prevent them merging with other firms, should they choose to do so.

In a sense that is an enduring characteristic of the network model, even today, and explains why Dunwoody and Lasser felt able to leave. They saw better ways of serving their clients and, therefore, in growing revenues elsewhere.

The club mentality was replaced over time with a more robust, professional, structured and more organised approach from the mid-1990s onwards. However, one of the characteristics that survives, and is one of the enduring characteristics of RSM today, is the sense that the network is like a family.

Partners developed close and enduring friendships. These friendships were somehow more deeply felt and quite different to normal professional associations, and it is perhaps this rather intangible quality, albeit difficult to measure or gauge, that seems to be a real point of difference between RSM and the rest.



**1, 2 & 3**

Partners gather at the Latin America Conference

4

Meeting of Professional Standards Committee in New York to record a video for international distribution about harmonising work auditing standards

1805

Harmood Banner was practicing as an accountant in Liverpool under Harmood Banner & Son

1880

Formation of The Institute of Chartered Accountants in England and Wales

1921

Colonel Dunwoody creates Dunwoody & Co.

'23

J.K. Lasser in New York founded

'26

Ira McGladrey creates I.B. McGladrey Company in Cedar Rapids, Iowa

'47

Blackburns Coates & Co. joins with Lawrence Robson & Co. to create Blackburns, Robson, Coates & Co.

'64

Lasser, Harmood Banner and Dunwoody form an alliance (LHBD) · Bill Lapsley from RSM Bird Cameron completes two-year secondment at McGladrey Hanson Dunn & Co. in Iowa, US

'68

LeRoy Martin is made partner in Broeker Hendrickson & Co.

'70

Ford, Rhodes, Williams & Co. and Blackburns, Robson, Coates & Co. become Robson Rhodes & Co.

'73

The International Accounting Standards Committee (IASC) is formed · Robson Rhodes & Co. changes name to Robson Rhodes

'74

Frank Attwood is made partner in Robson Rhodes · Harmood Banner joins Deloitte and Co. · Network name changes to LRRD – Lasser, Robson Rhodes and Dunwoody

'76

Hugh Aldous becomes a partner at Robson Rhodes · International Federation of Accountants is formed · First RSM Annual Conference held in Munich during the World Congress of Accountants

'77

J.K. Lasser merges with Touche Ross

'78

Broeker Hendrickson merge with McGladrey, Hansen Dunn & Co. to become McGladrey Hendrickson & Co. · Sabry Heakal joins McGladrey Hendrickson & Co. · Edouard Salustro & Associates is formed

'79

Dunwoody, Robson Rhodes and McGladrey create DRM · James Halsey is appointed CEO of DRM taking over from Bill Curran

'81

Chris Connor is appointed partner at Robson Rhodes

'83

The International Organisation of Securities Commissions (IOSCO) is formed · LeRoy Martin appointed Regional Partner of McGladrey Hendrickson & Pullen

1985

Bird Cameron
AUSTRALIA

1987

Herrera Chang
Consultores
Asociados Ltda.
ECUADOR

1990

Nelson Wheeler
HONG KONG

Montaldo &
Asociados
URUGUAY

{1991
1992

DRM Stylianou
GREECE

Firma Mexicana de
Contadores Publicos
MEXICO

Audiconsulte, Lda.
PORTUGAL

Patricio, Mimoso
E Mendes Jorge
PORTUGAL

Vila Del Corral &
Company
PUERTO RICO

1992

AAJ Associates
INDONESIA

Shinhan Accounting
Corporation
KOREA

1993

Arthur Morris & Co.
BERMUDA

Sociedad de
Auditores y
Consultores S.C.
BOLIVIA

Morris, Cottingham
& Co.
TURKS AND CAICOS

The McGladrey
Network
USA

Leon, Mendoza &
Asociados
VENEZUELA

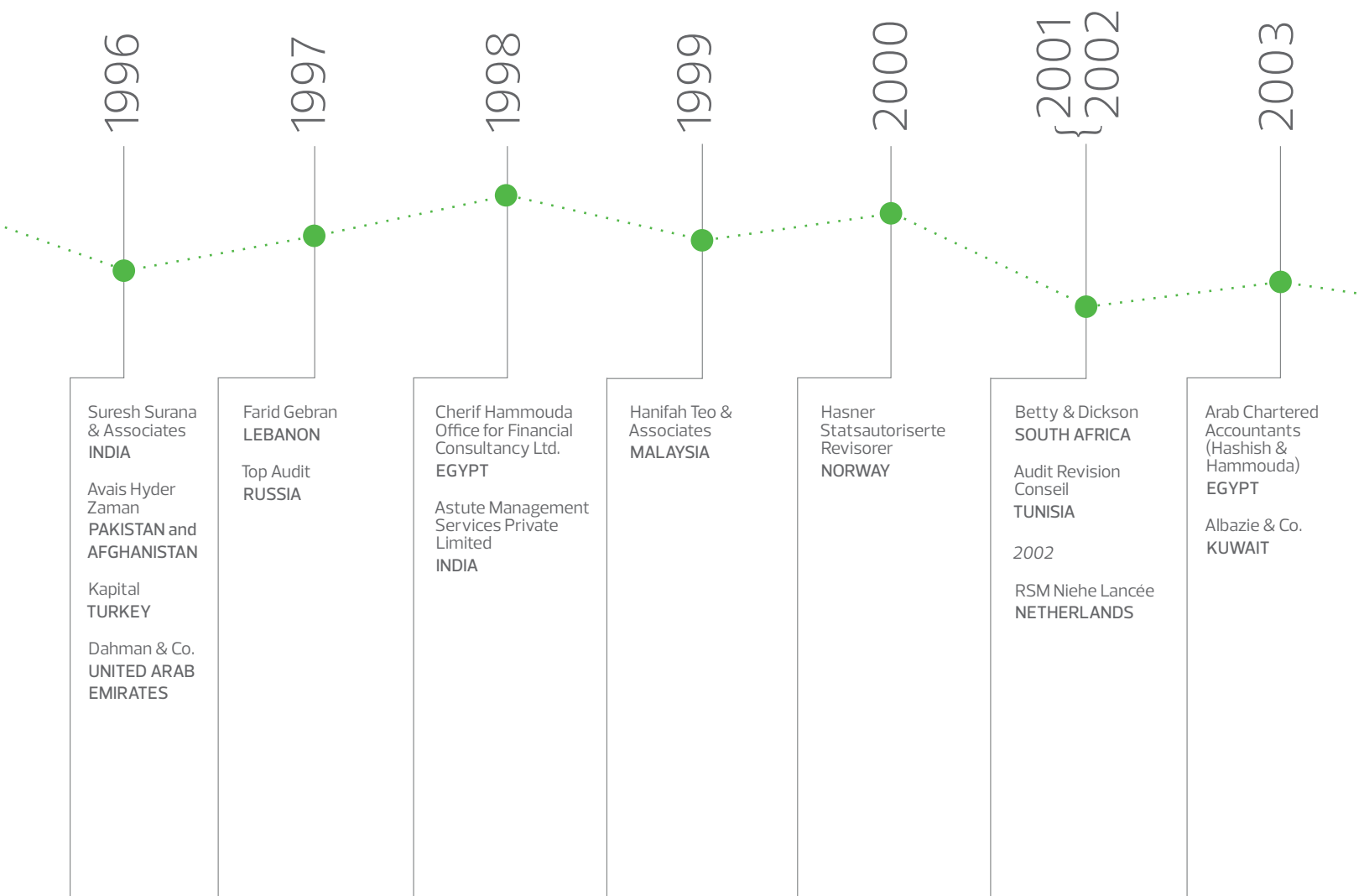
1994

RSM Southern
Africa
SOUTH AFRICA

1995

Margéot &
Associates
MAURITIUS

Kwang-I &
Co.
TAIWAN



Chapter Two

1984 – 2003

THE PROFESSIONAL ORGANISATION

Mergers and acquisitions continued apace in the 1980s, as it had before.

In 1984 McGladrey Hendrickson & Company merged with A.M. Pullen & Company to create McGladrey, Hendrickson & Pullen. Three years later the Hendrickson name was dropped, and the firm became McGladrey & Pullen.

Moss Adams, the West Coast partner, whom Bill Curran and James Clement had met in their search for a replacement firm to J.K. Lasser in 1978, had dropped out of the network because they were concerned McGladrey & Pullen was receiving the majority of network referrals.

LeRoy Martin became Regional Partner of McGladrey & Pullen in 1983, and became Managing Partner in 1989 until 1997. In 1989 he became Board Chairman of DRM, a position he held until 1995. It was in the late 1980s and early 1990s when he would play an important part in developing standards, as well as developing the network under Frank Attwood's leadership. In LeRoy's view, participation in RSM helped the American firm considerably, "The US was on-board for quality standards for many years, but learned the need for international knowledge through RSM."

Other important new firms also came on the scene during this time. In 1984 Alberto Ribas founded Audihispana, which became the fifth ranked national firm in Spain over time. He was also involved in recruiting new member firms, particularly in Central and South America.

In Mexico, Jaime del Valle, Rodolfo Martínez, Ramón Cárdenas, Guillermo Erhard and Sergio E. Villegas y Rufo Ibarra joined the Mexicana de Contadores Públicos to create what was to become RSM México.

In 1984 Berg Coleman in Melbourne and Cameron Sloane and McDowall in Sydney had come together under a Federation Agreement as Camerons. The next year Bird joined the federation and the firm, known as Bird Cameron, was born.

In 1987 in Germany, Prof. Dr. Wilhelm Haarmann, Prof. Dr. Alexander Hemmelrath and Dr. Bernd Sagasser founded Haarmann Hemmelrath.



“The US was on-board for quality standards for many years, but learned the need for international knowledge through RSM.”

– LeRoy Martin



Member firms joined and left, but quality and international coverage were increased year by year.

– Prof. Dr. Alexander Hemmelrath



James Halsey (left) had been appointed CEO of the network in the late 1970s, and had taken over the job from Bill Curran (right), who was Managing Partner at Dunwoody.



Frank Booth

As the firms coalesced, they grew in scale and ambition and many found their way to DRM. However, DRM was struggling to get moving. The club mentality was still a powerful force, and did not have a clear member development or operational strategy.

James Halsey had been appointed CEO of the network in the late 1970s, and had taken over the job from Bill Curran who was Managing Partner at Dunwoody. Halsey was American, and had worked in international network management for KPMG. His approach wasn't always appreciated by partners, as Frank Attwood recalls, "He was perceived to be too aggressive and directional." When his contract term expired it wasn't renewed.

If Halsey had been trying to emulate the international approach of the big-8 firms of the day, then it wasn't the right time for DRM. In some respects the voluntary and consensual nature of DRM reflected the client base. Unlike the bigger networks, DRM didn't have a large number of big clients demanding they transform their approach to delivering international services.

Client pressure, certainly to Hugh Aldous, was a vital but absent dynamic, "Whereas the big-4 have global clients, such as ExxonMobil, Apple Inc., Royal Dutch Shell, Daimler, General Electric, Nestle, Siemens etc., who will say 'we want a global service and you

have to operate as a global operator,' many RSM firms don't have that client discipline over the top of them."

Frank Booth took over the role of CEO, after James Halsey. He had been the Managing Partner at A.M. Pullen before the merger with McGladrey Hendrickson & Company. He was already in his sixties, and wasn't particularly well. As a result the network just ticked along, as Frank Attwood recalls, "The whole thing went back to sleep."

If the development of the international network was resting, the technical teams at Dunwoody, Robson Rhodes and McGladrey & Pullen (and others) were far from idle. The work performed in the 1980s built strong technical relationships between the firms, and laid important foundations for the work Sabry Heakal led when he became CEO in 1996. The development and implementation of quality standards and detailed manuals would become instrumental in developing the RSM brand.

Sabry had been asked to put together an audit manual almost from the moment he joined McGladrey Hendrickson & Company in 1978. When work finished on that first project, he started to work with colleagues on writing the reporting manual. This was an American-market initiative, and did not involve other network firms.

After the audit and reporting manuals had been completed, he started work on sector-focused manuals for specific industries, such as banking and construction, with US-based sector specialists across the firm. The focus on documenting procedures and developing quality standards undoubtedly helped Sabry when he took over the role of CEO in 1996, "Our manuals were more than the typical manuals you would find in other firms because they dealt with 'the why?' as well as 'the what?' and 'the how?'"

Chris Connor, who was Head of Audit by this time at Robson Rhodes, led similar efforts, supported by Keith Vance of Dunwoody, Susan Baker and Paul Mower. He remembers working with the heads of audit in the US, France and Australia, and how this experience had a big impact on his thinking at the time, "It opened my eyes to the different approaches to life that 'international' brought and had to be dealt with. One of the drivers behind getting the standards correct and following a common approach was that we could all see the demand for international services was going to grow. The idea that a firm could refer work to anyone they wanted to was having less and less traction. There needed to be something more to it than that."

“Our manuals were more than the typical manuals you would find in other firms because they dealt with ‘the why?’ as well as ‘the what?’ and ‘the how?’”

– Sabry Heakal

For John Heggie, who was Executive Director/Deputy Chairman of Bird Cameron between 1970 and 2008, and who also joined the RSM Board in 1993, the standards were fundamental in the Bird Cameron story, “Our participation in the development of the standards globally was significant in terms of our own growth and competitive positioning.”

Outside the efforts of the network, the wheels of government and governance continued to turn in favour of greater regulation and better and more accurate standards.

The International Accounting Standards Committee (IASC), which had been formed in 1973, was gaining momentum as more countries established accounting standards organisations and they, in turn, started to contribute more actively to the work of the Committee. Between 1975, when it published its first International Accounting Standard (ISA) and 2001, when the IASC was replaced by the International Accounting Standards Board (IASB), the IASC published 35 standards.

Throughout this time, the European Economic Community (EEC), the precursor to the European Union, was driving member states to adopt standard practices and to enshrine them in law. By 1983, the European Commission had passed the Fourth Directive on annual accounts and the Seventh Directive on consolidated accounts to harmonise the company laws of the EEC member states.

The International Organization of Securities Commissions (IOSCO), the international body of the world’s securities regulators, was founded in 1983. A large part of its responsibilities was to be the global standard setter for the securities sector. In the early 1990s it would press IASC to publish standards on interim reporting, intangible assets, earnings per share, employee benefits, most financial instruments, and recognition and measurement issues for discontinued operations, in return for requiring its members to agree to comply with them and other accounting standards.

In 1984, the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (in the US) published the first joint model bill to regulate the practice of public accounting. This later became known as the Uniform Accountancy Act. In 1986 the Treadway Commission published a report on reducing fraudulent financial management. The Federal Standards Advisory Board was created in the US in 1989, and in the same year in the UK it became a statutory requirement for UK companies to disclose if they had not complied with the applicable accounting standards.

So although it would be inaccurate to say that accounting standards were agreed, published and implemented throughout the 1980s and 1990s, it was a time of considerable change in attitudes and practices, driven by government, accredited international professional organisations and the accounting firms themselves.

Frank Attwood and Ron Swinney



“Frank was the most international person I knew. I asked him if he would be prepared to be CEO, and do a completely different job from former CEOs and pull it all together as a truly global organisation.”

– Hugh Aldous

Frank Booth's intention to retire was no secret and, after a short handover, Frank Attwood took the CEO role in 1989.

The initial suggestion that Frank should take the job had come from Hugh Aldous. He had become Senior Partner of Robson Rhodes in 1987 and was very aware of Frank's international credentials, “Frank was the most international person I knew. I asked him if he would be prepared to be CEO, and do a completely different job from former CEOs and pull it all together as a truly global organisation.”

For Frank, however, the appointment also provided him with the opportunity to try and solve some of the problems he had personally experienced, “We'd lost a number of big international jobs because the international connection wasn't strong enough. I remember losing Logica to PwC and another company called United Scientific, so I was frustrated that some of my best work was being ruined by international inadequacies.”

Frank may have had ideas to transform the network's capabilities and to solve the inadequacies he

had experienced, but very quickly he found himself driving a very different agenda, which was retaining members and recruiting new ones.

Frank's first challenge as CEO came from Asia Pacific. In early 1989 Bird Cameron decided to leave the network. They were following a familiar path, one that had been followed before by J.K. Lasser and Harmood Banner.

Bird Cameron had been a very successful and growing business in Australia. They had expanded to become a national firm, and now had an ambition to expand into Asia. The problem for them was that DRM's presence in Asia was very small, and Bird Cameron was not getting enough work from the US or Europe.

So Frank Attwood, Frank Booth and Mark Scally set off to Australia to try and convince Ron Swinney, who was then the Managing Partner at Bird Cameron, and the other partners, that they should remain part of DRM. What he didn't know was that he wasn't just embarking on a rescue mission, he was at the start of a recruitment drive that

would transform the network, “We went to Adelaide to persuade them to change their minds. It was a tough 36 hours,” Frank recalls, “That was the trigger for working out a strategy for Asia Pacific.”

The strategy, which was fleshed out in Hong Kong later that year, led to the establishment of an Asia Pacific regional office in Hong Kong, in the offices of Nelson Wheeler. That was just the beginning, as new members joined DRM in Singapore, China, Korea, Japan and in Indonesia. Bird Cameron not only stayed part of DRM, they were the catalyst that led DRM to invest considerable time and effort in building the network in Asia Pacific.

