

# 2016: Our Year In Review

Global Annual Review



We want to be the business advisory network that clients turn to for help on meeting reporting requirements, maximising opportunities and staying competitive, wherever in the world that may be.

We strive to be recognised as standing apart from other networks because our people are exceptional, because we are international and integrated in the way we work, because we add value in everything we do, and because we have an uncompromising commitment to delivering exceptional client service and accounting insight.

For an up-to-date list of member locations, visit [www.bakertillyinternational.com](http://www.bakertillyinternational.com).

The background of the page is an abstract composition of overlapping, wavy lines in various shades of green and blue. These lines create a sense of movement and depth, resembling a stylized, organic pattern. A dark blue rectangular box is positioned in the upper left quadrant, containing the table of contents text.

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# Executive Message



**Baker Tilly International is a network of exceptional member firms that believe in delivering more and making a difference for our clients, our people and our communities.**

Our position as a leading professional services network creates expectations about how we run our business and how we behave as individuals. Setting – and meeting – high standards is integral to maintaining the trust and confidence of all our stakeholders.

This year, we recorded combined revenues of US\$3.2bn, up 6% year-on-year, and for the first time in our history we have more than 30,000 people working across the network. This is a great reflection of our members' ongoing commitment to being recognised as employers of choice in their local markets. We are also the first network to be awarded the ACCA Approved Employer status award in professional development. The ACCA Approved Employer programme recognises employers' high standards of staff training and development.

We welcomed to the network new member firms in ten locations this year: Austria, Bolivia, Brazil, Honduras, Ireland, Paraguay, Seychelles, Slovenia, Somalia and Tunisia. These appointments not only broaden our geographic coverage, but, more importantly, deepen our industry and service capabilities and give us exciting new opportunities for collaboration.

I believe this is a critical time for the industry and for Baker Tilly International. We operate in a dynamic and competitive market, against a backdrop of changes in the geo-political landscape, tax and regulatory reforms and rapid technological advances that are changing the business models of many of our clients as well as our own member firms. Cloud and mobile technologies are redefining how people work. The once simple relationship between advisor and client has transformed into one that is complex and fluid.

In the 14 years that I have been directly involved with Baker Tilly International I have come to recognise its unique strengths: deep interpersonal relationships; skilled and committed firms and employees; and a strong brand. Above all, we have great collaborative spirit. We will continue to build on these strengths, which form the DNA of our network.

This year, we continued to enhance our ability to deliver superior client service to an increasingly international client base through a number of key initiatives.

- We expanded our leadership team to support the continuous improvement and integration of quality practices across the network. The combined role of Chief Operating Officer (COO) and Technical Director has been separated into two full time roles: COO and Chief Quality Officer (CQO). The CQO is responsible for overseeing the expansion of our extensive quality assurance programme (see *Governance* for more information), developing and implementing the network's common audit methodology and further enhancing our leadership role within the industry.
- We view audit quality as an essential element of our business. To that end, global resources are provided to assist member firm in maintaining audit quality. This year saw the first release of Global Focus, our new global audit methodology with supporting state-of-the-art software. We are confident that this new technology will further enhance our member firms' capabilities in respect of delivering high-quality audits to both national and multi-national clients. The methodology will continue to be rolled out across the network over the coming years.
- Tax continues to be a core part of our business. During 2016, Baker Tilly Global Tax Solutions continued to help clients leverage our extensive tax capabilities globally whilst providing them with one single point of contact, one single contract and one collection system for invoicing – no matter how many **locations** an assignment covers. The team is working side-by-side with clients on some of their most complex, geographically diverse and business critical matters.
- We adopted the Net Promoter Score (NPS) system as our global methodology for measuring client satisfaction, allowing us to measure our progress and continuously improve the service levels we deliver to clients.
- In 2015 we turned to cloud collaboration technology to improve connections between our member firms worldwide and to provide a state of the art, highly secure portal for them and their clients. The tool continues to give us an increased level of accountability, transparency and visibility as we work together on international assignments. Last year we continued the integration of this technology into our other tools, including Global Focus, ensuring that the technology we use supports seamless client service.

I am also extremely proud that we were named winner of the prestigious Network of the Year Award at The Accountant and International Accounting Bulletin (IAB) Awards 2016. Awarded to networks that have executed profitable growth strategies and have excelled in several key strategic and operational areas, the award also recognises reputable brands that consistently deliver high quality professional services.

