

NETWORKING AND MERGER

CAPACITY BUILDING

Professional Development

IMPLEMENTATION ISSUES

Vinod Jain

FCA, FCS, FICWA, LLB, DISA

Council Member ICAI

Mobile No : 98110 40004

E-mail : vinodjain@inmacsindia.com

Capacity Building

```
graph TD; A[Capacity Building] --> B[Merger]; A --> C[Networking]; A --> D[Corporatization]; A --> E[Other initiative];
```

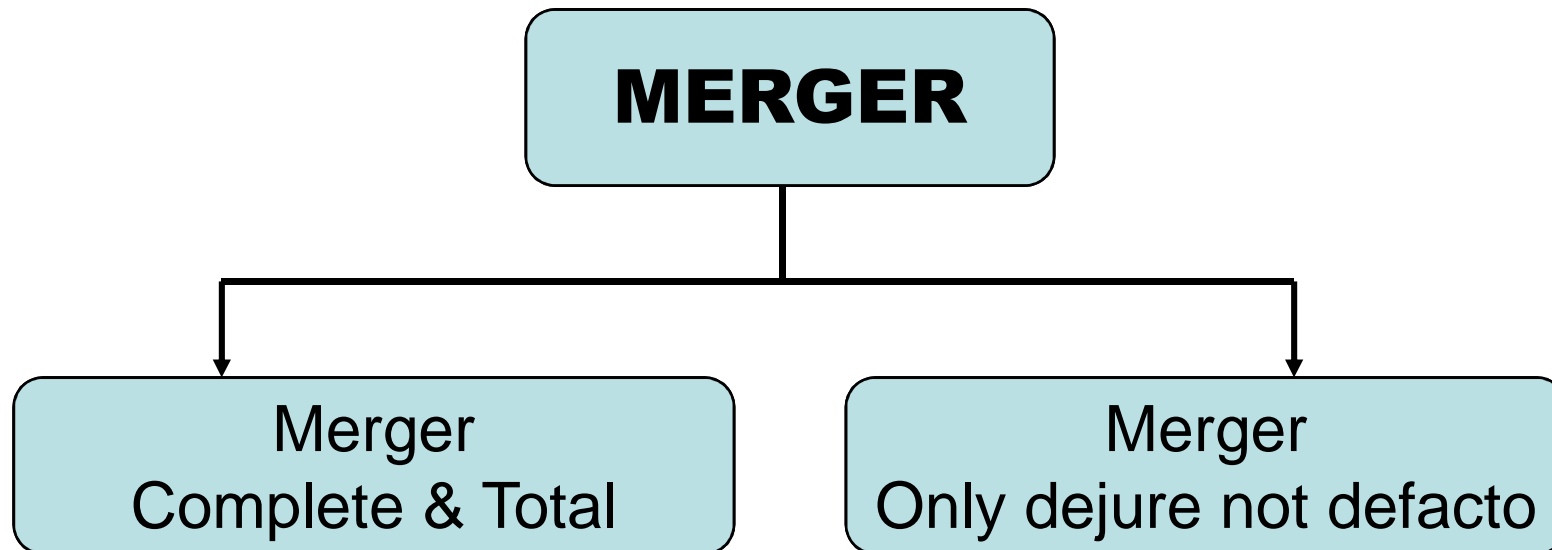
Merger

Networking

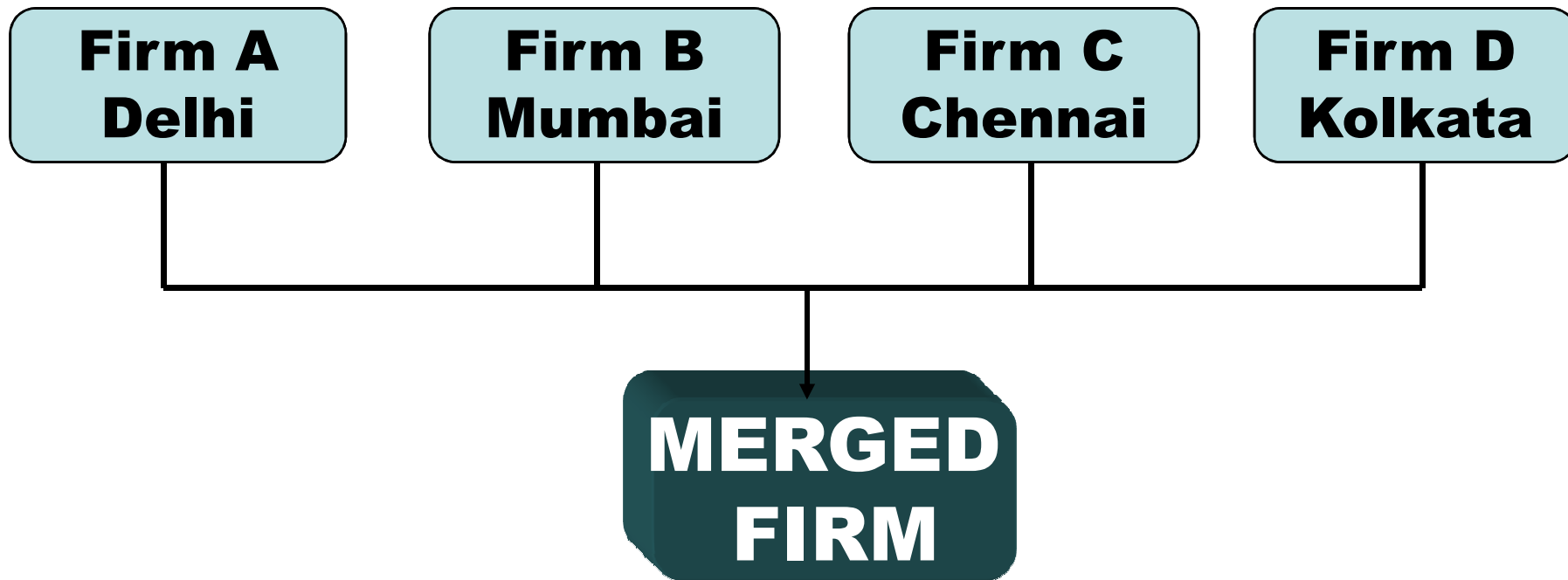
Corporatization

Other initiative

MODEL SELECTION



MERGER – Complete & Total



Defacto Merger

Common Management

Common Accounts (with separate profit centers/locational/SBU wise)

