

# Introduction to Moore Stephens International Network

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# Introduction

- Big changes in the market e.g. audit thresholds rising, consolidation
- To attract bigger clients, firms need to be bigger and stronger, with international capability & credentials
- Need to be part of a bigger network

# International facts & figures 2006

	Fee income US\$ millions	Countries	Offices	Personnel
N America	772.2	8	144	5,934
Europe	601.8	44	302	6,275
Asia Pacific	50.7	14	73	2,572
Latin America	20.6	15	34	1,061
Australasia	69.3	2	13	917
Middle East	17.1	9	21	401
South Africa	12	1	6	339
Total	1543.7	93	593	17,499

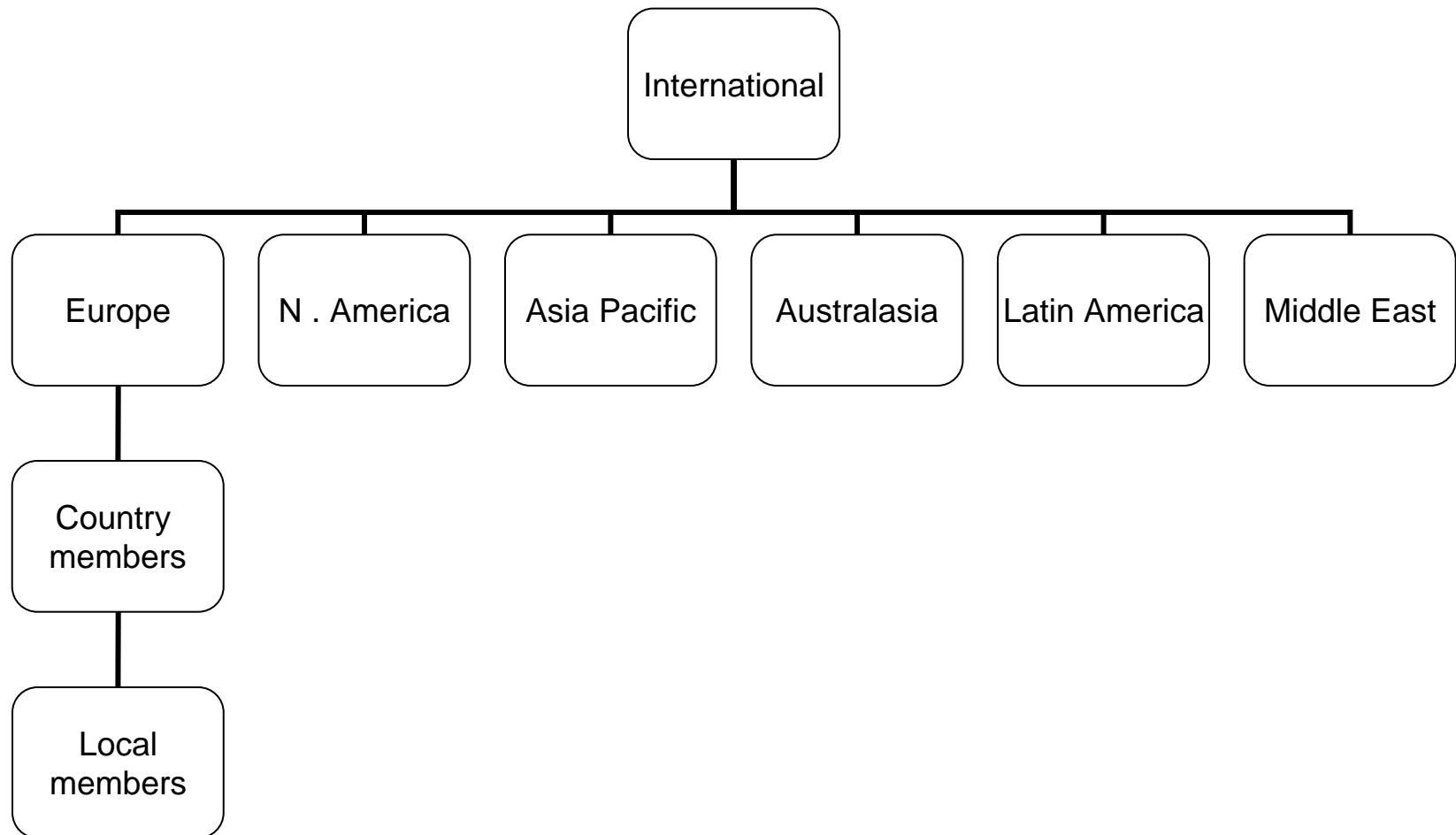
# Rankings (IAB Surveys)

- International Network – 11<sup>th</sup> in 2006
- European network – 13<sup>th</sup> in 2006
- USA network – 12<sup>th</sup> in 2007
- Latin America – no survey data
- Asia Pacific - 13<sup>th</sup> in 2006
- Australia – 12<sup>th</sup> in 2006