As we look ahead, working ever more closely with clients forms part of our continuing strategy. The clients we are closest to, and the ones we do the best work for, are those that have us as part of their trusted inner circle. With 126 high quality member firms covering 147 locations we are in an excellent position to extend this approach still further. We have a number of exciting new initiatives in the pipeline designed to unlock the capabilities of the whole of the network to support clients across the complete breadth of their businesses.

It is a privilege to lead this network as we work together to build on our success and take the network forward.



**Ted Verkade**  
CEO and President

**Our strategy is to be the advisor of choice and to help mid-market corporates, privately held businesses, governments, NGOs and not-for-profits maximise opportunities and stay competitive.**

**We are committed to:**

- Investing in the markets where our clients need us to be
- Building valued client-advisor relationships
- Demonstrating leadership and integrity to deliver high quality client services.

# Talent

Learning and development is an essential part of our growth strategy as a network and for each of our member firms. Through our continued investment in professional development offerings we reinforce our commitment to building a supportive, inclusive and highly motivated community across our member firms.

## We are committed to:

- > Continuing to establish best practice across the network
- > Building quality into every aspect of our people management and so further enhance our client services
- > Helping ensure that our people gain access to the right training at the right time in their development
- > Developing new services as a reflection of changes in the profession.

The LeaD Partnership, the network's learning and development services, offers development options through a number of avenues, including: technical and non-technical training (both classroom and webinars); experiential learning through secondments; leadership development through our Leaders in Collaboration (LinC) programme; manager development through the Financial Leadership Development course, an online postgraduate course and the new manager course; technical briefing papers; conferences; and English language training for business.

### Training

Technical training on the latest developments in tax, audit and accounting is offered through classroom learning, for example alongside our regional conferences and collaboration summits, as well as a variety of live and recorded webinars. This year tax training (alongside various conferences) and audit and accounting training took place in the form of classroom training. There were also a number of training sessions delivered to member firms on site, and we are looking to increase this area of our services. This year also saw the first delivery of a two-day course aimed at new or soon to be managers.

Webinars allow us to disseminate information on international regulations and developments affecting accounting, audit and tax, and global initiatives faster and more widely across the international network. In 2016 our webinars included both technical and non-technical. The latter covered a wide range of soft skills such as coaching and managing in times of change. Other non-technical webinars included how to develop new services. Individuals can either join the live webinars or download the recordings of these sessions. The recorded webinars offer just-in-time training, a flexible approach to meet development needs.

Our partnership with EF Corporate Language Training gives our members, for whom English is not their first language, access to the world's largest online language school for improving business English.

### Partner development

Our LinC programme offers new or soon to be partners in member firms the opportunity to learn of new approaches to leadership and business development as well as forge relationships with others across the network, ultimately strengthening our ability to deliver high-performing global teams. Feedback received from those who have previously

attended confirms LinC continues to excel in these objectives. Designed by and run in conjunction with the University of Chicago Booth School of Business, the programme is held in Chicago Booth's state of the art campuses. Focused on topics of leadership, strategy and business, it's a chance for participants to immerse themselves in the conceptual knowledge of Chicago Booth's thought leaders and receive the type of feedback rarely available in their daily lives. It's also a unique opportunity for firms to invest in those high performing individuals in their organisations and by doing so, adding value to their clients.

#### Manager development

Aside from the MSc in Financial Leadership, an online course developed with UK University BPP, we also delivered a two-day new manager course. The course covered elements such as how to work in international teams; how to pitch to clients and understanding the client's mind set; develop leadership and consulting skills through case study and group work. It attracted 40 delegates from across the network and received excellent feedback. This will be repeated going forwards.

#### Conferences

Senior and managing partners and other key decision makers from our member firms worldwide come to the annual Baker Tilly International conferences to discuss key market developments and business development opportunities, and to gain in-depth exposure to best management practices in leading accounting firms. Conferences also provide the opportunity to network with others and to generate business together.

#### Secondments

Secondments make it possible to share best practice and other specialist knowledge across the network. They provide a fantastic opportunity to develop relationships within the network as well as to add value to client services. They can provide staff with an experiential learning opportunity, building new knowledge and further developing skills. Secondments can also be a recruitment as well as a retention tool.

#### Supporting our communities

A commitment to being responsible businesses is an integral part of our culture and we recognise that we must be prepared to continue to make changes to the way we work to fulfil that responsibility. Our member firms are taking direct action to integrate corporate responsibility into everything they do; many have established formalised corporate responsibility programmes which are integrated within their overall business strategy.