Same brand

Existing firms to dissolve & amalgamate in new firm

Certain firms may retain their separate de jure entity

MERGER – de jure

**Firm A
Karol Bagh**

**Firm B
Darya Ganj**

**Firm C
Nehru Palce**

**Firm D
Laxmi Nagar**

**MERGED
FIRM**

Single Entity

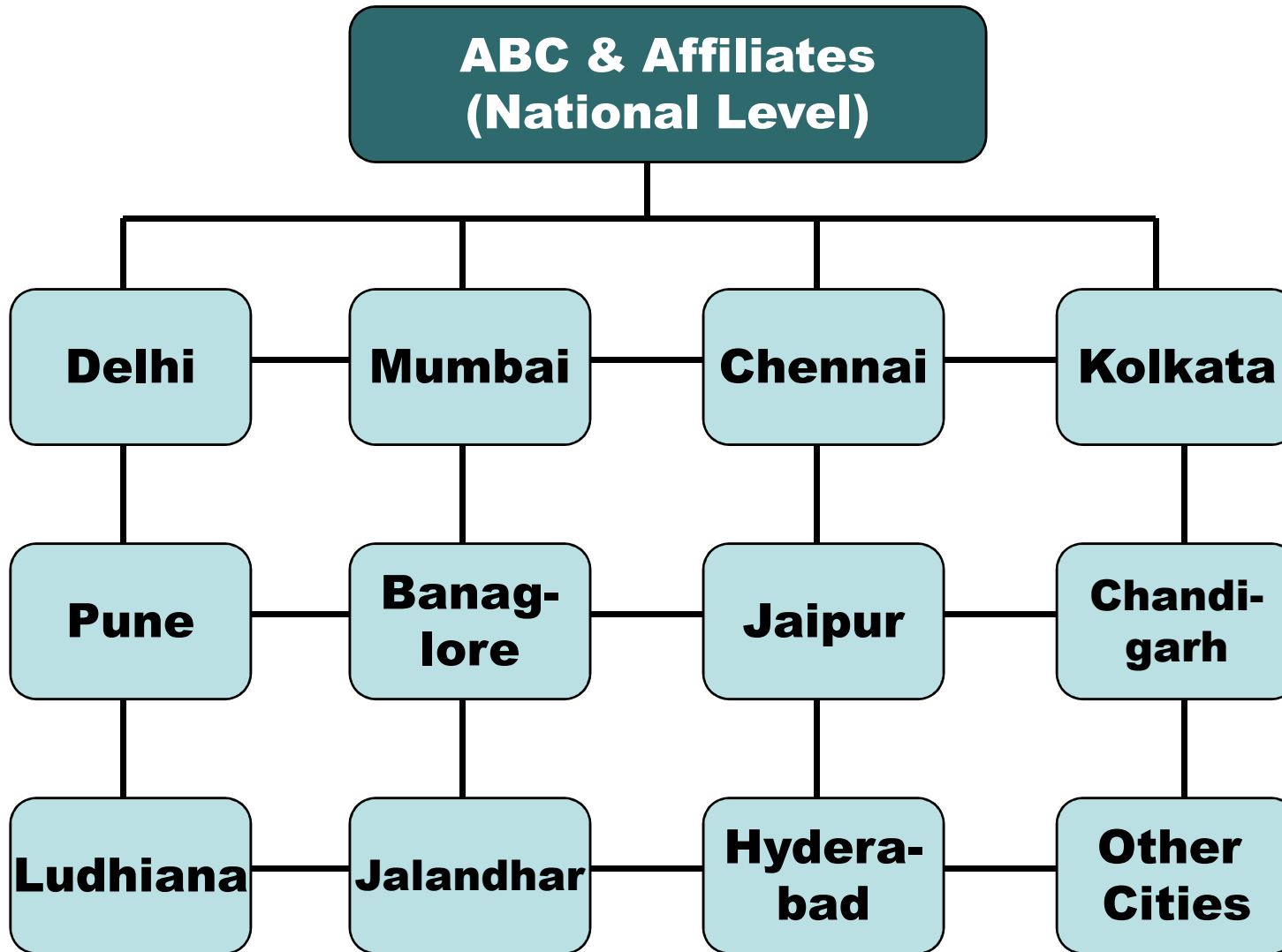
Separate Locations

Separate Profit Center