LeRoy Martin vividly remembers how different Shanghai was from any place he had experienced before. In 1995 DRM was trying to establish two new offices, and he arrived at the airport with Frank Attwood and Neil Hough, from Bird Cameron and Regional Leader for DRM's Asia Pacific region, to conclude the deal. When they arrived they were faced by armed soldiers and a fair amount of confusion, as



Top photo from left to right: **Wong Poh Weng – Partner**
Stephen Jacks – Principal, **Jock Muir – Director BMS**
Bruce Dunlop – Partner

Photo below: **Launch dinner for RSM China**
in Shanghai





RSM International Shanghai
Representative Office registration
document Top photo

Wong Poh Weng Right photo



New firms were recruited all over the world. It was the job of the CEO to find firms, but of course many senior partners of key member firms contributed significantly to the recruitment drive.

LeRoy remembers, "We had to wait around 12 hours, then suddenly in two minutes the papers were approved, and I was asked to give a speech in front of TV cameras, the mayor of Shanghai and a dignitary from Beijing."

The opportunity in Asia for Bird Cameron was considerable. They conducted a feasibility study to assess which market to move into, and looked at Malaysia, Indonesia and Thailand, as Neil remembers, "Frank Attwood accompanied Ron Swinney and Geoff Sherwin on a visit to Indonesia, and met Amir Jusuf from RSM AAJ Associates. In the discussions that followed it was decided that AAJ would not only join RSM, but they would get an expat as well." The expat was Neil Hough who moved to Jakarta with his wife and family in 1992, and lived there until the civil unrest in 1998, "At the start I worked with foreign firms who were coming into Indonesia, particularly from Australia who wanted to develop new opportunities after the recession of the late 1900s. Then it was agreed that the network would pay for a percentage of my time, so I set off across Asia recruiting firms. I must have travelled to most of the countries meeting and appointing new firms during that time."

Also heavily involved in promoting the network across Asia Pacific was Wong Poh Weng, respectfully now known as 'The General' throughout RSM. He was based at the Nelson Wheeler office in Hong Kong, and formed an excellent working partnership with Neil. They travelled across Asia visiting prospective member firms, and became a solid team.

The process of recruiting new member firms was always time consuming and sometimes relentless, and these efforts were not confined to the Asia Pacific region. New firms were recruited all over the world. It was the job of the CEO to find firms, but, of course, many senior partners of key member firms contributed significantly to the recruitment drive.

The recruitment then was not as stringent as it would become in later years, as Frank explains, "There was a fairly simple international agreement, which mentioned good standards. But they were not specified. We asked for commitment they would give good attention to clients who were referred to them, and refer clients to other members; and pay the dues. In some ways it was more important to meet and assess the individuals. Could you work with them? Could you trust them? Did they have a suitable office?"



From left to right: **Jeremy Orme, (Managing Partner Robson Rhodes, '82-'87), Jean Blanchot (Partner, Reydel Blanchot) and Frank Attwood**

Although Australia and the establishment of the Asia Pacific region had been very important, it was not the only crisis Frank faced as CEO. Bird Cameron had threatened to leave DRM in 1989. In 1991, Dunwoody, who were Canadian and the "D" of DRM, merged with BDO.

The loss of Dunwoody was felt across the network because they were very highly regarded, as Frank explained, "They were an excellent firm, and probably the best firm in the network in terms of the intellectual calibre of their average partner."

Frank had tried to convince Dunwoody and McGladrey & Pullen to merge, instead of Dunwoody merging with BDO, but failed to convince either side. The issue for Dunwoody was market share. They were number eight or nine in Canada, and were unhappy with the impact the big-4 firms were having on their market. A merger would help to protect them.

In 1991 Edouard Salustro & Associates merged with Reydel Blanchot to form

Salustro Reydel. Reydel Blanchot was a member of DRM. In fact, they had been members of LHBD, back in the 1960s. Edouard Salustro was well connected. He had been president of the Europe-wide accounting body, Fédération des Experts Comptables Européens (FEE); and his firm had an excellent client base that included a number of French-listed companies, as they, unlike the US and the UK, believed in joint audit.

The departure of Dunwoody led to the final change in the name of the network. DRM had been conceived by Dunwoody, Robson Rhodes, and McGladrey & Pullen. But with Dunwoody gone, the Board felt it was time to change the name. The Salustro name was very enticing, as Frank explains, "Salustro was a founding named partner, and was a pretty dynamic guy. His firm had international clients, and although it was never part of the deal, the name was very much driven by the thought we might do better with international clients, if we could get Salustro into the new name; if not the name itself, then the initial."

“Salustro was a founding named partner, and was a pretty dynamic guy. His firm had international clients, and although it was never part of the deal, the name was very much driven by the thought we might do better with international clients, if we could get Salustro into the new name; if not the name itself, then the initial.”

– Frank Attwood

The name was chosen at a meeting of the International Executive Committee (IEC) that took place in 1993 in Westchester, upstate New York. It was attended by Mark Scally (McGladrey & Pullen) who was also the IEC Chairman, Frank Attwood, Michael Palitzsch (Christiansen and Engelbrechsten, Denmark), Jean-Claude Reydel (Salustro Reydel) and Hugh Aldous.

It was eventually agreed that the new name would be RSM: the 'R' for Robson Rhodes, the 'S' for Salustro, and the 'M' for McGladrey & Pullen. One of the conscious decisions was not to include the names of member firms, so in the future it would no longer be necessary to change the network name if a 'founding firm' were to leave. The RSM name was later confirmed by the full board.

Another important development in the network during the early 1990s, although perhaps not as visible as a name change but probably as important, was the adoption of a common email system, led by Galen Vetter, who was Chief Information Officer of McGladrey &

Pullen based in Minneapolis. Frank, who would readily admit he was not the most technical person, became an evangelist for the new IT platform. His message was clear, “This is really simple, and you’re not going to be able to do international work unless you communicate like this!”

As well as IT structures, RSM was becoming a much better organised and focused international organisation that had standing committees on which sat senior partners from member firms across the world.

In 1995 the International Policy Board members included Wong Poh Weng, Javier Torrent (Estudio Torrent Auditores, Argentina), Ron Swinney, Michael Palitzsch, Russ Ooi (Russ Ooi and Associates, Malaysia), Wilhelm Haarmann, Ernesto Blackaller (Mexican Firm of Public Accountants), Hugh Aldous and LeRoy Martin.

During 1995 Frank Attwood decided to leave his post as CEO for a number of reasons, “I was aware I was waking up in hotels and having to spend a minute trying to work out where I was, which



Towards the end of 1995, Sabry Heakal (left) was chosen as the next CEO, beginning his tenure in January 1996. Pictured here with Frank Attwood (right).



Bill Travis

is a bad sign. Also, at that time my daughter was heading towards GCSEs at school, and I thought I needed to be home a bit more. Also, there were things to be done at the UK firm, and they wanted me to come back."

standards, IT and growing referral work rather than a dining club."

Towards the end of 1995, Sabry Heakal was chosen as the next CEO, and began his tenure in January 1996. Prior to that he was Chairman of the

to adopt the methodology, as we would do inspections to ensure they met the standards we had set, from a standpoint of quality assurance. Then, the member firm could use the name of the international network." Frank Attwood took Sabry's proposal to the Executive Board and it was agreed, so work started on what Hugh Aldous later coined 'The Heakal Hurdles'.

The back office for the Sign-off Programme was the National Accounting and Auditing Office of McGladrey & Pullen and Sabry recalls the great support provided for many years by the firm to ensure success in the network's quality initiatives. Bill Travis continued the support of McGladrey & Pullen after he became Managing Partner and didn't hesitate to provide any resources needed to implement the Sign-off Programme.

LeRoy Martin was very supportive of Sabry's appointment, even though it meant Sabry having to move to London and give up his role at McGladrey & Pullen as National Coordinator of Audit and Accounting. Over the years, Sabry had acquired a number of key clients and didn't want to give up those relationships as well, so a new post was created for him called the Office of Large Projects, which allowed him to spend 25% of his time on client work, and the rest of his time working as CEO for RSM, "It was a silly name, but I agreed to it anyway."

Once he was in post, his starting point was to get to grips with the structure of RSM from the standpoint of governance. He wanted to understand the relationship between the network organisation and member firms, and between the member firms themselves.

"Frank was very good with people, and he was skilled at getting people together, and keeping them together. He found more firms, and he built RSM as an organised group, rather than just a group of individuals."

In the seven years Frank led RSM there had been considerable changes in the profession, and, of course, within the RSM network itself. The Attwood years were focused on membership growth, and events like Bird Cameron almost leaving exemplifies the purpose of the network, which was to generate work for member firms everywhere.

So growing the membership was an imperative, and doing that needed particular skills, as Hugh Aldous describes, "Frank was very good with people, and he was skilled at getting people together, and keeping them together. He found more firms, and he built RSM as an organised group, rather than just a group of individuals."

Frank described his contribution in similar terms, "I was very proud the network moved on to a point when it felt cohesive. It felt like an accounting organisation, built on branding,

Professional Standards Committee (later to become TASEC), and was responsible for putting together the road map for the Sign-off Programme.

The Sign-off Programme was conceived at the annual conference that took place in Chicago in 1992. In a sense it was a response to the request by Frank Attwood for Sabry to become more involved in the network, to which Sabry had said, "I'm only going to get involved if the network becomes serious about quality."

What Sabry wanted to do was to make sure that all members followed the same methodology and approach. He also wanted to make compliance a condition of membership and set up an international assurance programme. This was the starting point for the Sign-off Programme, "I envisaged when a member firm joined the network they would undertake

“When I came in, the annual membership fees for a correspondent firm were \$25. I told Sabry that was the price of a pizza. So over time the dialogue with the firms changed because we could show them what they were getting in return.”

– Jean Stephens

He wanted to assess how international client service was delivered, “I was a bit shocked when I started. I assessed RSM at that time as a loose network, with each firm doing whatever they wanted to do. So I decided my first job was to build the governance structure for RSM, and develop a strategic plan.”

As well as sharing his ideas and convincing the international board to support him, he also won agreement to hire a manager, later to become Chief Operating Officer, to help him. Jean Stephens was an auditor at McGladrey & Pullen. She had qualified as a public accountant in 1984 and went on to work for a local firm for four years becoming a partner, before bringing her audit practice to McGladrey & Pullen in California in 1994. She moved to London, and started her new job in the summer of 1996. Ten years later she would succeed Sabry as CEO.

Over the course of the next three years, the focus was very much on building a comprehensive governance structure: a new membership agreement was put together, the roles of the Executive Board and CEO were defined, Lotus Notes was rolled out across all member firms, annual business planning was

introduced, member firms had specific goals and targets against which their performance was evaluated, and an inspection process was implemented. It took time, and a lot of effort, but eventually everyone was on board, “Members slowly started to believe in what we were doing, to adopt the methodology, and to abide by the quality standards we set and abide by the firms’ expectations we put into the membership agreement.”

As the foundations became standard practice, Sabry turned his attention to quality and to upgrading the firms. Firms were replaced in Brazil, Malaysia and Taiwan, and Sabry worked with and encouraged firms to come together. One such example was Mexico, “When I became the CEO, Mexico was a collection of about 18 or 19 different firms. I said, ‘This isn’t going to work.’” We discussed the need for one firm. It wasn’t easy. It was a big fight, but I remember when we had an international meeting in Barcelona they handed me a copy of the deed of merger.”

Another change was in relation to membership fees. During the time Frank Attwood was CEO, membership fees were low. The focus had been on growing

the membership so high fees would have been a barrier. Also, membership was a route to obtaining referral work, and didn’t come with the tools to deliver quality that had been created by Sabry’s Sign-off Programme. The fees increased to reflect the commitment and value being generated by RSM, and the conversation with members changed, as Jean remembers, “When I came in, the annual membership fees for a correspondent firm were \$25. I told Sabry that was the price of a pizza. So over time the dialogue with the firms changed because we could show them what they were getting in return.”

Part of Jean’s role as COO was to improve the quality and frequency of communication with member firms. An internal newsletter was started (the pre-cursor to *RSM Eye*) and she spent time talking to the members, articulating what was expected of them. Also, the annual conference became even more business focused, and became an important milestone in the year in terms of technical and network updates, as well as an opportunity to meet partners from other member firms, with a view to developing business together.



*RSM Eye Newsletters through the years
 First issue on the left, a 2014 issue on top*





“He told me the SEC knew about it, that they respected the standards of Robson Rhodes and McGladrey & Pullen. He also told me that Tom Rotherham was the best accountant on secondment the SEC had ever had.”

– Hugh Aldous

The structure changed and grew as well, as Jean explains, “In 1996 Neil Hough was the only Regional Leader, in Asia Pacific. David Maxwell then became the part-time Regional Leader in Europe, and the committee structure significantly matured during this period.”

In 1997 the International Executive Sub-committee (the precursor to the International Board) comprised Hugh Aldous (Chairman), LeRoy Martin, François Bernard (Salustro Reydel), Wilhelm Haarmann, and John Heggie (Bird Cameron), who were the five largest firms.

There was also an International Policy Board, which consisted of the main board members plus Ernesto Blackaller (RSM Mexico), Neil Hough, Michael Palitzsch, Javier Torrent, and Wong Poh Weng.

The role of the International Professional Standards Committee (IPSC), or as it became the Transnational Assurance Services Executive Committee (TASEC), was also very important throughout this time. The origins had, of course, been in Sabry's proposal to the board in 1992 and he was its first Chairman. Later on, when he became CEO, Jean-Pierre Crouzet from Salustro Reydel took over the role.

The earlier IPSC comprised Sabry Heakal (Chairman), Chris Connor, Tom Rotherham (McGladrey & Pullen), Jean-Pierre Crouzet, Bodo Richardt (Haarmann Hemmelrath) and Geoff Forder (Bird Cameron).

The reputation McGladrey & Pullen's technical team had in the US is remembered by Hugh Aldous, who recalled a meeting he'd had with the then secretary of the accounting division of the Securities and Exchange Commission (SEC) in 1985. He had asked for a meeting, and was pleasantly surprised one was granted so freely. When they met, it was clear the SEC was aware of their technical work, “He told me the SEC knew about it, that they respected the standards of Robson Rhodes and McGladrey & Pullen. He also told me that Tom Rotherham was the best accountant on secondment the SEC had ever had.”

The Quality Assurance Inspection Programme it developed was largely based on the pre-existing programmes that had been developed at Robson Rhodes and McGladrey & Pullen, and led to all member firms being inspected annually once every three years to check they were up to standard.

“Hugh was very supportive as Chairman of the push for quality within RSM and set the tone for the network and expectations of members in this regard. Hugh built Robson Rhodes into a very strong UK firm, leading the way for the firm to focus on industry sectors. He was a true visionary.”

– Sabry Heikal

When the committee changed its name to TASEC after Sabry had resigned as Chairman, the membership also changed. The new committee consisted of Jean-Piere Crouzet (Chairman), Tom Lawton (Robson Rhodes), Bill Travis (McGladrey & Pullen), Jean-Michel Charpentier (Salustro Reydel), Svend Therschilsen (Christiansen & Engelbrechsten), Bodo Richardt and Geoff Forder.

The first task TASEC took on was to convert the Audit Manual into a user-friendly electronic-based manual. Although the major portion of the work fell to Robson Rhodes and McGladrey & Pullen, when it was ready it was first rolled out in Australia, as Geoff Forder remembers, “RSM Bird Cameron was the first firm to introduce the computer-based audit manual completely as developed by RSM. The majority of member firms introduced the manual selectively. Nevertheless, it was a great success and contributed to the maintenance of standard audit procedures worldwide.”

In the summer of 1999, H&R Block acquired the non-attest assets of McGladrey & Pullen. This served to generate capital needed so they could grow and become a truly national firm. As a consequence, the firm was split in two, RSM McGladrey Inc. owned by H&R Block providing tax and consulting services, and McGladrey & Pullen owned by the partners providing assurance services. The split was necessary because H&R Block was listed on the New York Stock Exchange and therefore could not own an audit firm. Mark Scally, CEO of RSM McGladrey, resigned his position, and H&R Block appointed Steve Tait in his place.

Apart from changes in management, the split inevitably was seen by some negatively because they considered it led to changes in strategy, as Hugh Aldous recalls, “We were making good progress before McGladrey sold out to H&R Block. One of the consequences was that it stopped a number of initiatives, for example, the focus internationally on industrial specialisms, which collapsed.”

Year 2000

Fee Income US\$1.6bn

Employees 18,957

Partners 2,059

Offices 627

Countries 73

By the turn of the century RSM was ranked eighth largest accounting and consulting organisation in the world. Fee income had grown to \$1.6bn. Member firms employed 18,957 employees, of which 2,059 were partners, and there were 627 offices in 73 countries.

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The following year Tom Rotherham was appointed President and COO of RSM McGladrey, a position he would occupy until 2003. Edouard Salustro was finally persuaded to join the board, and became Chairman, and François Bernard, a Partner at RSM Salustro Reydel, took over the chairmanship in 2002, until 2004.

Sabry continued to press ahead by enhancing governance structures. A new membership agreement was approved at the annual conference in 2001 and implemented in the following year; members were bound explicitly by a set of commitments and expectations to remain members in 'good standing'; and a new RSM logo was launched.

Although standards and working practices had converged and continued to do so, the strategic direction of the major firms was not completely aligned.

RSM McGladrey and McGladrey & Pullen saw their main opportunity winning work from mid-market companies.

That said, Sabry considered Steve Tait to be a great supporter of the network's international ambitions, "Steve really believed in the internationalisation of all firms."

Salustro Reydel had a very different client base to many of the member firms, as Chris Connor remembers, "The French firms had joint audits with a number of listed companies, and they also had the luxury of being appointed for five or six years. The American firms understood risk much sooner than the rest of the world. McGladrey had gone down the route of saying they didn't want to seek out listed companies because the risk to reward ratio was not good enough."