We have a long tradition of actively supporting projects beyond simply making financial contributions, including working as volunteers and leaders and developing partnerships with charities, schools and not-for profit organisations. Many of our people get paid time off so they can perform this work, or receive incentives and rewards through their firm's performance management processes.

More information on our members' work in the community can be found by following us on Facebook: <https://www.facebook.com/BakerTillyInternational>

### Our values

**WE LEAD  
BY EXAMPLE**



**WE DELIVER A QUALITY  
SERVICE WITH AN EMPHASIS  
ON INTEGRITY**



**WE ARE OPEN AND HONEST  
IN ALL COMMUNICATIONS**



**WE ACT  
ETHICALLY**



**WE FOSTER TEAMWORK  
AND COLLABORATION  
WITH EACH OTHER**



**WE MAINTAIN A SUPPORTIVE  
ENVIRONMENT IN WHICH OUR  
INDIVIDUALS CAN FLOURISH**



# Performance

The combined global revenues of Baker Tilly International member firms for the year end 30 December 2016 were US\$3.2bn, an increase of 6% from 2015. During the same period, our total number of partners and staff worldwide grew by 9% to 30,500.

Our member firms in North America reported strong growth averaging 7.8%, with overall growth being impacted by the departure of two member firms. Growth across other regions was also strong. Part of this growth was the result of mergers and acquisitions (M&A) in Canada, Australia, Kazakhstan, Singapore, the US and the UK. Alongside strong M&A activity, we welcomed new firms to the network in Austria, Bolivia, Brazil, Honduras, Ireland, Paraguay, Seychelles, Slovenia, Somalia and Tunisia.



MEMBER FIRMS

126



LOCATIONS

147



OFFICES

769



GLOBAL WORKFORCE

30,500

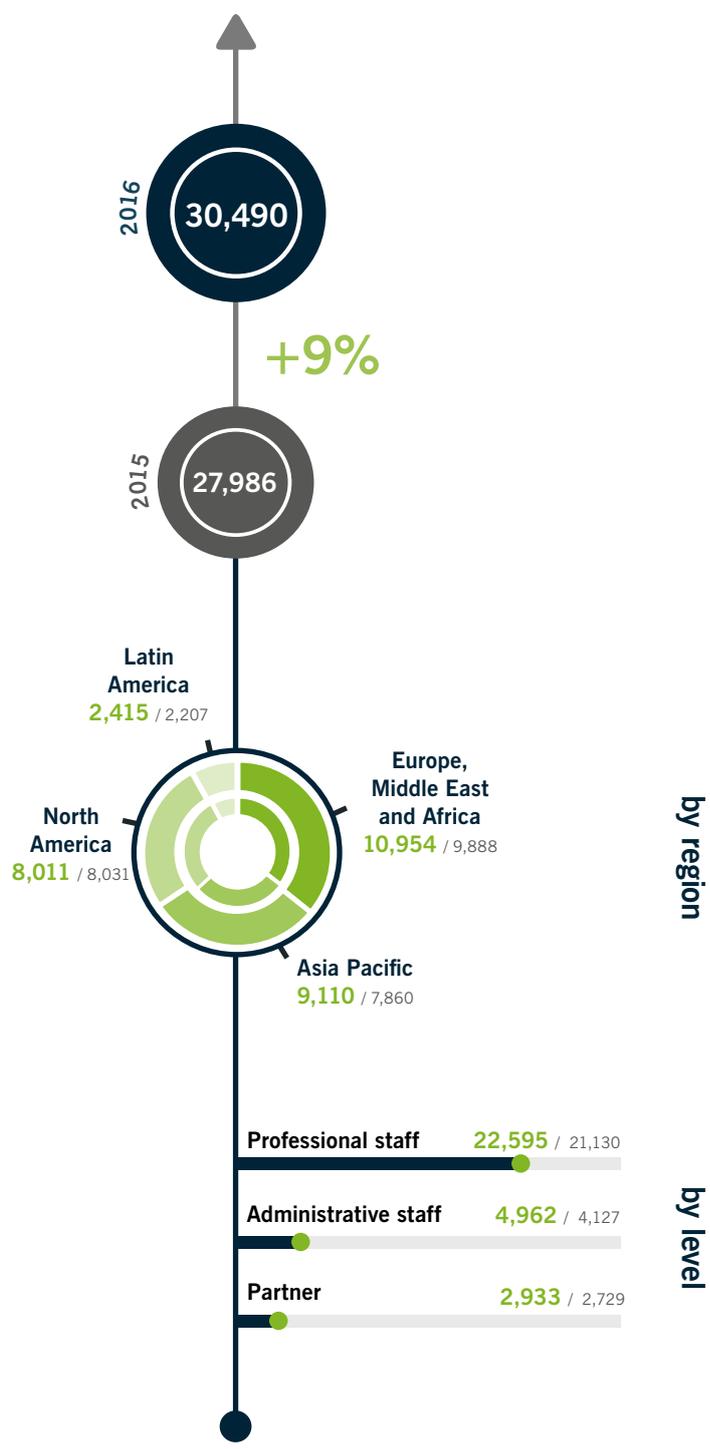
1. For 2016 we changed the way we report our revenues and the number of member firms. Prior year's numbers have been revised accordingly.
2. Each Baker Tilly International member firm is an independent entity. Members do not report revenues on a consolidated basis. Statistics presented represent the combined figures of independent member firms.
3. Because of rounding, numbers may not tally.
4. Percentage growths have been rounded.
5. Each member firm reports its figures for its accounting year ending in the 12 months to 30 December.