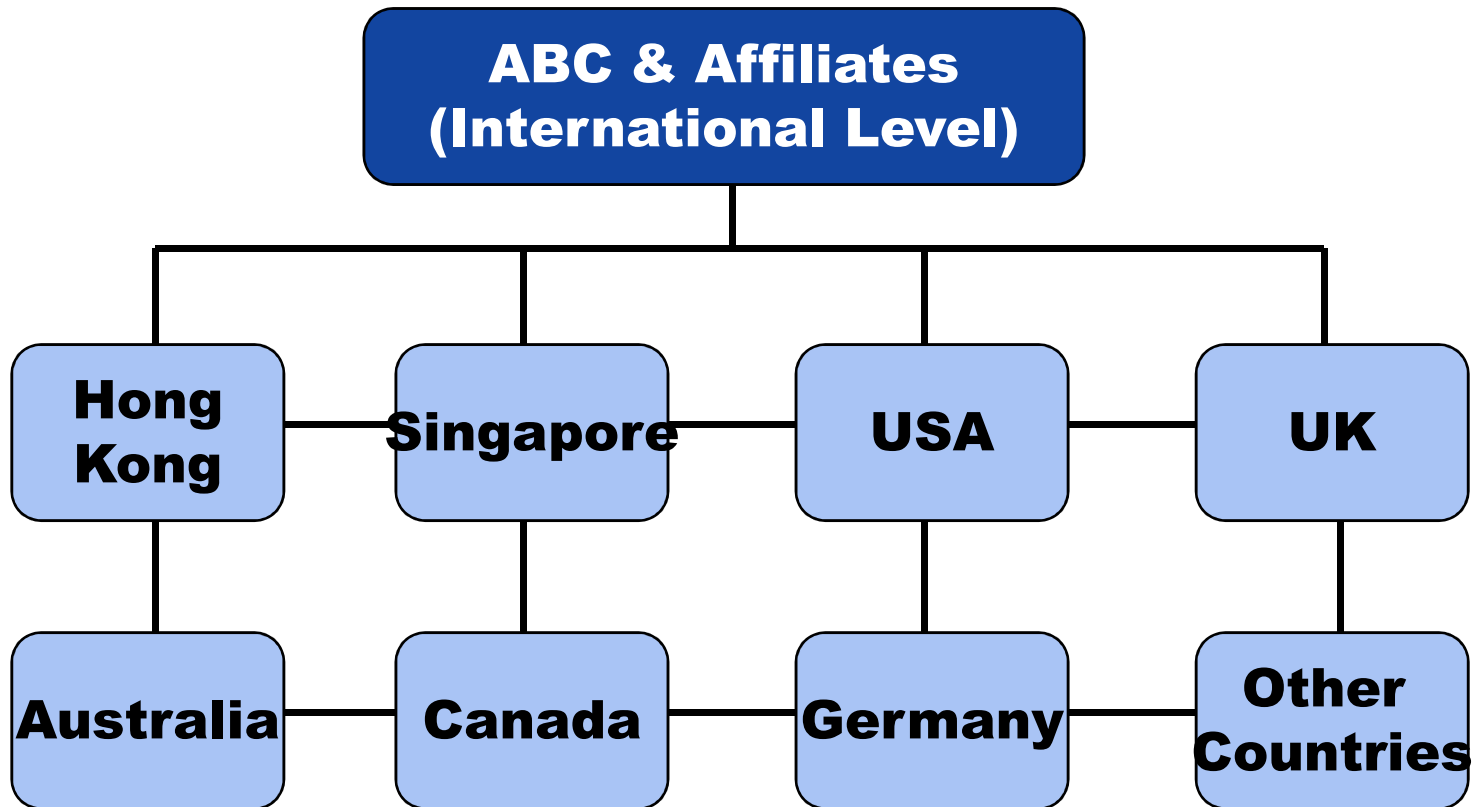
No Commanality / Sharing of Expenses

Limited Revenue Sharing

NETWORKING – Locational



NETWORKING – Locational



NETWORKING – Expertise



MODEL SELECTION

NETWORKING

- Common Name**
- Lead Firm Name**
- No Name – Simple Networking**
- Association of Independent
Accounting Firms**