In 2002, the world of international business, government and the wider profession was shaken when WorldCom and then Enron collapsed. The ripples these events created were felt across the world, and would lead to a number of changes that, over the course of the next decade, would tighten standards

and governance within the accountancy profession. It also changed the entire business landscape. Company failure was nothing new, and it had driven the debate about standards setting since the beginning of the 20th century. The key difference was scale. Company failures in the past were national scandals, whereas the failure of WorldCom and Enron were international scandals.

As RSM approached its 40th year, it could look back with a degree of satisfaction. If a metaphor for RSM is to imagine it as a child growing up, then the Heikal Years are when RSM was at university and successfully graduated.

Sabry focused his time on consolidating and professionalising the network by establishing quality standards and building a professional organisation that ran the network at its centre.

However, the focus on structure should not be interpreted to mean that close personal relationships weren't also developed, as John Heggie explains, "Close relationships were developed between the founding members of the RSM family globally and regionally.

This is what enabled the group to prosper through sometimes difficult and competitive times. There was also something special about the people and their willingness to help and support each other without looking to gain themselves. The other similar global groups did not share this benefit, even though they often had greater resources to fund their projects. Our projects were funded by the effort and dedication of the group as a whole."

It is as though the progression from Frank to Sabry was a carefully choreographed event. Under Frank, RSM had grown and stretched itself across the world in a way that it had not before.

But it didn't have the means to service clients as well as it needed to because, although there were some accounting standards and an increasingly longer list of requirements being issued by the international accounting bodies, requirements were never going to be enough.

Simply saying something should happen is only ever the first step. To achieve quality required detailed methodology, documentation, processes and training; and this requirement perfectly matched Sabry's talents. Also, he was not alone, because the path he wanted to tread was already being trodden by several talented and internationally aware individuals who were supportive and enthusiastic to help him make change happen.





2000 – From left to right: Farid Gebran (RSM Gebran, Moughanni & Partners), Hugh Aldous, Jean Stephens, Frank Attwood, Sabry Heikal, Cherif Hammouda (RSM Egypt – RSM The Advisors Limited)

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2





3



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1

1993 – Guadalajara, Mexico Annual Conference

2

1996 – Partners from Shinhan Accounting Corporation in South Korea with Neil Hough, Jean Stephens, Sabry Heikal

3

2000 – from left to right: Vienna Annual Conference, Stefan Walter and Lukas Zeinler

4

Toronto 2001 Special Edition of RSM Conference Brochure

5

Visiting Singapore 1992 – from left to right: Barbara Posch, Tan E S, Ron Swinney, Kim Y S, Sue Swinney, Kim Jae-il and Frank Attwood

'84

Alberto Ribas founds Audihispana · Daniel de la Garza, Ricardo Rodríguez, Ernesto Blackaller, Javier Mena de Alba, Vicente Bogarin constitute the firm Firma Mexicana de Contadores Públicos · Berg Coleman in Melbourne and Cameron Sloane and McDowall in Sydney forms Camerons · McGladrey Hendrickson & Co. merges with A.A. Pullen & Company to create McGladrey Hendrickson & Pullen · Frank Booth becomes CEO of DRM taking over from James Halsey

'85

Cyril Bird joins the Cameron Federation forming Bird Cameron

'87

Haarmann Hemmelrath is founded with Wilhelm Haarmann, Prof. Dr. Alexander Hemmelrath and Bernd Sagasser in Germany · McGladrey Hendrickson & Pullen becomes McGladrey & Pullen

'89

Frank Attwood becomes CEO of DRM International network · LeRoy Martin is appointed Chairman of RSM Board of Directors · New logo introduced for DRM brand

'90

Frank Attwood sets up Asia Pacific regional office in Hong Kong with Wong Poh Weng of Nelson Wheeler

'91

Dunwoody merges with BDO · Salustro Reydel is formed

'93

John Heggie, Deputy Chairman of Bird Cameron is appointed RSM Board Member · DRM is renamed RSM International · International audit standards launched

'95

Alejandro Martínez Borrell from Audihispana becomes the first director appointed to the RSM Board from a non-founding firm · International Committee members: Sabry Heakal, Bodo Richardt, LeRoy Martin (Chairman) · International Policy Board members: LeRoy Martin (Chairman), Hugh Aldous, Ernesto Blackaller, Wilhelm Haarmann, Russ Ooi, Michael Palitzsch, Jean-Claude Reydel, Ron Swinney, Javier Torrent, Wong Poh Weng · RSM International Shanghai Representative Office in China is incorporated · RSM Difference message is launched · First SOX work undertaken

'96

Sabry Heakal becomes CEO · Jean Stephens moves to London to begin position in RSM Global Executive Office · International committee 'CrossFire' led by Geoff Field · Jean-Pierre Crouzet, becomes Chair of Professional Standards Board · Hugh Aldous appointed Chairman of RSM Board of Directors

'97

Information Technology Committee consists of Sabry Heakal, Jan Handgraaf, John Heggie, Sandy Hynd, Bodo Richardt, Ken Thygerson, Galen Vetter · International Tax Committee formed with Alexander Hemmelrath (Chair), Don O'Brien, Jeremy Francis, Richard Shapland, Sven-Aage Sorensen · International Executive Sub-committee comprise Hugh Aldous (Chair), LeRoy Martin, François Bernard, Wilhelm Haarmann and John Heggie · RSM is the 10th largest full service accounting and consulting organisation in the world · New RSM logo introduced · Lotus Notes introduced globally · Tom Rotherham becomes a member of the RSM Board

'99

H&R Block acquire RSM McGladrey · Chris Connor and Mark Scally join the International Policy Board · Jean-Pierre Crouzet becomes Chair of IPSC (now TASEC)

2000

Fee Income \$1.6bn, total employees 18,957, representation in 73 countries · RSM is the eighth largest professional service accounting and consulting organisation in the world

'01

Edouard Salustro is appointed Chairman of RSM Board of Directors · Agreement made to adopt new membership agreements and to change funding formula

'02

François Bernard becomes Chairman of International Board of Directors · Jean Stephens becomes equity partner at McGladrey · Creation of RSM Bogarín, Erhard, Padilla, Alvarez and Martinez (RSM BEPAM) · RSM adopts a new logo · First time member firms bound by a set of explicit commitments and expectations · TASEC and ITEC expanded to include a representative from Asia Pacific and a representative of the Spanish speaking countries · All member firms email addresses are standardised · First group of provisional members of the Forum of Firms to begin the international quality review · Collapse of Enron and WorldCom

'03

RSM is the sixth largest professional service accounting and consulting organisation in the world · Planning team that created the Business Development Plan, members include Jean Stephens, Gary Stevenson, Anthony Carey, David Maxwell, Lorraine Parkin, Neil Hough, Pat Tabor, Sabry Heakal · IFRS is being adopted in primary financial statements · Tom Rotherham retires as Chief Executive Officer and President of RSM McGladrey

2004

RSM Henri Grisius & Associés
LUXEMBOURG

2005

TCLM – Toelen, Cats Cvba
BELGIUM
RSM France
FRANCE
RSM Chio Lim LLP
SINGAPORE

2006

Landa Consultores Auditores Ltda.
CHILE
Arabian Professional Group/Intergrated Consulting Services
JORDAN
RSM Malta
MALTA
Prince & Partners
NEW ZEALAND

2007

RSM Gassó
SPAIN and ANDORRA
RSM Advisory Thailand Limited
THAILAND
APiK
UKRAINE

2008

Zhongrui Yuehua CPAs
CHINA
RSM Germany
GERMANY
DTM Tax and Business Advisory
HUNGARY
Shiff Hazenfratz & Co.
ISRAEL
RSM Italy S.p.A.
ITALY
Scot & Company Consulting
ROMANIA

Chapter Three

2004 – 2013

EXPANDING THE GLOBAL NETWORK

2009

Seiwa Audit Corporation
JAPAN

Tokyo Kyodo Accounting
Office
JAPAN

RSM Ashvir
KENYA and TANZANIA,

Acconcil
MOROCCO

RSM McClure Watters
NORTHERN IRELAND
and ISLE OF MAN

KZWS
POLAND

Alsabti & Bannaga
SAUDI ARABIA

2010

Al Mezan Bureau
BAHRAIN

ACAL Consultoria e
Auditoria
BRAZIL

Reads & Co.
CHANNEL ISLANDS

RSM TACOMA
CZECH REPUBLIC and
SLOVAKIA

RSM Tax & Advisory
Italy
ITALY

George Mathew & Co.
OMAN

2011

Kapital Karden
AZERBAIJAN

RSM Gurugroup
BOTSWANA

RSM Cayman
CAYMAN ISLANDS

KC Public Accounting
Services
EL SALVADOR

Capto Group
GEORGIA

CCM - Audit & Conseil
IVORY COAST

Solis Ibarra & Asociados
NICARAGUA

2012

Consulting Africa Tchad
- CAT
CHAD

Hodicon d.o.o.
CROATIA

Aguirre Nuñez &
Asociados
HONDURAS

Ahmed Al-Juboori & Co.
IRAQ

Censum
MACEDONIA

SIAO Chartered
Accountants
NIGERIA

Suleiman & Co.
PALESTINE

IEF
SERBIA

RSM Minocon
SWEDEN

RSM Bellerive Audit and
RSM GVA Audit
SWITZERLAND

RSM DTL Auditing
Company Ltd
VIETNAM

2013

RSM Fontes
BRAZIL

RSM Dominicana
DOMINICAN REPUBLIC

RSM Auditsum Oy
FINLAND

Optimus Fiduciaries
Limited
ISLE OF MAN

RSM Italy Capital
Markets
ITALY

RSM Japan Tax Co.
JAPAN

RSM Mezan
QATAR

Synergy Chartered
Accountants
SWAZILAND

RSM Synneby
SWEDEN

"The big-4 firms had always held themselves out as being firms, when they weren't. They were international networks. Over time we got the rules of engagement clarified. We had long discussions in Brussels and Washington with EU and American regulators to clarify this so everyone would be on the same page. Everyone was a network."

– Frank Attwood

The response to the catastrophic failures of WorldCom, Enron, Tyco International, Adelphia, and Peregrine Systems was swift and comprehensive.

President George W. Bush signed Sarbanes–Oxley (SOX) into US law in 2002, and the standards and responsibilities it set out in detail were widely adopted across the world over the next four years.

The specific goals of US Senator Paul Sarbanes and US Representative Michael G. Oxley had been to set out and strengthen the responsibilities of senior management to certify the accuracy of financial information. As well as setting out more severe penalties for fraudulent financial activity, SOX increased the oversight role of boards of directors, and the independence of the outside auditors who review the accuracy of corporate financial statements.

The year before SOX passed through Congress the IASB had replaced the IASC and taken over the responsibility of publishing accounting standards, which were renamed International Financial Reporting Standards (IFRS). These would become global standards for the preparation of public company financial statements across the world, except in the US, which retained US GAAP.

There were a number of organisations involved in standard setting, including the Financial Accounting Foundation (FAF), which was created in 1972 in the US, and the International Federation of Accountants (IFAC),

which was created on 7 October 1977, in Munich, Germany, at the 11th World Congress of Accountants. IFAC was launched by 63 national accounting organisations in 50 countries.

IFAC went on to create the International Audit and Assurance Standards Board (IAASB) in 1977, which replaced the International Auditing Practices Committee. In November 2003, the IFAC Council approved a set of reforms to strengthen international audit standard-setting processes and converge international standards. This would lead to the creation of the Public Company Accounting Oversight Board (PCOAB) in 2005, which was designed to encourage adoption of the international standards.

IFAC created the Forum of Firms (FOF) in 2002. FOF was an association of international networks of accounting firms that performed transnational audits. Its purpose was to promote the consistent application of high-quality audit practices. The permanent FOF places were allocated to the big-4 firms, plus three others, and RSM's prominence as the next-in-line network (in respect of annual fees) enabled it to gain a place on the Ethics Committee.

Frank Attwood sat on that committee for six years, and perhaps one of the highlights of his work on the Ethics Committee was the definition and function of networks, "The big-4 firms

had always held themselves out as being firms, when they weren't. They were international networks. Over time we got the rules of engagement clarified. We had long discussions in Brussels and Washington with EU and American regulators to clarify this so everyone would be on the same page. Everyone was a network."

Frank was also involved in the European Group of International Accounting Networks and Associations (EGIAN) (later chaired by David Maxwell). He had also sat on the Board of the Association of American Accounting Firms International on behalf of Robson Rhodes in the late 1970s. McGladrey Hendrickson, A.M. Pullen and Moss Adams had also been members, and membership of the association at the time had proved useful in bringing them closer together.

Other RSM partners and member firms contributed to setting standards. Bob Dohrer, RSM's Global Leader – Quality and Risk (from March 2012 to September 2018), served on the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) in the US and on task forces that were set up jointly between the AICPA and IAASB as they attempted to converge standards internationally.



Bob joined McGladrey in 1989, and had been involved in Sabry's Sign-off Programme when he was a manager. Later in his career he would go on to chair RSM's TASEC, be appointed Chairman of the FOF for two terms and be a member of the International Auditing and Assurance Standards Board (IAASB) serving as Chair of the IAASB Data Analytics Working Group, Co-Chair of the IAASB Group Audits Task Force and be a member of the IAASB Quality Control Task Force.

In Bob's view, Sabry's achievement in establishing quality standards across RSM was highly significant as it gave RSM a clear advantage when recruiting new members, "What sets RSM members apart is that when our Executive Office or regional leaders embark on recruiting new members, we really have a true, heavy focus on the firm's commitment to quality, the tone at the top, and integrity."

Dieter Schulze, who joined Betty & Dickson in Cape Town, South Africa, in 1985 and became Managing Partner and Head of Tax, for the Cape Town

practice in December 2011, also believes the approach to quality played a major part in RSM's success, "The expectation of high quality and zero tolerance, in this regard, was one of the cornerstones to attracting and retaining strong member firms. It raised the quality of our work and level of service we were able to offer our clients."

Chris Connor also considered RSM's standards to be a positive force for good and recognised how important it was that firms were committed to them, "If you want to offer services to companies that are international, then you've got to be able to demonstrate the same international approach that they do; and not allow the niceties of somebody's preference to get in the way."

Despite there being a universal consensus as to the need for high quality and consistent standards internationally by governments, accounting organisations and the profession, there wasn't agreement as to what the standards should be. The reporting of financial statements in the US is governed by the Securities



“There were very different views held by the US and other countries around the world. The US was driven from a litigation perspective, so the standards and requirements were viewed as needing to be very precise and detailed, as well as objective.”

– Bob Dohrer

Exchange Commission (SEC) and must follow US GAAP. Elsewhere, accountancy firms adhere to IFRS, although many countries have modified adherence to these standards to meet local requirements to a greater or lesser extent.

The main reason for the different approaches was a fear of litigation, as Bob Dohrer explains, “There were very different views held by the US and other countries around the world. The US was driven from a litigation perspective, so the standards and requirements were viewed as needing to be very precise and detailed, as well as objective. In other parts of the world there was a view that the objectives of the work should be clear, but each of us should be left alone as professionals to create and develop ways of meeting those objectives.”

At the 2001 RSM Annual Conference in Toronto, the Board had agreed to change the face of RSM across the world. There was a new member agreement, and it included a clause that all member firms would adopt

corporate branding and prefix their firm names with RSM. It was passed, and RSM took a significant step forward in defining itself as a global brand.

Despite the agreement, not everyone was quite ready to push ahead with the brand change straight away. Vicente Bogarin Cortes remembers how his firm felt it was important to retain its individual name, “It was important at the time to maintain all the names because each one of us was strong in our regions and well recognised. It would have been too aggressive to remove all the last names all of a sudden.”

Edouard Salustro was not convinced either. He was against just using initials, as he believed putting RSM in front of Salustro Reydel would damage its reputation in France, so Chris Connor went to meet him at his Paris offices.

Chris and Edouard talked it over for a couple of hours until Edouard had to leave the office to meet one of his clients for lunch, but still they could not agree. As their meeting was about to

finish Chris happened to ask him which client he was meeting for lunch, “I asked him who he was meeting, and he said IBM! On the train back to London I went through all the French companies who used initials in their name, and sent him an email with a long list of names in it the next day. The next year they became RSM Salustro Reydel.”

Sabry recalls the numerous discussions with Edouard during this time, which were focused on two things: ensuring the firm’s active involvement in RSM and taking on the RSM brand in order to give presence to the brand in France to Salustro Reydel’s larger internationally active clients. Edouard ultimately became Chair of the Board as he became much more actively involved.

Even though in the coming months firms would comply with the branding and naming requirement, the RSM brand remained unfinished business. From a visual and naming perspective the addition of RSM in front of each firm’s name was a start, but it still meant RSM was out of step with



From left to right: **Mike Kirley**
(current Chairman of the RSM Board
(2018) and Chief Operating Officer,
McGladrey LLP) and Sabry Heikal

The ten years Sabry led RSM were significant and important in many ways. The work he started would be picked up and developed further by others. They were important foundations on which the modern RSM network has been built.

the other large networks, E&Y, PwC, Deloitte, KPMG, Grant Thornton and BDO that on the whole shared one brand name everywhere in the world.

Therefore, the step in 2001 to bring RSM into the names of member firms was an important one, but in hindsight it also underlined how firms considered themselves to be individual firms, rather than being part of one global unit.

Perhaps behind this sense of individuality was a genuine difference of opinion about what RSM stood for. McGladrey saw themselves serving mid-market clients. Salustro Reydel saw themselves serving listed and large corporate clients. Robson Rhodes were somewhere in the middle. So in a sense the individuality expressed through the brand was an accurate reflection of the views of the firms at that time.