# European rankings (IAB Surveys)

- UK – 12<sup>th</sup> in 2006
- Germany – 13<sup>th</sup> in 2006
- Netherlands – 7<sup>th</sup> in 2006
- Italy – 9<sup>th</sup> in 2006
- Austria – 7<sup>th</sup> in 2007 (local data not IAB)
- France – 19<sup>th</sup> in 2006
- Nordic region – 10<sup>th</sup> in 2007
- Central & Eastern Europe – 13<sup>th</sup> in 2007

# International Network Structure



# External factors impacting Moore Stephens

- IFAC “network” definition and EU Statutory Audit Directive emphasise consistent quality, transparency, way of operating
- Independence rules require networks to manage client conflicts
- Consolidation of networks at national and regional level to gain competitive edge
- New opportunities for mid-tier firms through:
  - extending audit choice
  - review of liability regimes
- Focus is on helping firms to converge around common approaches, quality standards, audit software, proposal writing, training (also by e-learning)
- Decision made by Moore Stephens: we want to be a network in the regulatory sense

# International network vision

- Size is important but quality is essential (i.e. size to build quality)
- Strong mid-tier international network able to deliver quality service across the world to expanding international clients
- Increase size and strength by having strong firms in major centres, branded Moore Stephens, able to deliver a full range of services
- Recruit firms in secondary locations where this is important, not necessarily full-service firms
- Establish stronger inter-firm co-operation at country level by national umbrellas
- Target is to become one of the 10 strongest networks (based on substance, not just numbers)



# Regional strategy

- In support of the International Network Vision, European strategy is called “Growing to Win”
- Focus is on developing strong coverage, breadth and depth of service range, quality of service delivery in each European country
- Implementation of this at country level is via National Umbrellas
- Encouraging firms in each country to work together to build:
  - full service capability
  - inter-office quality control and audit approach
  - ways to help firms grow
  - recruitment in new locations as necessary
  - expertise in key sectors
- Target is to become one of the 10 strongest European networks

# Achieving National strength

- Country umbrellas responsible for implementing European strategy
- National Umbrellas each have a development plan
- European Executive Committee monitors country development and focuses efforts on key places needing support
- European Executive Director visits the priority countries to assist them with achieving their development goals
- Balance of central development effort divided between strengthening the big countries (80% of European network size) and developing the new EU countries
- Some countries have national Executive staff to lead their network development

# Advantages being a network

## Ensure your clients are well looked after

- Long-standing, close knit network in 93 countries
- Network firms know each other and do business together for mutual clients
- Moore Stephens is well known mid-tier name
- Moore Stephens name used by firms
  - either as Moore Stephens
  - or as Moore Stephens + local name

## Ensure your clients are well looked after

- Many firms working together for years
- Best fit:
  - combination of local and international expertise
  - goodwill and understanding between firms
  - proximity to clients

# Audit quality assurance

- Firms all quality controlled by Moore Stephens
  - when they join
  - every 3 years
- Professional standards training at network level
- International intranet and ISA methodology
- IFAC Forum of Firms provisional member

## Give/receive typical international assistance

- Setting up an operation overseas
- Specialist international tax advice
- IPO work
- Access to other independent professionals – lawyers, insurance etc.



- Seamless financial advice

# Value to clients

- One point of contact: Pan-national assignments co-ordinated by one member firm on behalf of Moore Stephens in different countries
- Moore Stephens quality standards
- Partner-led approach provides more specialist input than a Big 4 solution
- Compete on price with Big 4
- Fast response



# Membership benefits for a firm

- Expansive:
  - Target sectors and clients previously unavailable
  - Target larger clients and become more specialist
  - Market credibility for businesses with international interests
  - Market services to other member firms
  - Attract good staff through stronger international credentials
- Defensive:
  - No need for your clients to look elsewhere for international support
  - Client retention through a wider range of services and industry sectors

# Indirect market benefits

- Common branding helps ensure a consistent message
- Toolkit for proposal writing to help firms to write winning proposals
- Sector experience from within the network helps Member Firms develop their expertise and enter new markets
- No referral fees keeps costs down - unlike some other networks
- Technical and marketing support and advice

# Network services to Member Firms

- Assistance with business development and referrals
  - we put you in contact with the right people
- Branding support helps your firm to create an international image
- Conferences at international, regional and national levels let partners meet peers, exchange experiences and develop new ideas
- Training workshops in technical and commercial subjects (e.g. proposal writing, marketing)
- Comprehensive intranet of technical and non-tech info

## Network services to Member Firms

- Secondments help firms develop their people
- Professional Standards reviews provide firms and their clients with assurance on audit quality
- MSIL website and international directory mean client prospects can contact firms direct
- Firms can have their enquiries transmitted internationally by e-mail

## Who to contact

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