IMPLEMENTATION ISSUES

- o **Management Structure**
 - **National**
 - **Regional**
 - **State**
 - **City**

- o **Sharing of Income**
 - **Location – Profit Centre**
 - **Multilocal Assignments**
 - **Referral Work**

IMPLEMENTATION ISSUES

o **Sharing of Goodwill**

- **Each Participants**
- **Lead Promoters**
- **Lead Firm**

IMPLEMENTATION ISSUES

o **Who Bears Common Expenses**

- **Brand Management**
- **Knowledge Management**
- **Co-ordination**
- **Professional Development**
- **Professional Delivery**

IMPLEMENTATION ISSUES

o **Hierarchy of Management**

- **Same level of Partnership**
- **Organizational Hierarchy like corporate**
 - **Partners - Top Management**
 - **Partners - Middle Management**
 - **Partners - Junior Management**
 - **Qualified Employees**

IMPLEMENTATION ISSUES

o **Network Structure**

- **Corporate**
- **Partnership/ Limited Liability Partnership**
- **AOP**
- **Combination**

o **Network Policy**

- **Transparency**
- **Best Practices**
- **Best Ethics**
- **Independence**
- **integrity**

IMPLEMENTATION ISSUES

- o **Can Network bill in its name**
- o **Issue of Non-Compete**
- o **How to comply with Ethical Standards**
 - **Common Code of Ethics**
 - **Standards of Performance**
 - **Client Confidentiality**
 - **No Solicitation is the mandate of law**
 - **Professional Delivery**

IMPLEMENTATION ISSUES

o **Who Owns the Client**

- **Introducer**
- **Doer/Implementer**
- **Goodwill Owners**
- **Clients free will**
- **What about clients who comes due to combined strength automatically – No Reference/ Walk in / No clear reference**

IMPLEMENTATION ISSUES

- o **How to Share Common Work**
 - **Work obtained jointly in common name**
 - **Work obtained by a constituent out of his efforts by using network strength**
 - **Work generated at one location, but executed at other location**

IMPLEMENTATION ISSUES

- o **Common Sign Board**
- o **Common Stationery**
- o **Common Website**
- o **Common E-mail**
- o **Common Bio-Data**
- o **Communication interse**
- o **Meeting interse**
 - Cost**
 - Benefits**
- o **Cultural Issues**

IMPLEMENTATION ISSUES

- o **Taxation Issues**
 - **Taxed as AOP**
 - **Separate Firm Taxation**
 - **Partly Combination**
- o **Revenue Model**
- o **Valuation of Goodwill**
- o **Valuation of Business**

Capacity Building – Other Initiatives

o **Organization focus**

- **Infrastructure**

- **Computers, Laptops**

- **broadband, e-mail**

- **software,**

- **office décor**

- **Knowledge Management**

- **Engagement Letter, Regular Formal Billing**

- **Stationery, visiting card, letterheads design**

Capacity Building – Other Initiatives

o **Organization focus**

- **Business Plan**

- **Specialised Services Package e.g.**

 - **Wealth Management, IFRS, New Projects set up, BPO ,
account outsourcing, pay roll processing, ESOP management,
Resource raising - international corporate structuring**

o **Resource planning**

- **Financial resources**

- **Professional resources**

- **Adequate setup**

Capacity Building – Other Initiatives

- o **Value addition**
- o **Professional approach** (Informal relation not to over power)
- o **Client focus**
 - **Quick response**
 - **All services under one roof**
 - **Client to know your expertise area – don't assume - communicate**
 - **Presentation to clients about value added**
 - **Regular client update on professional area**

Capacity Building – Other Initiatives

o **Social Participation**

NGOs,

Chambers of commerce

Trade Associations

Religious, social, sports organisations

o **Professional Update**

- CPE necessary but not enough

- Knowledge of business and industrial

Development **Internet, Harvard business review, other
business and current affairs
magazines ,research studies, data bases,**

Issues are many

Opportunities are immense

**Great things can be done
by great sacrifices**

-Swami Vivekanand

LET US BEGIN, GOD WILL LEAD US

THANK YOU

Vinod Jain

FCA, FCS, FICWA, LLB, DISA

Central Council Member ICAI

Mobile No : 98110 40004

**E-mail : vinodjainca@gmail.com
vinodjain@inmacsindia.com**

INMACS