However, that difference didn't prevent firms leveraging opportunity when it came knocking. Alberto Ribas worked closely with Edouard and introduced McGladrey & Pullen to Universal Studios following its purchase by one of their French clients, Vivendi, in 2004.

Although Sabry achieved many things during his time as CEO, he wished he had developed the brand more, "We

introduced the brand RSM, and we had 'look-and-feel' standards, which was very important. Before, if you had met five people from RSM, everyone would have given you a different business card. However, I wish we could have developed what is behind that 'look-and-feel' to the point where everyone agreed with it. We focused on the form, and there should have been equal focus on the substance behind the brand."

In 2004, Salustro Reydel made a significant decision to join KPMG. There had been a period of controversy and disagreement concerning Vivendi Universal, and when the partners decided to leave RSM, Edouard left the firm. The merger with KPMG was completed on 23 March 2005.

The gap RSM Salustro Reydel left was filled later in 2005 by five French firms coming together to form RSM France. They included CCI Conseils, SEGEC, SECNO, SECOVEC and RSA, which had been part of the RSA Partenaires network and had worked closely with RSM Salustro Reydel across France for many years.

It was also in 2005 that Sabry decided he would stand down as CEO. Steve Tait wanted Sabry to come back to the

US to become Chief Operating Officer of Emerging Businesses and Sabry, like Frank before him, had tired of having to spend so much time travelling internationally. The Board considered the way forward and asked Jean Stephens to take up the role of CEO, which she began on 1 January 2006.

The ten years Sabry led RSM were significant and important in many ways. The work he started would be picked up and developed further by others. They were important foundations on which the modern RSM network has been built.

The bedrock of RSM is quality, and this is the legacy of his term as CEO. He could be proud of many things. In his time, RSM replaced or added 35 firms. Fee income grew substantially and by the beginning of 2006 was US\$2.4b. RSM had offices in 72 countries, and the network member firms employed 23,000 people.

After living in the US for 32 years and then in London for 12 years, at the end of 2006, Sabry decided to return to Egypt in order to spend time with his grandchildren and to take position of Chair of RSM Egypt – The Advisors.

“The network doesn't work unless everyone works together. When we come up with something together it is so much more powerful. In the past it felt like we had been more reactive than proactive. I felt, as we moved forward, we needed to become more proactive, if we were to take advantage of the growing trend for companies to develop internationally.”

– Jean Stephens

The transition from Sabry to Jean as CEO was straightforward in many ways. She had been COO for ten years, and she had therefore played an integral role in the initiatives Sabry had started. She had also driven a number of initiatives herself, and therefore she not only knew the network, the network knew her.

For Hugh Aldous, the selection of Jean as the new CEO made sense and was a seminal moment in the RSM story. This was because she had played an important role transforming RSM, “Jean grew in vision and drive as the organisation grew. In fact, she became the driving force that grew the network, and turned it from a quality organisation into an organised business.”

The start of this transformation from quality organisation to a more organised international business was driven by Jean's recognition that however important quality was, if RSM was going to become even stronger it needed to also focus effort and resources in other areas as well.

As COO, she had been responsible for spearheading better internal communication, and had seen the results that could be achieved when members got behind the network and each other, “The network doesn't work unless everyone works together. When we come up with something

together it is so much more powerful. In the past it felt like we had been more reactive than proactive. I felt, as we moved forward, we needed to become more proactive, if we were to take advantage of the growing trend for companies to develop internationally.”

This insight led to the development of the Four Cornerstones during Jean's first year as CEO. The Four Cornerstones came to symbolise the next stage in the development of RSM's business strategy, as in addition to the long-standing focus on quality, which remained, it focused on three important new strands: brand, people and business development.

Quality would remain the focus, and was testimony to Sabry, as Jean explains, “It is very simple. If RSM didn't protect quality then nothing else would matter.”

The other parts would drive a whole range of initiatives that were important in their own right, but together created the platform for transformation.

The RSM brand already had a reputation for high quality, provided you were aware of the brand. However, as world markets developed it became increasingly important to drive awareness of RSM globally, as Jean explains, “It is important for everyone in RSM that we have a high-profile brand, because the more well known we become,

the easier it is for member firms to retain clients and win new ones.”

Recognising that RSM was a people business, at its core, was not driven from the perspective that member firms did not value their staff. It was driven from a perspective that RSM needed to forge deeper international relationships if it was going to become more successful at winning and delivering international assignments. Of course, at a senior level, past and present partners had valued and respected each other. The personal relationships they made over the years remain a powerful dynamic that still connects every member firm. However, in 2006 there had been little work or thought put into developing practical initiatives that would strengthen RSM's capabilities to deal with the internationalisation of business. This was to become a key driver in a number of initiatives that were developed in the coming years.

The final cornerstone, business development, was also very important to Jean, “Developing business is the lifeblood of every member firm. Individual firms have built their success on winning clients and assignments in their own markets. The RSM network itself has clearly grown in line with clients' demand, but the business development approach was not structured or defined. As international

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Valkhonden flitsen over tussentijd van bedrijven

Noodplan in de maak om bouw te redden



Wellink ziet groei voor Europa

Wellink ziet groei voor Europa

Shell en Unilever verrassen de markt

Shell en Unilever verrassen de markt

Bloomberg Businessweek



ão dará incentivo fiscal produção de fertilizantes

Banco prevê mais crédito a empresas

Text from Valor newspaper regarding fiscal incentives and bank credit.

O mercado se divide entre Serra e Dilma

O mercado se divide entre Serra e Dilma

'Grande salto' dispara investimento

'Grande salto' dispara investimento



EUROPEAN CEO

Putting the client first. Responsible for bringing together a collective of strong national accountancy firms, Jean Stephens believes that the success of the RSM International network hinges on the passion of its members and their trust to each other.



TIMES

The UK's visa policy risks scaring off visitors Michael Skaspinker, Page 15



referrals grew, so would the need for the network to develop more efficient and effective business development processes." This recognition evolved into the Connected for Growth programme.

As well as developing and refining strategy, no sooner had Jean taken the reins as CEO, when two significant events occurred.

The first was the splitting up of RSM Haarmann Hemmelrath in Germany. Haarmann Hemmelrath was unusual in that it had been created when an accountancy and law firm joined forces together. Its driving force had been international tax and it had a number of large German corporate clients,

receiving the call from the Managing Partner, David Maxwell, "I was at home when he phoned. He told me in a few days he would be calling me officially to inform me RSM Robson Rhodes was going to go in with GT. I was a new CEO, and obviously this was a big deal. I put the phone down and stared out of the window, and thought 'okay, it's business, so get on with it'. I communicated with the Board and we put together a robust plan so we knew how we were going to deal with this change, and find a new member."

In the years leading up to the decision to merge with Grant Thornton, RSM Robson Rhodes and RSM McGladrey had been in discussions about merging,

work, and in 2006 Robson Rhodes reported a loss of £3.8m. Therefore, once the merger discussions with RSM McGladrey fell through, Maxwell looked elsewhere, and Grant Thornton was an obvious choice. Chris Connor agrees it was a good decision at the time, "Getting the right sort of fit is vital, and if you leave everything else out of it, the fit of Robson Rhodes with Grant Thornton, in the UK, was a very good one."

Two of the biggest firms in RSM had left the network, with both events nearly coinciding with Jean succeeding Sabry as CEO. However, the work to strengthen and develop the network continued unabated. In terms of new members, RSM aims to have only one sizable firm in each country wherever possible, as Jean explains, "The success of any firm is its client base. So having big numbers but lots of small firms doesn't get RSM where it wants to be. RSM needs sizable firms in their own markets, to attract the right kind of clients and to have the depth of skills and capabilities to attract and retain an evermore internationally-active client base."

"My excellent relationship with Alexander and Wilhelm was very advantageous. They provided the network with remarkable international prestige."

including SAP. However, it wasn't to last, as Hugh Aldous recalls, "It was a superb experiment between lawyers and accountants. It came apart because they argued and had different perspectives."

Over the years Alexander Hemmelrath and Wilhelm Haarman had contributed significantly to RSM through participation on numerous boards and committees. They were also valued very highly by other member firms, as Alberto Ribas remembers, "My excellent relationship with Alexander and Wilhelm was very advantageous. They provided the network with remarkable international prestige."

The second major event, in 2007 was the announcement by RSM Robson Rhodes that they were merging with Grant Thornton. Jean remembers

The discussions had been led by Steve Tait, for RSM McGladrey, and David Maxwell, who was Managing Partner at RSM Robson Rhodes at that time.

Chris Connor was in favour of the merger, "It would have been a real sign to the market that the world was getting smaller, and there was an opportunity for us to be a truly international business; to be the same organisation, the same firm, on both sides of the Atlantic. It was fraught with all sorts of difficulties, naturally, but nevertheless it was an exciting possibility; and it was a reflection of what I felt being a truly international business was."

In the early 2000s, RSM Robson Rhodes had set on an ambitious path to grow revenue to £200m by expanding its consulting capabilities. The plan didn't

In 2006, new member firms joined from New Zealand, Malta, Jordan, Chile and the Netherlands. The following year they were joined by new members from Ukraine, Thailand and Spain. 2007 was also the year Bentley Jennison, from the UK, joined RSM, and filled the gap created by Robson Rhodes. Bentley Jennison would later merge with the Tenon Group to become RSM Tenon in 2009.

RSM Tenon was one of the first accountancy firms in the UK to be a PLC. It was listed on the Alternative Investment Market (AIM). It ran into financial difficulties and in August 2013 its shares were suspended and subsequently its trading subsidiaries were purchased by Baker Tilly LLP. In April 2014, they announced they were joining RSM.





"Instead of dealing with partners and directors who are owner managers of organisations you are dealing with a listed entity, which has third-party shareholders. They have issues around confidentiality of information because they are working in a listed company environment. Regardless of how close a relationship they might have with the network, they are under very strict rules that govern what they can and cannot discuss."

– Brian Eaton

Both Haarmann Hemmelrath and Salustro Reydel, who left the network before them, also had joint ventures in China. RSM Salustro Zhongui was a foreign-Chinese joint venture in auditing and consulting and had been working closely with a number of RSM firms across the region. Neil Hough, as Regional Leader for Asia Pacific, had worked particularly closely with François Bernard, who was Chairman of the Shanghai-based Salustro Reydel firm.

The changes that had taken place in Europe, and the speed of developments in China were, in François' opinion, a major challenge to the network, "Europe had changed dramatically after the disappearance of its original founders. The emergence of China as a major player, which was Chinese-oriented more than international-oriented, presented a challenge for the network."

Although the brand name had disappeared, the relationships with the China-based firms continued. In March 2008, Zhongrui Yuehua Certified Public Accountants, who at the time were China's fifth largest firm, joined the network and became RSM China.

They merged with Crowe Horwath China to form Ruihua China CPAs in 2012.

The Haarmann Hemmelrath split left a gap in the German market, which was filled when 11 significant firms were brought together to form RSM Germany in 2008. The combined fee income of the new group at that time was \$150m.

During this time of change, there was also a change in chairmanship of the RSM Board, when Kim Hutchinson, who was National Chairman of RSM Bird Cameron, took over the position in 2008. Kim remembers very clearly the strategic challenges facing the Board at the time, "We wanted to lift the international profile and to make the network more dominant in key markets. We thought that if we could achieve this, it would lead to further referral of client engagements, an increase in the exchange of intellectual capital and importantly to developing deeper personal relationships internationally."

In November 2011, McGladrey & Pullen purchased RSM McGladrey from H&R Block, and reunited both parts of the firm that had been separated back in 1999.

As well as a series of significant changes to the membership, RSM Tenon, like RSM McGladrey before them, created a different dynamic inside RSM.

Brian Eaton, who had been a member of the RSM International Board for a number of years, became Chairman in 2009. He remembers how having a member firm that was listed created a number of challenges, "Instead of dealing with partners and directors who are owner-managers of organisations you are dealing with a listed entity which has third-party shareholders. They have issues around confidentiality of information because they are working in a listed company environment. Regardless of how close a relationship they might have with the network, they are under very strict rules that govern what they can and cannot discuss."

Brian had been elected by the African member firms to the board, and was Managing Partner of RSM Betty & Dickson based in Johannesburg, South Africa. They had joined the RSM network in 2001, and in subsequent years the three other South African-based RSM member firms merged to form one South African national firm.

"We lost some major firms early in my tenure including Germany and the UK. These were big changes. The fact we stayed together and became stronger and more aligned is something we can all be proud of."

– Jean Stephens

Brian also initiated and led a project to update all the governance documents, so they better reflected the needs of the rapidly expanding network.

Although changes to the RSM network were important there were other events happening on the global stage, events that would dominate the world economy after the 2007 crash starting in the US. The sub-prime mortgage crisis triggered a banking crisis that drove the global economy into recession. Bear Stearns was the first major institution to fail in 2008, swiftly followed by Lehman Brothers and Washington Mutual. The financial fall out from these events was significant, and inevitably impacted annual revenues of member firms everywhere.

However, RSM performed well. Combined fee income grew 18.3% between 2007 and 2008, to \$3.62bn; which was driven, in part, by developments in Germany and China. In 2010, fee income would climb to \$3.9bn and remain relatively constant, despite the continuing difficult economic and trading conditions. By the end of 2014, global fee income would reach \$4.5bn.

The continuation of the development of RSM in many ways demonstrated how robust the organisation had become, as Jean explains, "We lost some major firms early in my tenure including Germany and the UK. These were big changes. The fact we stayed together and became stronger and more aligned is something we can all be proud of."

Underpinning, or perhaps explaining, this resilience were the Four Cornerstones. Sabry's focus had been very single minded in many respects and needed to be at the time, whereas Jean's strategy was significantly broader, and would lead to a number of important initiatives as the opportunities for international business changed.

Developing and promoting the RSM brand led to a new website, better external marketing materials, the development of social media platforms, the appointment of a PR agency in 2006 to ensure RSM's name appeared regularly in the press, investment in research to drive thought leadership, publications and events. It also led to the sponsorship of the European Business Awards in 2007, a relationship that was developed and

deepened over time and led to RSM becoming lead sponsor in 2013.

The importance of promoting the network was very clear to Jean, "We need to make RSM's reputation as strong as possible, so all our clients and prospective clients across the world recognise it for quality, expertise and global reach. It is a key priority for the network and all the member firms that we continue developing and promoting the network in the coming years."

Although brand awareness grew and the brand position was strengthened, the RSM brand remained unfinished business. Although the majority of firms used the RSM brand in their name, it was not used consistently across the world.

For Chris Connor, promoting RSM was hindered when firms used different names or by taking a different approach in using RSM branding, "Having a common appearance across the world is an indication you are an international organisation. There are some occasions in parts of the world you have to be careful; however, generally you should be known by the same name and brand."



Top photo: **RSM Academy Class of 2013**

"My first interaction and true understanding of the scale of the network came when I attended the RSM Academy. The programme contributes by boosting relationships among member firms at ground level. Managers were speaking directly to managers from different countries. Having met, communication was a lot easier, more fluid and prompt."

— Rakesh Pardasani





The Four Cornerstones led to focused efforts on people development. Initiatives introduced at this time include the RSM Academy and later the RSM ITAX Academy. New international training materials and webinars were produced. There was much greater focus on member-to-member secondment programmes, and other people development initiatives, including the establishment of RSM World Day in 2012, which is now a key event in the RSM calendar.

Some of the thinking that went into RSM Academy came from the work of Robert Coles, when he was an external consultant. He had been working with Jean to develop training and personal development programmes that would support the international focus of the

network. RSM Academy is an annual five-day programme that draws together 50 junior partners, directors and senior managers to participate in a challenging week of coaching and personal development activities that are centred around the core RSM proposition. As of 2018, over 500 people from firms all over the world, have been through the RSM Academy.

The experience of attending RSM Academy certainly made an impact on Rakesh Pardasani. He was then a manager at RSM Dahman in UAE, and subsequently became a partner in 2012. He attended the first RSM Academy in 2007, "My first interaction and true understanding of the scale of the network came when I attended the RSM Academy. The programme

contributes by boosting relations among member firms at ground level. Managers were speaking directly to managers from different countries. Having met, communication was a lot easier, more fluid and prompt."

The focus on business development led to the Connected for Growth programme, which was created in 2010, and led by a global team consisting initially of Keith Wallace in the US, Robert Coles in Europe and Neil Hough in Asia Pacific, with Brendan Quirk recently joining the team. This set out a process to engage member firms in winning international assignments, and provides tools and forms to standardise information gathering and pricing. It has also led to firms adopting more challenging annual



Keith Wallace



Neil Hough

"I'm proud to have been a part of the leadership and coaching team for RSM Academy since its formation, and I look forward to continuing to work with RSM's future leaders in the years to come."

– Robert Coles



Dr. Robert Coles





"The most significant change for me, that has occurred primarily within the last ten years, is the globalisation of the middle market. We cannot deliver great client service to the middle market unless we can deliver great global service too."

– Mike Kirley

business development and referral targets, a database of sales information and better referral tracking system.

Referred work has also grown significantly since 2004, reflecting the growing international needs of RSM clients as well as the ongoing strengthening and development of member firm and network-wide initiatives. Referred work is particularly important to Bob Dohrer, "The volume of referred work is a measure of the velocity of the network structure. People are starting to recognise that if you are serving a mid-sized privately-owned company today, that within a few years your client will have expanded operations or will be selling or purchasing outside of their country. We don't have to be involved in audits of the FTSE 350 companies to call ourselves transnational."

The opinion that servicing the international client was becoming increasingly important is also endorsed by Mike Kirley. He was appointed Chief Operating Officer and International Strategy Leader of McGladrey & Pullen

in October 2011. He was Chairman of the RSM Board in 2007/2008, and took up the post again in 2013, "The most significant change for me, that has occurred primarily within the last ten years, is the globalisation of the middle market. We cannot deliver great client service to the middle market unless we can deliver great global service too."

RSM structures also developed, and more resources have been invested in developing the geographic regions and service lines across the world. Neil Hough continues as Regional Leader in Asia Pacific. Whereas the role of Regional Leader role for Europe was part-time when Jean took over as CEO, when Paul Langhorn held the post, in 2010 it became full time, with Robert Coles being appointed, later succeeded by Anand Selvarajan in 2015 and Gregor Schmidt in 2018.

Regional Leader roles were also created in Africa and Middle East and in South America. Bob Burdett, who had previously led the International Service Office for RSM McGladrey was appointed the first Regional Leader for Latin

America in 2010. He was succeeded by Brendan Quirk in 2013. Clive Betty was appointed Regional Leader of the Africa region in 2011 and further support for the Middle East and North Africa came with the appointment of Bassam Dahman in 2011, both on a part-time basis.

The contribution of member firms to the Centres of Excellence was strengthened significantly during this period, and enhanced the international client service capabilities of the network through sharing expertise and knowledge in tax, risk advisory services, transaction services and IFRS.

All of these initiatives, and closer working relationships that endure across the world, explain why the challenges of membership and the economy have been faced and to a large extent overcome.

It is evident that members share a common purpose, which is to drive growth. Looking back over the years 2004–2013, Jean comments, "In recent years the entire network has been picking up the pace. We have grown considerably and I'm sure

“The close relationships that developed between the members of the RSM family globally and regionally makes RSM special.”

– John Heggie

we will continue to move faster still. We have the momentum, and I am confident this pace will continue.”

The transformation of the RSM organisation is by no means complete, but it is recognised by current and past member firms to have moved on substantially. Joel Cohen, who was Managing Partner at RSM Richter and a member of the RSM Board, thinks, “The sophistication of the network

and partners, as John Heggie, who was Executive Director /Deputy Chairman at RSM Bird Cameron describes, “The close relationships that developed between the members of the RSM family globally and regionally makes RSM special.

“This is what enabled the group to prosper through sometimes difficult and competitive times, but there was also something special about the people and their willingness to help and

Strong relationships are at the heart of RSM. When the EU Green paper debate on Competition and Choice began to attract media coverage in the UK and across Europe in 2011, Jean and three other CEOs from other networks issued a joint press release expressing views on the issues it raised. The story was printed in a French newspaper and read by Edouard Salustro, who was working with MBV in Paris. The article prompted him to invite Jean and Jean-Michel Picaud, the Chairman of RSM France, to meet him and Paul-Evariste Vaillant, the Managing Partner of MBV. This led to further discussions, and ultimately MBV became RSM Paris, and are now a leading member of RSM France.

As RSM approached its 50th anniversary in 2014, it was undoubtedly a stronger and more energised network than it ever had been. It had the potential to grow significantly in the future provided it kept moving forward. For Jean, at the time, the challenge was clear, “There are many signs that we have made progress, but we all need to keep focused on the activities and areas for improvement that will take RSM into the future.”

“The close relationships that developed between the members of the RSM family globally and regionally makes RSM special.”

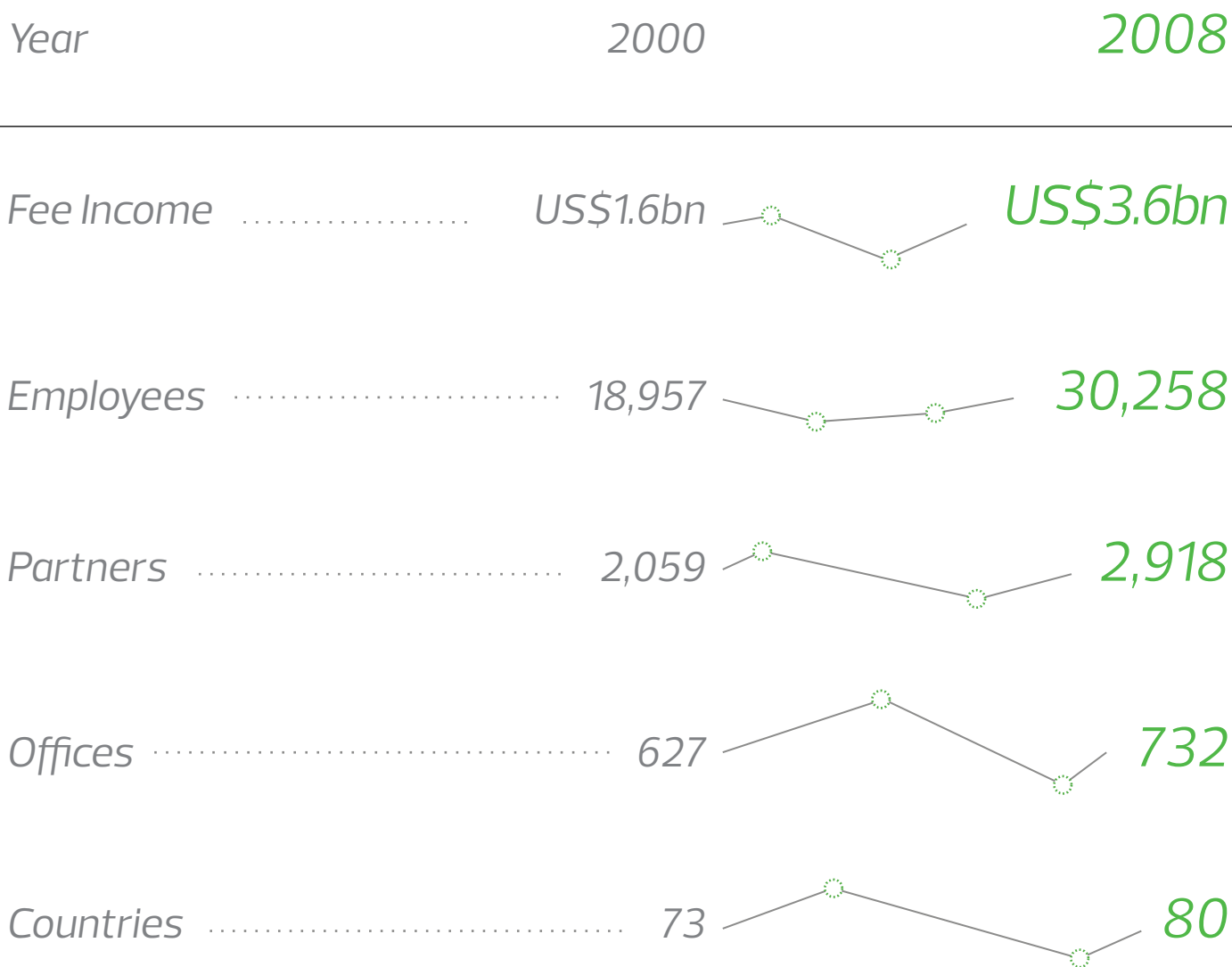
has advanced considerably resulting in it being able to attract bigger and better firms in each country.”

Although, the pace of change has accelerated, RSM retains one of its most important qualities, which is rooted in the mind-set and attitude of its members

support each other without looking to gain themselves. The other similar global networks did not share this benefit even though they often had greater resources to fund their projects. Ours were funded by the efforts and dedication of the group as a whole.”

"There are many signs that we have made progress, but we all need to keep focused on the activities and areas for improvement that will take RSM into the future."

– Jean Stephens







4



5



6



7

1

2014 – RSM Germany Partners

2

2013 – Special Recognition Awards winners

3

From left to right: 2008 – Dahman Awadh
Dahman, Fathi Abu Farah, Hazem Shahin

4

2014 – Athos Stylianou presenting at the
European Business Awards event

5

From left to right: 2014 – Laurence Longe,
Julian Caplin

6

2005 – Kim Hutchinson at Asia Pacific
Conference

7

2007 – Chio Kian Huat



Mike Kirley, Chairman
McGladrey, USA



Brian Eaton
RSM Betty & Dickson
South Africa



Guillermo Erhard
RSM Bogarin
Mexico



Wesley Figueira
RSM Brasil
Brazil



Kim Hutchinson
RSM Bird Cameron
Australia



Laurence Loope
Baker Tilly
UK



Jim Mulqueen
RSM Farrell Grant Sparks
Ireland



Warner Popkes
RSM Germany
Germany



Stefan Walter
RSM Exacta
Austria



Wong Poh Weng
RSM Nelson Wheeler
Hong Kong



Leon Yang
RSM China CPAs
China

Connect

A world leader in
services to amb

700 offices in over 90 countries
Global excellence in audit, tax
and advisory



RSM International
Transparency Report

The RSM brand ce

ted for Success

n providing audit, tax and advisory
ititious and growing companies



Connected for Success

Connected to you
Connected to our clients
Connected to each other



Globally Connected to You

the staff of RSM member firms









'04

Chris Connor becomes Chairman of the RSM Board, replacing François Bernard

'05

RSM Salustro Reydel joins KPMG · Sabry Heakal announces his return to the US, ending his ten-year CEO tenure

'06

Haarmann Hemmelrath announce break-up of firm · Jean Stephens is appointed CEO of RSM · First issue of *RSM Eye* is published globally

'07

Dave Scudder is appointed Managing Partner of McGladrey & Pullen · RSM Audihispana leaves RSM to join Grant Thornton · RSM Academy – an annual week-long residential development programme first held in Eindhoven · RSM Robson Rhodes merges with Grant Thornton · RSM Bentley Jennison joins the network as new UK member firm

'08

RSM China – fifth largest national firm joins RSM network · RSM Germany is formed · RSM Assurance Services Training and Continuing Professional Development Policies is created and released · RSM Policies and Guidelines for a Member Firm Inspection Programme is created and released · RSM Policies and Guidelines for the Global Inspection Programme is created and released · The Global Communications Team is formed and Global PR toolkit released · The first regional meeting for MENA · The Risk Advisory Services Centre of Excellence is set up with leadership in Europe, Asia and USA · The RSM webcast programme commences · Kim Hutchinson is appointed interim Chairman of the Board

'09

Brian Eaton is elected Chairman of RSM Board · RSM Connect, RSM's global intranet site for staff launches · RSM Paperless, an electronic audit tool based on CaseWare, is developed and released to member firms · TASEC members include Bob Dohrer, Philip Coleman, Simon Cubitt, Benjamin Nockemann and Stephen Wong

'10

Bob Burdett is appointed full-time Regional Leader for Latin America · RSM is ranked sixth largest global network by International Accounting Bulletin · Robert Coles is appointed Regional Leader for Europe · RSM launches new look and feel for brand and communications · The Internal Audit Guidance and Framework is released · The Referral Scorecard is created · The new RSM Communications Guidelines, including the RSM Logo are released

'11

Bassam Dahman is appointed part-time Regional Leader for MENA · Mike Kirley is appointed Chief Operating Officer and International Strategy Leader of McGladrey · Clive Betty is appointed part-time Regional Leader for Africa · RSM enters the EC Green Paper debate · The RSM European Football Tournament reinstated · The Global Relationship Tracker goes live · The RSM Brand Development Leadership Group is created · The RSM World Blog launches

'12

Bob Dohrer is appointed RSM Leader – Quality and Risk · RSM's new visual identity and global brand concept 'Connected for Success' launches · The Connected for Growth initiative begins · The first RSM World Day is held, over 70 member firms taking part · The Larger Firm group is established · The RSM Anti-bribery and corruption policies is released to member firms · The RSM App is developed and released · The RSM Special Recognition Awards are held for the first time · RSM begins social media campaign, posting first tweet

'13

Brendan Quirk is recruited as new Regional Leader for Latin America · Jean Stephens and Bob Dohrer are included on the IAB's *Global Accountancy Power 50* list · Mike Kirley is elected as new Chairman of RSM Board, other board members are Brian Eaton, Guillermo Erhard, Kim Hutchinson, Stefan Walter, Wong Poh Weng, Leon Yang, Wesley Figueira, Warner Popkes, Laurence Longe and Jim Mulqueen · Risk Advisory Services Charter and Operating Procedures updated · RSM becomes the lead sponsor of the European Business Awards · RSM World Conference becomes carbon neutral · The RSM ITAX Academy, a two-year programme designed to develop international tax expertise is introduced · Agreement at World Conference to hold the first African regional meeting in 2014

50th Anniversary Celebrations





50th ANNIVERSARY messages



Congratulations to the many friends and colleagues at RSM International on 50 years of growth, friendship and enjoyment around the world. RSM has shown great resilience and ambition stemming from its passionate leadership and high quality people. I am proud to have been a part of that.

David Maxwell

Congratulations on a 50 year journey to greatness. RSM is now a real force in Latin America, meeting the needs of clients and carrying the RSM banner through Mexico, Central America and the Caribbean, and South America. In every language of Latin America RSM means quality.

Bob Burdett



I will forever cherish my experiences with RSM. I wish all members could experience the excellent working relationships which I forged. I can only say thank you very much to all concerned and I wish RSM all the very best as it moves into the future.

Geoff Forder



I had the outright privilege of working with some of the finest colleagues across the globe in my role as EVP-International Service for McGladrey. I think back fondly on my time with Jean Stephens, Sabry Heakal, Neil Hough and David Maxwell as we worked together on the development of better global coverage for RSM, and the launching of Regional Centers of Excellence. Although we were serious about the global emergence of RSM, we had fun and could laugh and enjoy each other's company, a factor that I have always believed separates RSM from all the other firms. The thing I will remember most is the warmth and unselfish sacrifice that many of our members would make when you came to visit them or worked with them on tough international assignments. Congratulations RSM on 50 years! There is no doubt in my mind that the future only holds great success for all the member firms and fine people that make RSM what it is, the finest client-centered global service firm.

Pat Tabor

From 1998 to 2006 our firm was a member of RSM, participating in several committees and boards with its partners and sharing with excellent professionals the development of the organisation, among which are those who were members of the International Board of Directors in those years. No doubt this meant a quality leap with regards to the former international organisation of which we were members. On behalf of the partners of our firm and especially all those who were part of this organisation, I would like to express our most sincere congratulations on such a remarkable anniversary, wishing you a very successful future.

Alejandro Martínez



I'm delighted to offer my congratulations to RSM on reaching its 50 year milestone. I had some of the best and most rewarding moments in my professional career whilst working with RSM. There is something special about the organisation which has to do with professionalism, commitment to clients and a real sense of the importance of a global outlook on life. Ultimately though it's about the people and in that respect I have had the pleasure of working with some great professionals whilst also having a huge amount of fun and have developed lasting friendships which extend beyond simple working connections. Here's to the next 50 years!

Glyn Williams



2014

2015

2016

Canal Audit SARL
BENIN

SECCAPI
BURKINA FASO

SCG AUDITS
GHANA

MAT Audit and
Professional
Services
MYANMAR

RSM Panama
PANAMA

RSM Ashvir
UGANDA

Baker Tilly UK
UNITED KINGDOM

Masih Muhith Haque & Co.
Chartered Accountants
BANGLADESH

RSM Bel Audit Ltd
BELARUS

RSM Audit BH d.o.o.
BOSNIA AND
HERZEGOVINA

Leaders Business Advisers
S.A.S
COLOMBIA

Reyes Tacandong & Co
PHILIPPINES

T & D Associates
SRI LANKA

Ehso Audit LLC
TAJKISTAN

Ralph Bomment, Greenacre
& Reynolds Registered Public
Auditors
ZIMBABWE

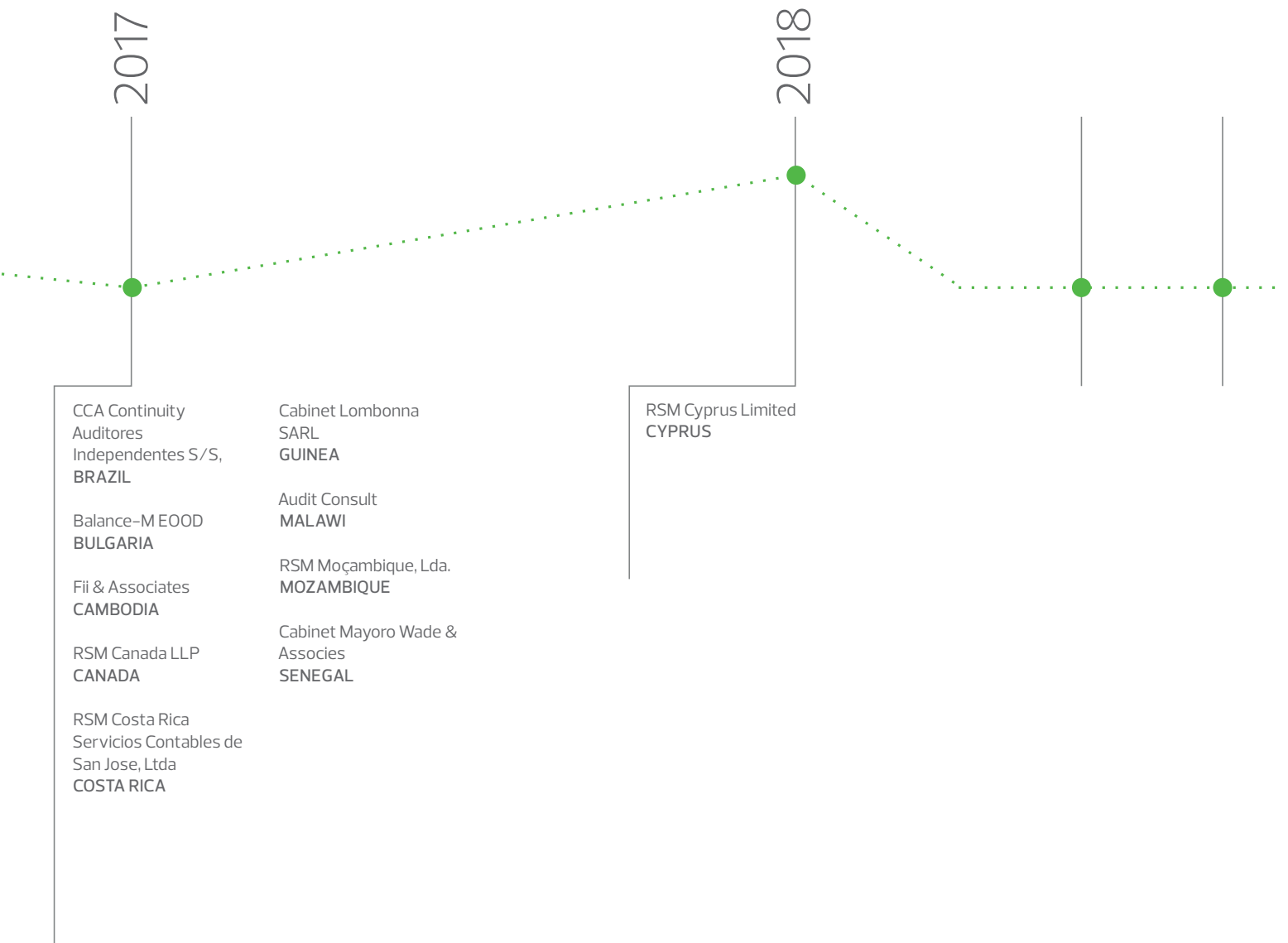
Benady Cohen Group
GIBRALTAR

Orellana Sanchez, Sazo &
Asociados, S.C.
GUATEMALA

Baker Tilly Ryan Glennon
IRELAND (REPUBLIC
OF)

RSM KOSOVO Sh.p.k.
KOSOVO

CMI Solutions
ZAMBIA



Chapter Four

2014 – 2018

THE BIRTH OF THE GLOBAL BRAND

Looking back at the years preceding 2014, it is difficult not to see them as preparation for addressing one of the most important development areas for the network – the creation of a single, unified global brand.

In many respects the building blocks had been put in place over the preceding years as the network evolved into a truly global organisation. There had been a clear determination to facilitate closer alignment across the member firms. There had been a deliberate emphasis from 2013 onwards on developing a more strategic plan which focused on alignment all around target markets, sectors, methods and processes. The work of the Inter-firm Agreements Group had made international business and referrals easier, and processes had been established to manage cross-border business development and there was now a global training programme to support international business delivery. All of these developments, coupled with increased globalisation, helped to pave the way for the decision to create a truly global brand.

The RSM brand had been updated numerous times over the years, and whether there should be a global brand had been debated several times. There were conflicting opinions not only over whether a global brand was the correct decision but also, even for those who agreed it was a good idea, there was

passionate disagreement as to what the global brand name should be.

There were a number of reasons why the global brand decision was contentious and therefore took a long time to happen. Some firms were still focused mainly on domestic markets; some partners thought changing to a global brand would undermine existing relationships with clients and therefore be detrimental to brand awareness and reputation built up over time in their local market; and some partners were naturally very emotionally attached to their local brand name.

Looking back to the nineties and noughties, the focus on the domestic market stemmed from the fact that the majority of fee income was earned in-country on national assignments. Although international cooperation and fee income from international assignments was growing, fee income from international work was a relatively small percentage of total fees. The importance of the local market simply meant that the global brand idea was not a top business priority for everyone.

It was also argued that changing the name was too big a risk. Member firms were established brands, with histories going back to the early and mid-20th century. Changing the name was clearly no trivial matter and, it was argued, put market awareness, reputation and business continuity at risk.

Perhaps one of the biggest obstacles was emotional attachment to the name above their door. Members were proud of their reputation and the name of their firm was often the name of the founders. Their firm name was testimony to entrepreneurial endeavour, energy and success.

The decision to use the name 'RSM' had been introduced in 1993 as a consequence of several events. Dunwoody (who represented the 'D' in DRM) had left the network to join BDO International. The 'R' for Robson Rhodes and the 'M' for McGladrey and Pullen were retained and the 'S' for Salustro Reydel was added, reflecting the growing status of the French firm. When the name 'RSM' was introduced it was also agreed that the network name would never be changed again, regardless of whether firms came and went. As a result, it was felt the 'RSM' name would come to signify a network founded on a common vision, set of values and approach which was fundamental to all members and not to just those with their letters in the name. This turned out to be a most critical decision as

both Salustro Reydel and Robson Rhodes also left some years later.

Kim Hutchinson recalls being strongly in favour of adopting a global brand from as early as 2007. As he explains, "We could talk about common procedures, marketing, culture, debits and credits and tax. We could talk about everything under the sun, but to the professional services world at large if we couldn't go to the market with one unified common brand, developing

RSM McGladrey in November 2011 and reunited both parts of the firm that had been separated in 1999, they dropped the 'RSM', and became McGladrey. Their decision had been driven by the desire to internally unite the US firm, but it had a significant impact on any move to a global brand.

A number of firms still fiercely retained their independence and their national sense of identity. Firms had a reputation in their own market that inspired

"I think that for a long time before the decision was taken people were feeling we needed a global brand, but we couldn't somehow get agreement because people knew that having a global brand meant giving up their local brand."

the business was always going to be stymied. From RSM Bird Cameron's perspective, we encouraged local firms around the world to add the acronym 'RSM' to their domestic names as a precursor to dropping the local name and growing up and being 'Big Boys' - that was always our view."

The 'RSM' name had been an early attempt at developing global brand cohesion. Over time, many member firms prefixed the name of their firm with 'RSM' to reflect their membership of the network, but not all. When McGladrey and Pullen purchased

confidence, which was fundamental to earning the trust of clients and attracting talent. Therefore, there was a strong emotional attachment to local brand names, and the idea of losing them was difficult, which was why some partners resisted change for so long. As Jean Stephens recalls, "I think that for a long time before the decision was taken people were feeling we needed a global brand, but we couldn't somehow get agreement because people knew that having a global brand meant giving up their local brand."



Richard Smith

"We finished our presentation and asked them if they had any questions. The first question was 'How do we know that we are going to get a common approach when you can't even agree on the same name?'"

– Richard Smith

A global brand did have some support from members of the RSM Board, mainly from Kim Hutchinson and Mike Kirley, who believed, alongside Jean Stephens, that a global brand was the right thing to do for the long-term stability and growth of the network and its member firms. Together, through their persistence and passion, they kept the issue alive, and as time went on the reasons for change became clearer and more compelling to everyone.

So, what changed? What happened in the run-up to the decision being made in October 2014 to become a global brand? There are a number of reasons why change was eventually accepted.

There had been a rising concern that the network might not be delivering on its full potential, as globalisation became increasingly entrenched in the world's business economy and clients began to expect – and demand – a seamless experience across territories. Research into brand awareness globally also showed the RSM name had greater brand awareness than might have been first thought, and that prospects were negative about the network naming structure.

International referral business was an important factor. Referral business had been growing year-on-year and, as a result, a greater number of partners were working on international assignments and coming together to pitch for work more frequently.

In practical terms pitch teams had to explain the global network to prospective clients. At the same time, they were talking about delivering a global solution as one team, they were giving out business cards with different names on, clearly signalling their independence. This was precisely the circumstances facing Richard Smith, Partner at RSM in the UK and member of the Global Risk and Consulting Committee, when he and an international team from the US and Germany pitched to a well-known auction house in London, "We finished our presentation and asked them if they had any questions. The first question was 'How do we know that we are going to get a common approach when you can't even agree on the same name?'"

RSM World Day







Rebecca Richards

"The research helped to show our internal audience that the RSM name was a significant global brand in its own right"

– Rebecca Richards

For many involved in pitching for international business, the network structure was becoming a big problem. And as Mike Kirley explains, it wasn't only the clients who saw and benefited from the confusion, "There's a great story about RSM waiting to pitch. We were competing with the big four firms. Deloitte were in the boardroom before us, so the RSM team waited for their turn outside. When Deloitte walked out, one of their partners turned to the RSM team and said: We got an hour, but you'll only get 45 minutes talking about your firm, because you'll spend the first 15 minutes trying to explain the naming architecture of your disjointed conglomeration."

That was true. RSM was behind the curve. Major global accountancy networks, including PwC, Deloitte, EY, Grant Thornton and BDO, had already made the move and were going to market as unified international brands and, as the Deloitte partner had pointed out, it wasn't benefiting RSM. Instead it was helping the competition.

Momentum was shifting across the network in favour of a global brand because clients were challenging the old network approach. But that

was only the first step. If there was a growing consensus for a global brand, the next task was to decide which brand name to choose.

More intense global marketing research in 2014 explored prospect, client and member firm sentiment in detail and, in particular, focused on measuring the strength of the RSM brand name versus local brand names in each territory. Rebecca Richards, Global Marketing and Brand Strategy Lead, explained, "The research helped to show our internal audience that the RSM name was a significant global brand in its own right, so any argument over local versus global became easier to take forwards – especially for the bigger firms with the larger international client bases. The prospect and client research was very clear. If potential clients were looking for a service provider to support them in several territories, they would look much more favourably on an organisation that presented itself under one brand. And the clients made it clear that now they knew us and were working with us, name was not important, it was the service delivery that would determine if they stayed with us, not the name."

“Although the RSM brand appeared as though it were many different firms, in reality member firms shared the same culture. They were aligned to the same strategy. All we had done was make it difficult for the world to recognise us as one organisation. The research concluded the network didn't need to change that much. What we had to do was to stop using different names.”

– Andy Bosman



Andy Bosman

The research had highlighted that RSM was unlikely to lose clients if they changed their name and importantly it also assessed the attitude of member firms to a global brand. It found member firms were closely aligned, as Andy Bosman, Chief Marketing Officer at RSM US (formerly McGladrey) explains, “The research was enlightening. Although the RSM brand appeared as though it were many different firms, in reality member firms shared the same culture. They were aligned to the same strategy. All we had done was make it difficult for the world to recognise us as one organisation. The research concluded the network didn't need to change that much. What we had to do was to stop using different names.”

The research emphatically supported the concept of a global brand, and it also helped to frame the conversation about replacing the local name and assuaged fears that moving to a global brand would cause substantive upheaval. It also helped the network as a whole to focus unemotionally on what was going to be in the best interests of everyone moving forward.

Perhaps the tipping point in choosing the global name came with the realisation for McGladrey that the RSM brand was key to them winning more international business, as Andy Bosman explains, “Not being a global brand was costing us money. We weren't winning. This was not because we weren't capable of doing the work. Not because we weren't credible. Ultimately, RSM appeared to be a disjointed group of firms, and that gave the impression to the client that the service they would receive might be also be disjointed.”

The time for debate was over, and when the RSM Board met at the RSM World Conference in Barcelona in October 2014 it decided RSM would be the global brand. The date to unify around the world was set for 26 October 2015.

THE EVOLUTION OF THE RSM LOGO



1989



1993



1998

RSM! International
global excellence in audit, tax & consulting

RSM! International

2002 – 2008



RSM
Audit • Tax • Advisory

2012



2015

"We had great feedback from staff, clients, competitors and from the market. But we were really just catching up. The brand will certainly help us to achieve faster growth and greater market recognition in the future."

– Jean Stephens

The brand launch on 26 October 2015 was marked with an extensive internal and external marketing communications programme of the size and depth not seen before by the global network. The central programme included advertising in eight major international airports – Washington, Chicago, New York, Miami, London, Singapore, Dubai and Hong Kong. This was augmented with media advertising in the Wall Street Journal, FT.com and Bloomberg Business and targeted marketing on other key global digital platforms and social media channels. Member firms also engaged in extensive marketing within their countries, including advertising, direct client and prospect marketing, PR and community engagement. Signage was changed across hundreds of offices globally. A new global website platform housing more than 90 country sites was launched and internally members of staff arrived to branded goods, posters, screensavers, cakes and celebrations. It was a milestone event for RSM.

For the first time, staff could look across the world in the knowledge their colleagues were all part of the same brand. As Jean Stephens explains, "Our team and the wider experts recommended we do a 'big-bang' launch, so we undertook a major enterprise-wide project so that we could achieve the changeover all on one day. We made the switch and we went from being a hundred different names around the world, to being one global brand. That had a big impact on our people, because they came in that morning and saw the new branding. Everything had changed and that changed everyone's awareness, and now they could say: Okay, we're part of this bigger world."

Rob Mander also saw a great reaction from staff, "Changing the brand made an enormous difference. Staff thought it was great to be part of a global group, and not just a national business. It made them see RSM as a business they really wanted to be part of."



Images from the internal launch campaign

"I was really pleased just how positively it was received by our team. There was a real sense of pride in being a member of a global network. More than half of our people are millennials or younger, and the idea of being associated with something global is more important to them than it was when the baby boomers first came on board."

– Mike Kirley

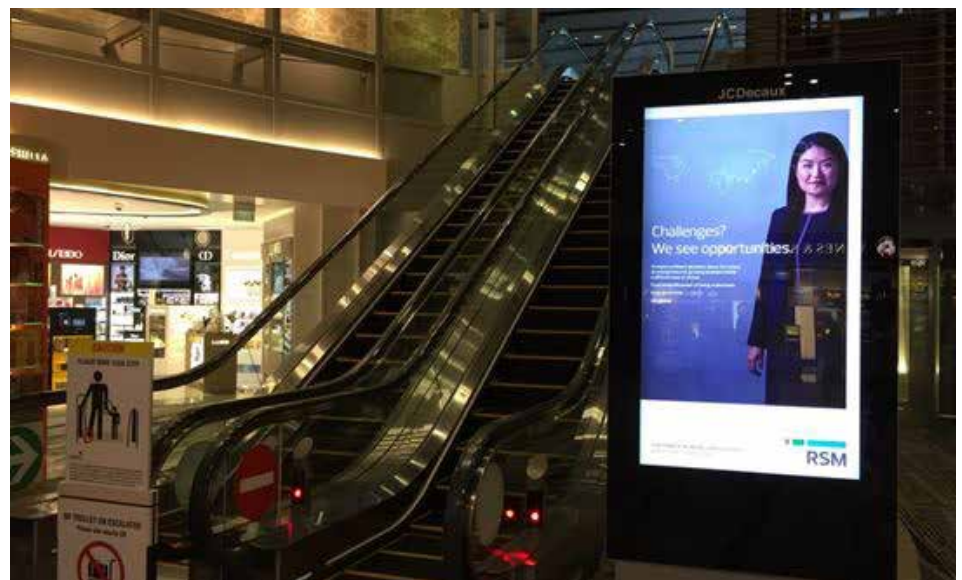
Mike Kirley agrees and thought the impact on staff had been, if anything, a little underestimated, "I was really pleased just how positively it was received by our team. There was a real sense of pride in being a member of a global network. More than half of our people are millennials or younger, and the idea of being associated with something global is more important to them than it was when the baby boomers first came on board."

Richard Smith, who had originally joined Bentley Jennison in 2006, had seen that firm become part of Tenon in 2010, then Baker Tilly in 2013 and RSM Baker Tilly in 2014. As well as seeing the global branding as a positive step forward, he also thought the change was important for other reasons, "Many staff had been through the whole transition from Bentley Jennison to RSM Baker Tilly. Imagine the uncertainty people felt. So, I think the brand change made them feel more comfortable and being part of a global brand was reassuring."

The response from clients was also very good. The change undoubtedly helped strengthen relationships as it underlined RSM's position as a leading global player in the professional services world. Of course, for existing clients core relationships hadn't changed. They continued to work with the same teams they had before.

For Jean Stephens, the real significance of the brand launch would be realised in future years, "We had great feedback from staff, clients, competitors and from the market. But we were really just catching up. The brand will certainly help us to achieve faster growth and greater market recognition in the future."

Advertising in Shanghai Airport









Gates 10-21 Gates 22-25



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People investors worry iPhone losing shine

ens Deutsche's Russia probe

involving US currency and a inquiry

and wealth arms league of errors "fat finger" slip-up

7:32am

Toyota dethrones VW as biggest car group

Fallout from emissions scandal not reflected in 9-month data

NEW

Companies still risk averse, says WPP

Executives focus on costs rather than investing, says ad group

6:44am

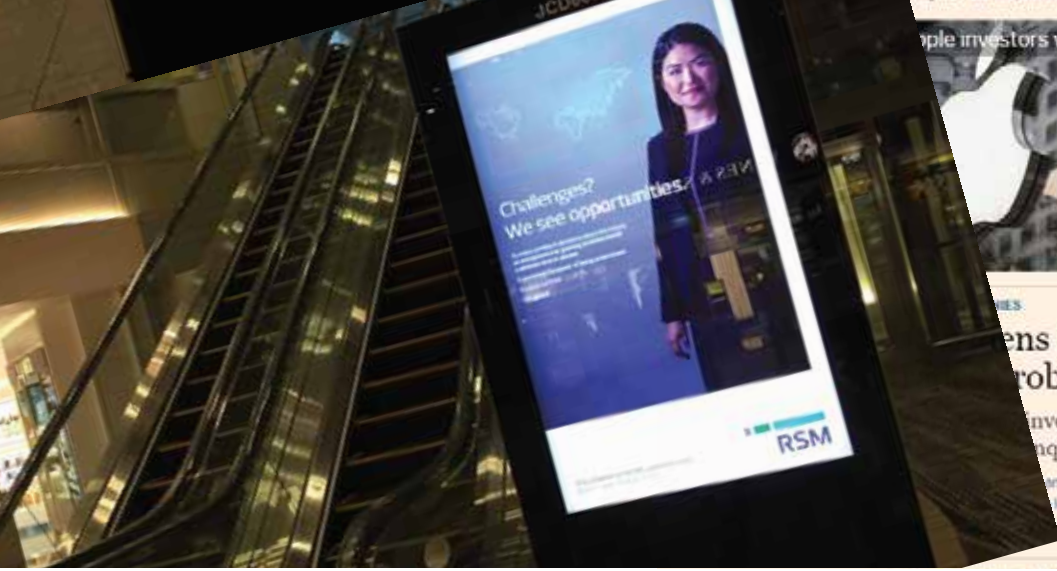
Cameron to step up fight against Brexit

PM wants to put pressure on the 'Leave' campaign over EU ties

7:12pm

Osborne 'in listening mode' on tax credits

Chancellor prepares measures to help 3m families facing losses








2017 IAB Network of the Year Award

In 2017, RSM won Network of the Year at The Accountant and International Accounting Bulletin Awards. This was the second Network of the Year Award having won it in 2014. Was changing the brand the reason RSM won this prestigious award twice in four years? Rebecca Richards is certain it made a difference and was justly deserved, "There is absolutely no doubt about it. The introduction of the global brand was a big step change. It made our competitors, clients and prospects and even our own people look at us differently. They realised, perhaps for the first time, our scale and credibility. We were now clearly viewed as a serious player in the market and a true challenger brand."

After years of passionate debate RSM had made the move to a global brand united across all its member firms. The transition was smooth and effective. The change was welcomed universally by member firms, staff, by clients and the wider industry too. Old fears and concerns were put to bed, and as Rob Mander remembers with a smile, reflecting on the feedback he received from clients in Australia and Asia, "Across the region the change to

a global brand was really well received. The only message I got, was why was it not done sooner?" Being a global brand is a fundamental change, not only because of fellowship with colleagues across the world or because of a sense of pride of being part of a successful global organisation. Being one global brand changes the way people think and act. It changes conversations and makes a whole range of things possible that seemed a challenge before.

Clearly the focus of member firms on their national market remains, but Rebecca Richards has seen a new level of energy and commitment between member firms and staff internationally since the global brand change, "We are now so much more outward-looking, and we have even stronger unity across the membership. International business is recognised as having a huge part to play in the future development of every member firm. This couldn't have been more clearly demonstrated than at the RSM World Conference in Berlin in October 2017. Firms were energised, and everyone was focused on driving international growth forward and supporting RSM globally."

Closer working relationships and a greater focus on international business is one of the reasons why global referrals (work between member firms) has increased. Since 2015, the value of referral work (outbound) has increased by 33%.

Following the global brand launch, many other international initiatives gathered momentum, such as the Global Audit Methodology project, which commenced in 2015, led by Bob Dohrer.

Standard setting has been a key part of the RSM story, going back to when Sabry Heakal had been the global CEO in the 90s. However, while audit standards always existed, over time the US firm had begun to veer away from the standards and policies that were applied by RSM firms elsewhere in the world, largely driven by regulatory demands from US authorities in response to the Enron scandal.

The project will be completed in 2019, with the roll out of a new global audit methodology and associated software tools, including a template for documenting audit work. This is a significant step forward for the network because it is the first time everyone everywhere in RSM will use the same audit methodology and software, which will benefit global clients through the use of common methods and processes. The audit template itself is proprietary to RSM. It has been designed to accommodate large and small audit requirements and will encourage auditors to use data analytics tools, to test all data, rather than rely on sampling.

The launch of a global brand also accelerated a more coordinated global approach to international tax, as Rob Mander explains, "We focus on key services, such as transfer pricing, GST and indirect tax. We share technology

The network strategy, since 2014, has been to position RSM as 'the adviser of choice to middle market leaders'. Marketing to this audience is inherently difficult because it is not the turnover of the company (which is relatively easily identified) that defines high-growth, dynamic businesses who need help expanding internationally.

The brand research not only helped RSM make the decision to switch to a global brand, it also informed the marketing approach. The research showed that there were opportunities in the market for RSM to own space not taken by competitors. It highlighted the network strengths against the competition and helped to cement RSM's global focus on the middle market.

In addition, the research showed that clients had a high level of frustration with the way accountancy firms were trying to apply an 'off-the-shelf' approach to solving their problems, and how they weren't spending enough time understanding their clients' business issues, as Andy Bosman explains, "The research found there was no other major firm dedicated to this market space. Rather than focusing on services and promoting formulaic solutions, it was clear we needed to be out in the market talking about the big issues of the day. Issues such as the fluctuations in the financial markets and barriers to trade, not in general terms, but in the context of what this means for a middle market business. By talking about relevant issues, we could demonstrate a level of understanding that no one else could, and at the same time build our credibility with this specific audience."

"It is obvious if we want to be true to the global brand, viewed as a strong player in the middle market, and follow RSM's global strategy, then we needed to get to a point where the same audit methodology was used by everyone. If you have a global audit client, wherever they are, everything should be the same."

A global brand is not just a name, it is also a statement in terms of customer service and quality, and that requires common working practices, as Bob Dohrer points out, "It is obvious if we want to be true to the global brand, viewed as a strong player in the middle market, and follow RSM's global strategy, then we needed to get to a point where the same audit methodology was used by everyone. If you have a global audit client, wherever they are, everything should be the same."

and marketing plans and discuss the various tax issues being raised by clients throughout the world, so everyone in the team advances their understanding and knowledge of client needs globally. This is a big move compared to the way things ran before. We've always had a culture of sharing information, but now we are putting structures and systems in place to make international tax part of what we do day-to-day."

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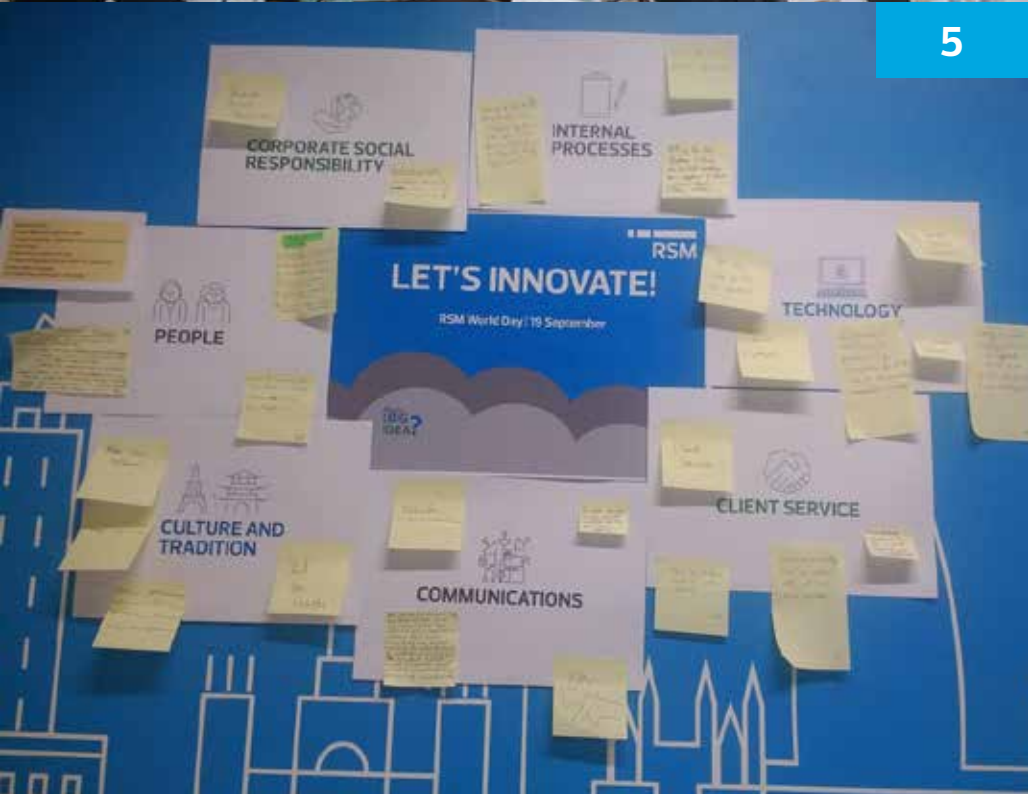


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| <p>1</p> <p>2017 – TASEC at the RSM Global Executive Office</p> | <p>3</p> <p>2017 – Latin America Regional Conference, Panama City, Panama</p> | <p>5</p> <p>2017 – RSM Ireland takes part in the RSM World Day innovation competition</p> |
| <p>2</p> <p>2017 – RSM UAE celebrates RSM World Day</p> | <p>4</p> <p>2015 – The Global Marketing and Communications Committee (GMCC) meets at the European Conference, Edinburgh, UK</p> | <p>6</p> <p>2017 – Don Lipari preparing to present the Power of Being Understood Awards at the RSM World Conference, Berlin, Germany</p> |

"It had been some time since we had a presence in Canada. When you look at the economy and the logical connection to the US, as well as Canada's trading relationships with China and the UK, the lack of presence in Canada wasn't reinforcing our global brand. RSM Canada has been is a significant accelerator for us and will help us to more fully service North American businesses involved in cross-border activity."

– Joe Adams

RSM's global strategy aims to recruit member firms who have a significant market share in a specific market, as Jean Stephens explains, "Our strategy is to have sizeable firms who are financially integrated practising entities serving the middle market space. We do not want networks within countries."

Since 2014, 35 firms (including correspondents) have joined the RSM network in every region of the world, which alongside organic growth has boosted global revenues to more than \$5.1bn in 2017, from \$4.9 in 2016, \$4.6bn in 2015, and \$4.4bn in 2014. Significant upward growth is expected to continue in the coming years.

There were three important additions in the network in recent years. Baker Tilly in the UK joined RSM at the beginning of 2014. In 2017, several firms in Germany merged, and in December of the same year, RSM Canada launched in Toronto.

RSM in Germany comprised eleven independent firms when it joined the network in 2011. Since then, there had been several unsuccessful attempts to convince them to join forces, until

2017, when several firms merged together to form RSM GmbH. As Jean Stephens explains, "We spent time talking to a number of firms, encouraged them to merge or to restructure as this was the best way they could

"We spent time talking to a number of firms, encouraged them to merge or to restructure as this was the best way they could achieve a strong market position."

achieve a strong market position."

The launch of RSM Canada was significant because there had been a gap in network coverage in the country, and it was a big boost to international business capabilities in North America, as Joe Adams, Managing Partner and CEO of RSM US LLP explains, "It

had been some time since we had a presence in Canada. When you look at the economy and the logical connection to the US, as well as Canada's trading relationships with China and the UK, the lack of presence in Canada wasn't reinforcing our global brand. RSM Canada is a significant accelerator for us and will help us to more fully service North American businesses involved in cross-border activity."

Continued expansion of the network, both geographically and also in respect of deepening the range of client services, remains an important priority, as Jean Stephens outlines, "We will see activity all over the world in the coming years. However, I think Latin America and North Africa and the Middle East particularly will be growth areas. These regions will see more inward investment as the economies grow and international businesses take advantage of the opportunities these emerging markets bring. Having a strong and sustainable presence for RSM in China is also a key focus as we move forward."



Joe Adams and Harry Blum launch interview (top) and on stage together (below)

Growing the network is not only important in terms of RSM's size and scale, it is fundamental to advising and serving the needs of middle-sized companies. If the network does not have a presence in a country or the necessary skills it is very hard to meet the clients' needs. As James Komninos, Partner in RSM Australia and member of the RSM Board, points out, "In a sense this is the bottom line. If one country can't provide the required services, it will limit the growth of the international group. It's clients who take you overseas. It's clients who make you grow. If you haven't got the skills, then you lose them."



Growth in the skill-base throughout RSM, in particular in the developing markets, will be a major challenge. Highly specialised skills develop naturally when there is local demand. If the demand is from foreign companies, then it is more likely there will be a shortage of skilled professionals in-country to support RSM clients as they expand overseas. Tackling this may require a different approach in terms of investment and development by the larger firms and RSM globally. Jean Stephens agrees the approach might need to change but thinks it will be driven by the network, "We have a clear strategy, and we know where we are going as a network. We have detailed discussions with member firms at each stage of our growth and operational planning. By working together we will achieve our objectives and everyone will benefit."

Audit, tax and outsourcing service lines accounted for 40%, 27% and 14% respectively in 2017. Tax, in particular tax advisory versus historical tax compliance services, is a strong growth area, as is consulting. This growth in consulting services is a trend across the network and reflects a decline in audit fee income as a share of the whole.

For Richard Smith, the change in brand and the focus on international business has made a big difference to risk assurance, "Cooperation across the network has improved beyond recognition. Risk assurance amounted to nearly \$9.5m of total global outbound referrals or 9% of total referrals in 2017. This is down to the network having a very outward facing perspective."

The shift from revenues being audit-dominated to one where income depends more heavily on consultancy and back office financial services, presents several challenges to the RSM network but is pertinent to

phishing skills. Bringing in specialists in areas like procurement, contract negotiation and project assurance, is also important to our future."

"We have a clear strategy, and we know where we are going as a network. We have detailed discussions with member firms at each stage of our growth and operational planning. By working together we will achieve our objectives and everyone will benefit."

all professional services networks. Audit fee income is guaranteed, and once appointed a firm would expect to retain an audit client for a number of years. Consulting may well be the result of strong and developed client relationships but is more project-based and therefore each project needs to be won, and firms need to keep on winning them. The challenge for back-office financial services is more likely to come from technology and newcomers to market, which may result in services being replaced by automation and prices being driven down.

For RSM, the growth in consultancy services has led to a significant increase in recruitment for specialist IT skills, as Richard Smith explains, "We've recruited very heavily in the IT technology space, for example people with an IT background with cyber security, penetration testing and

The growth in fee income is also driven by government. Initiatives such as GDPR create risks for businesses and opportunities for consultancy, as Richard Smith describes, "Change brings with it risk, which creates opportunity because it usually requires compliance. Also, working on compliance we are much less fettered by conflict rules than the external auditors are, so we can do many things for clients, which is a real positive."

There is also a need to remember the bigger picture, as Bob Dohrer points out, "We need to be careful. Some member firms have said we should focus more on providing back-office services, instead of audit. But these are low cost commoditised services, not value services. The problem then is whether such services can generate the revenues needed to appropriately invest in people, talent and skills."

“There is a big expectation gap between what the public think audit is, and what the profession thinks, and the gap has become worse not better in recent years due to a lack of confidence in audit protecting the public interest.”

– Bob Dohrer

Eddy Wymeersch, Chairman of the Public Interest Oversight Board, speaking to the IFAC Council meeting in Brussels in November 2017 said: “Standards for auditors – and for accountants more generally – create a public good. This is a regime on which everybody can be confident about the quality, the credibility and reliability of the financial statements they have certified as ‘fair and true’, as was the old expression. Without the confidence generated in the general public by solid accounting and auditing, in this case by a strong and well-functioning accounting profession, our economic systems cannot thrive.”



Bob Dohrer receiving an award of thanks for his contribution to the RSM Academy

The passion for both representing the public interest and supporting the accounting profession in its public interest role is clear in Mr Wymeersch’s speech. What he also says is that the notion of public interest is subjective, and this is at the heart of a problem that RSM and the wider profession have faced for many years and describe as the ‘expectation gap’. As Bob Dohrer explains, “There is a big expectation gap between what the public think audit is, and what the profession thinks, and the gap has become worse not better in recent years due to a lack of confidence in audit protecting the public interest.”

This analysis is hard to challenge in the wake of continuing corporate failures and scandals across the world. Ironically, it is Bob Dohrer’s view that the focus of the regulators to try and fix the underlying issues through better regulation may well have accentuated the problem, “Regulators have been active in trying to drive international standard setting. They have been very much more focused on weaknesses in audit standards that they see in their audit reviews. This is good at one level, but it has resulted in some turning inwards by the standard setters themselves. A lot of work and standard setting resources have gone into addressing technical issues that are not visible to the public at large.”

As recently as March 2018, the UK Financial Reporting Council demanded an enquiry into whether the big four accountancy firms should be broken

up, the thinking being that simply by separating audit from all other accountancy services would sharpen the vision of the auditors and result in better, more critical audits that also properly reflect the public interest. Whether this ever happens is a matter of debate, and were it to happen, it is difficult to see how it wouldn’t change the audit landscape for everyone. However, Bob Dohrer does not see this delivering better outcomes, “Splitting up accountancy firms into separate parts is not a good idea. Audit is the mainstay of the business and both consultancy and audit feed off each other. Although it is right to question independence, asking firms to divest of audit will only reduce the available pool of resources and put audit at risk.”

He believes the audit profession will start to address the expectation gap, “We have to realise that we may never get people to understand what we do. We serve a vital public interest and have a critical role in the global economy. We therefore need to address the perceptions by being better listeners, so we understand and can address appropriately our stakeholders’ needs and expectations.”

'14

RSM is recognised as Network of the Year at International Accounting Bulletin Awards · Dr. Warner Popkes, RSM Germany, is elected to the RSM Board · RSM celebrates its 50th Anniversary with activities throughout the year at all conferences · Global 250 initiative launches and the Regional Engagement Leader programme is developed · RSM International website undergoes a refresh and redesign · Significant brand research is undertaken including surveying of 1,949 clients and prospects across 18 countries · Inter-firm Agreement Group is established · RSM in Africa holds first regional conference in South Africa · Three-year project commences to reassess and develop a fully converged global audit methodology

'15

The Global Marketing and Communications Committee is formed · Anand Selvarajan is recruited as Regional Leader for Europe · Luc Toelen, RSM Belgium, is elected to the RSM Board · The five-year strategic plan is developed and distributed to member firms · West Africa sub-region of the MENA region is established · New RSM global brand and corporate positioning – The Power of Being Understood launches · New global website platform for member firms launches · The RSM Global Executive Office moves to a new location at 50 Cannon Street, London

'16

RSM global ranking moves up to number 6 · Phase one of RSM Brand Audit is undertaken · The Governance Committee, Risk Committee and Audit Committee are formed · Ten-year anniversary of the RSM Academy · The RSM Global Financial Services Leadership Team is developed · Global PR agency Hill & Knowlton Strategies is appointed · RSM World Conference held in Beijing

'17

RSM is recognised as Network of the Year at International Accounting Bulletin Awards · RSM Europe Financial Due Diligence Training in Eindhoven, Netherlands · Launch of the first Power of Being Understood Awards · RSM launches International Tax InfoMap · Bob Dohrer is reappointed for a second three-year term to the International Auditing and Assurance Standards Board · First meeting of the RSM European Inheritance Tax Group held in Dusseldorf · Mike Kirley is re-elected as Chairman of the RSM Board · Luc Toelen (Belgium) and Guillermo Erhard (Mexico) re-elected to the RSM Board · Laurence Long one-year term on RSM Board renewed · Inaugural RSM Leadership Meeting takes place for RSM's global leadership teams, committees and service/sector groups · RSM GmbH is formed in Germany

'18

Pilots of the RSM Global Audit Methodology are rolled out · RSM Link, the network's global intranet launches · The first RSM Global Tax Conference is held in Amsterdam, Netherlands · RSM partners with Business For Growth as 'content creation partner' · Brian Eaton (South Africa), Wong Poh Weng (Hong Kong) and Jorge Perez (Argentina) are re-elected to the international board · Stefan Walter (Austria) is elected to the RSM Board · Initiation and development of RSM Growth Platform project · Introduction of the RSM Global Client Experience and Satisfaction Survey · Gregor Schmidt is appointed as Regional Leader for Europe · Fast-track change programme is initiated · Review of the constitution of RSM International Limited and RSM International Association · Global Strategy – The Power of Focus – 2018–2022 is released



An RSM Academy award

RSM's strategy continues to evolve but is broadly speaking a continuation of the established approach: a focus on serving the leaders and entrepreneurs of middle-sized firms, driven by values that include: Respect, Integrity, Teamwork, Excellence, and Stewardship.

The description of Stewardship is: 'We make RSM a better place by developing our people, building our brand and supporting our colleagues and our communities.'

Although recently added to the strategy, the 'People' element has always been important, as Jean Stephens explains, "I think it was something we were always

conscious of, but it just wasn't called out. For many years, People has been one of the Four Cornerstones, which underpin everything we do. Adding it as a fixed element in our strategic plan has helped bring greater focus on our employees and helped frame discussions with member firms in terms of investment. We want RSM to be known as a strong employer brand with a reputation of being the greatest developer of its people. So now we are asking more questions about what this means. What does it mean to be a partner? What training should member firms provide? For RSM to be successful we must invest in our people

and moving forward we need to develop people in a more coordinated fashion."

The investment in developing skills and talent is clearly important for individuals and member firms, as research also points to there being significant returns for firms who invest in human resource management initiatives. A joint study by The Boston Consulting Group and the Federation of People Management Associations, who conducted detailed research in 2015, clearly showed how companies that invested in HR achieve better results in comparison to those whose HR functions were deemed inadequate.





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2018 – MENA Regional Conference, UAE

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2017 – The 'RSM Rap' at the RSM World Conference, Berlin, Germany

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2016 – The Power of Being Understood gift bags

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Catherine Corcoran, RSM Ireland, on an F1 driving simulator at the RSM World Conference, Berlin, Germany

5

2015 – RSM UK win the RSM European Football Tournament

6

2014 – Jean Stephens being filmed in Australia

7

2016 – from left to right: Annie Huang, Liang Xiang Yang ('Sonny'), Joe Fan



"In a sense this is the bottom line. If one country can't provide the required services, it will limit the growth of the international group. It's clients who take you overseas. It's clients who make you grow. If you haven't got the skills, then you lose them."

– James Komninos

Since 2017, focus on People within RSM has played out in various ways including the introduction of the Power of Being Understood Awards, the formation of the Innovation Committee and the theme of RSM World Day 2018 being 'Putting our people first'.

The emphasis on talent development is underlined by the goal that by 2022, RSM must be seen as 'an industry leader in people development'. It is as important in terms of future growth and financial performance as enhancing RSM's capabilities to service clients.

The focus on people is timely, as it is crucial RSM attracts and retains talented people with the right skills if it is going to continue to grow and develop, as James Komninos explains, "Finding the right people and training people in the best way is really important. We have a highly intellectual workforce. The nature of what we do is very privileged, and the way we do things will inevitably change, so our ability to get teams to think and respond dynamically to the changing services we will need to provide is a challenge we must tackle."

The business relationship with clients has already changed, according to Brian Eaton, and will continue to develop further in the coming years. This requires different skills to the stereotypical accountant, "The network was built on a model where we were focusing on services related to government and regulatory compliance, doing audits and tax and so on. Compliance is still required, and if anything, it has become more complex, but increasingly we're looking to address different business needs and complex business problems in a global economy.

The challenges our clients face go well beyond accounting and tax, and include harnessing new communications channels, how to access labour and trading markets, and how to run an international business more effectively by capturing, analysing and using data."

This dynamic has changed the approach to recruitment, as Bob Dohrer explains, "The focus used to be on recruiting graduates who had trained in accounting and finance. Now we look at many different disciplines, including advanced forms of data and analytics, plus visualisation, data science, political science and statistics."

"Finding the right people and training people in the best way is really important. We have a highly intellectual workforce. The nature of what we do is very privileged, and the way we do things will inevitably change, so our ability to get teams to think and respond dynamically to the changing services we will need to provide is a challenge we must tackle"

Mike Kirley experienced first-hand how people with different backgrounds can come up with very different solutions. He was in a meeting to discuss CPD (continued professional development), which was attended by staff with various experience levels. The contribution from one individual in attempting to solve the problem caught his eye, so after the meeting he introduced himself, as he recalls, "I told him how impressed I was that he had approached the problem so differently. I asked him about his university degree, which to my surprise turned out to be in video gaming. This underlines the fact that, if we are going to engage with new technology and innovation, such as big data, artificial intelligence and blockchain, we are going to need people with very different skills."

What makes upskilling very challenging is the speed of change. How does RSM respond to the pace of innovation? Which of the hot technologies that are being talked about are going to impact clients and the services RSM provides? Richard Smith recognises that problem in the UK, "It's not certain how the market will develop. For example, the NHS is talking about using blockchain to manage patient records, but the

way in which they intend to leverage these new technologies is still very much in discussion and, as such, it is unclear how we can support them."

For Jean Stephens, the pace of change is itself a challenge, "One of our biggest risks is not being able to move fast enough. The market is changing so radically and going through a major technological shift. We need to be able to react to new situations and anticipate client needs before they happen. We need to be continuously reinventing ourselves, so we stay relevant in the market place."

As well as the challenges from fast moving technology and a demand for different skills to meet client needs, the demographics of RSM are also changing. By 2020 it is predicated that 25% of the global workforce will be Millennials (born between 1981-1997) and 24% will be Gen Z (born after 1997), and this will feed through to RSM's workforce over time.

The Millennial generation is viewed as having different cultural values, ambitions and motivations, and RSM understands it will need to adapt and change as an organisation to suit their career aspirations. Inevitably, at least for



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RSM 27 September 2018
WORLD DAY
PUTTING OUR PEOPLE FIRST



Celebrating being part of
RSM's global community.

#IAMRSM
#RSMWORLDDAY



"I don't think there is any doubt that Millennials will not want to work the way their parents worked in the past. There are some very talented young people who will expect to be involved in the business much earlier in their careers."

– James Komninos

James Komninos, it is clear the younger generation will take a different path, "I don't think there is any doubt that Millennials will not want to work the way their parents worked in the past. There are some very talented young people who will expect to be involved in the business much earlier in their careers."

Mike Kirley agrees, "I think the younger generation also have an expectation that they're going to be involved in some sort of international capacity. In 2014 we held a meeting for about 600 people who had recently joined the firm. I asked them how many had expectations that they were going to be involved in global business. Around two thirds raised their hands. I remember thinking it was staggering that the majority expected to work globally, even though their current work was predominantly US-focused."

This change in attitude and expectation may also be amplified by the growth in consulting. The conventional partnership, which had been built around audit, was based on a relatively long career progression, with people moving steadily up the organisation to partner status. If that didn't work out, then people would often leave. In a sense that steady approach matched

the way income was generated, given audit assignments were long term.

The world of consultancy could not be more different. Work is much more unpredictable. As new technological innovations become mainstream RSM is looking at how they can continue to diversify so they have the skills and expertise to service changing client needs. RSM is already aware that the conventional partner model may be disrupted. Jean Stephens comments, "Not everyone comes in to the profession saying they want to be a partner by 30, or that partnership is their whole ambition in life, as it certainly was for my generation. I don't think this is the case any longer – people want different things now."

James Komninos believes the partnership model will evolve to attract the younger generations, "The partnership model has limitations, but having a proprietary interest in the client, and a profit focus will remain critical. The network somehow retains a cultural passion that outweighs that of any company in the corporate world and that will remain a draw to the next generation even though they approach work differently."

To achieve its goals and meet some of the challenges outlined, RSM has updated its short- to medium-term strategy. 'The Power of Focus' puts forward strategies for people development, common methods and procedures, sector and market targeting, accelerated growth and service line evolution which will drive RSM beyond 2022. The output from 'The Power of Focus' will equip and energise the network to achieve its goals. However, the network is pushing member firms to think much longer term, to look 10-15 years ahead and consider the skills and dynamic workforce RSM will need to successfully compete in a world that will have inevitably been transformed by the exponential rise in new technologies.

Pushing boundaries and internal thinking is both ambitious and challenging. This is why the RSM World Conference in Toronto, in November 2018, is entitled 'Tomorrow's RSM.' The conference will bring together partners from member firms around the world to meet, discuss and plan how to take the network forward. As Jean Stephens explains, "Together at this conference, we will explore how we can plan a resilient and bright future for RSM by embracing new methods, deepening

The future



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STRUCTURE AND GOVERNANCE THAT ENABLES AMBITIOUS DYNAMIC NETWORK GROWTH

To capture the advent of strong service middle market and smart business-to-business, it is through building close relationships across the different stakeholders that we will better understand and how to innovate with regard to how we work together. At the heart of this success is strong management, infrastructure and governance.

As an early forward thinking organization, the effectiveness of all three of these areas is constantly under review and innovation. Each element of the structure has a critical role to play in the successful strategy of our dynamic network.

As an organization we seek to contribute to the growth and development of our member's Our global strategy focuses on making the right investments for RSM members to

- Develop a major line of profitable interest
- Create a strong network of client base of large, smart, sophisticated, internationally dynamic organizations
- Play their part including in migration and control good to end to protect the value and behaviour pattern for globalized positioning. **The Power of Being Understood**
- Go to market in various countries of dynamic, flexible
- Market, develop and retain quality partners
- Continued to attract service quality



However demanding the future seems, RSM is optimistic. There is real sense of awareness of the challenges likely to be faced, as well as acknowledgement that the work already put in has put RSM in a good place. The creation of the Larger Firm group in 2012 led to an increased momentum to develop strategies for the future. Following this, sub-committees were created that would focus on specific areas including Target Markets, Target Sectors and Shared Methods and Processes – these three elements remain part of the global strategy to 2022.

Another important focus is on business development and having an effective platform including processes and tools that member firms can use to target and win more global clients. Global leadership committees for Risk Advisory and Tax have also been more formally structured, driving forward the two service lines respectively. These are all important initiatives because they bring members together to develop new strategies, processes and plans that will benefit everybody in the future.

"The Power of Being Understood encapsulates our three distinguishing brand beliefs: understanding, collaboration, and ideas and insight. These tenets guide us in our decisions, behaviours and values, internally as well as externally, and underpin everything we do. If we continue to truly deliver on this brand promise, we will stay strong."

– Rebecca Richards

In many ways these initiatives share a common thread, because they are all designed to help members maximise their investment in RSM, and this focus and drive is one of the reasons why Jean Stephens is so optimistic about the future, "Members have a very proactive approach. Our strong global brand is positioning us as the provider of choice in our chosen markets. We are talking more than ever about our international capabilities, and if we can leverage all of the great work that has been done over many years I see no reason

why we cannot grow substantially in the next ten years – and beyond."

For Rebecca Richards, the global brand positioning statement will continue to be a key differentiator, "The Power of Being Understood encapsulates our three distinguishing brand beliefs: understanding, collaboration, and ideas and insight. These tenets guide us in our decisions, behaviours and values, internally as well as externally, and underpin everything we do. If we continue to truly deliver on this brand promise, we will stay strong."

Andy Bosman agrees and adds that the focus on developing deep sector knowledge is crucial to future success, "We need to have a deeper understanding of specific industries. We need to move from being technical experts to industry experts and in so doing provide a deeper level of insight into the issues that our clients are likely to face."

The responsibility for growth is a shared one encapsulating all partners and member firms as Joe Adams point out, "The introduction of



The RSM Classic



THE POWER OF BEING UNDERSTOOD

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the global brand was a galvanising force that united the network and enabled partners around the world to drive their own firms forward, congruent with the global strategy."

Brian Eaton is confident RSM will grow stronger and more successful in the future, "RSM is well positioned to continue to grow and develop. It comes down to the nature of the people in the organisation and the energy they have for the collective growth of the network. As a network we have to think very carefully about how we innovate and deliver services to our clients and listen to what our clients tell us they are

looking for. We need to make sure we have the right services to help them to achieve their goals." Mike Kirley agrees with Brian, and as current Chairman of the RSM Board he is responsible for overseeing the board's agreed approach to the network's strategy. Many of the initiatives led by previous and current CEOs, Frank, Sabry and Jean are now paying dividends and we are in a very strong position, "In the next ten years we should sharpen our focus on the things that matter most, increase the resources we devote to serving the global marketplace and solidify our strong market position."

As of October 2018 (at time of publication of this book), RSM is present in 117 countries, its member firms employ 43,400 people and has a total fee income of \$5.1bn. Many challenges have been overcome over the years. These results show that the commitment, leadership and support of member firms and individuals were well worth the effort. Through hard work and commitment of its people, it has become a network with a strong international reputation, which attracts, in ever-increasing numbers, new members and new internationally-minded clients.

RSM's history also poses questions about what might have been. In its earlier years, when the accountancy profession was coalescing into eight firms (which eventually reduced to four), LHBD, LRRD and DRM made important decisions that determined the future of the network. The larger firms at this time were not ready or prepared to leverage their collective strengths and follow the merger and acquisition path with each other, and instead chose to leave the network.

"In the next ten years we should sharpen our focus on the things that matter most, increase the resources we devote to serving the global marketplace and solidify our strong market position."



Year	2014	2018
Fee Income	US\$4.5bn	US\$5.1bn
Employees	37,400	43,400
Partners	3,276	3,746
Offices	734	813
Countries	112	117

The journey continues

J.K. Lasser, Harmood Banner, Dunwoody, Robson Rhodes, and Salustro Reydel gave their name to the network at different times. However, eventually each of them decided, each for different reasons, to go into other networks. Who knows where RSM would be today had the leaders of those firms, at those crucial moments, chosen a different path.

The future of RSM is in the hands of its current members. Few, if any, doubt that RSM has the capability to grow significantly in the future. In many respects the last 35 years have been about maturing RSM as an organisation, making it more resilient to the bumps and bruises that networks inevitably face. Now, it has solid foundations and a powerful global brand on which to build greater success.

“RSM is a network of people who know where they want to go. There will always be things to do. There will always be new challenges to overcome, but I believe we have a passion and energy for success that is truly unrivalled.”

World events and digital disruption will make the coming years unpredictable and challenging. However demanding the future may seem, RSM is energised, open to change and excited about the road ahead. As Jean Stephens comments, “RSM is a network of people who know where they want to go. There will always be things to do. There will always be new challenges to overcome, but I believe we have a passion and energy for success that is truly unrivalled.”

About RSM International

RSM is the sixth largest network of independent audit, tax and consulting firms, encompassing nearly 120 countries, 800 offices and more than 43,000 people internationally. The network's total fee income is US\$5.1 billion.

As an integrated team, we share skills, insight and resources, as well as a client-centric approach that's based on a deep understanding of our clients' businesses. This is how we empower them to move forward with confidence and realise their full potential.

RSM is a member of the Forum of Firms, with the shared objective to promote consistent and high-quality standards of financial and auditing practices worldwide.

Member firms are driven by a common vision of providing high quality professional services, both in their domestic markets and in serving the international professional service needs of their client base.

For more information, visit rsm.global, like RSM on Facebook, follow RSM on Twitter and/or connect with RSM on LinkedIn.

www.rsm.global

About the Author

Tony Treacy is a marketer, entrepreneur, photographer and writer. He has worked in a marketing capacity for Publicis, DuPont and Mazars, and set up Pitch Factory in London and New York in 2013.

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Contributors

Thank you to the following contributors for taking the time to help tell the RSM story.
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Dave Scudder

Richard Smith

Jean Stephens

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Katy Triggs

Glyn Williams

Wong Poh Weng

In Memoriam

To those who are sadly no longer with us, we would like to remember our friends and colleagues who worked passionately and tirelessly to contribute to the success of RSM.