# REVENUES

US\$M



# TALENT



by region

by level

# Governance

**Baker Tilly International is structured as a network of independent firms owned and operated locally in locations worldwide. Our ambition is to work collaboratively across geographies, services and sectors to deliver the best advice and support to our clients. Our governance aims to support this ambition.**

**We are committed to:**

- Leading by example, acting in a way that epitomises what we expect from our member firms and our people
- Striving for more diversity in the International Board and Regional Advisory Councils by encouraging the participation of all regardless of gender, race or professional background
- Modernising our governance structure to reflect the increased size and complexity of the network
- Maintaining our strict membership criteria and extensive due diligence process for applicants, and our rigorous and ongoing quality assurance programme for members.
- Enhancing the involvement of all member firms in the International Board

Baker Tilly International Limited (Baker Tilly International) is a private company limited by guarantee, incorporated in England and Wales. It is owned by its members, all of whom hold an equal interest in the legal entity. Client services are delivered by the members of Baker Tilly International, each of which is a locally owned and managed independent firm. Each governs itself and handles its administrative matters locally, and is responsible for its own liabilities.

As a member services organisation, Baker Tilly International's role is to enhance the international capability of its member firms through the co-ordination and strengthening of communications and skill sharing, promoting the Baker Tilly brand, working towards the consistent application of quality standards by member firms worldwide, including compliance with independence policies, and identifying market opportunities and developing associated strategies.

## Governance

### International Board

The International Board, which consists of a minimum of 15 elected members, has ultimate responsibility for upholding the values and standards and setting the procedures of Baker Tilly International. Its responsibilities include approving the global strategic direction and policies of the network as recommended by the CEO and President and authorising membership changes.

James Castellano is the current Chairman of the International Board. Initially appointed in 2001, he was re-elected in 2014 for a further three-year term.

International Board members are drawn from individuals who are, or have previously been, senior partners (or the equivalent) of member firms across the network and are elected for a four-year term by representatives exercising their votes through their member firms. The International Board comprises directors from each of our regions and represents member firms of different sizes.

The International Board meets in person twice a year and on further occasions as required.

# Governance

## **CEO and President**

The CEO and President is appointed by, and reports to, the International Board and is responsible for the day-to-day leadership of Baker Tilly International. The role of the CEO includes the development and recommendation of global strategic priorities for ratification by the International Board, together with overseeing execution of these priorities. The CEO has responsibility for appointing the Global Office team which assists in the delivery of the global strategy.

Ted Verkade was appointed CEO and President of the network in June 2016. He succeeds Geoff Barnes, who had held these position since 2000.

## **The Global Office**

Led by the CEO and President, the Global Office supports the day-to-day leadership and management of Baker Tilly International, recommending the policies and regulations to govern and manage the network, and ensuring alignment in the execution of the global strategy.

The network's strategic planning cycle includes an annual evaluation of the global strategy resulting in a proposal to the International Board for changes in the strategic objectives, if any, and strategic priorities for the next year's strategic action plan.

## **Regional Advisory Councils**

The network operates geographically through four regions: Asia Pacific; Europe, Middle East and Africa; Latin America; and North America. Each region has a Chair, appointed by the International Board, who leads an advisory council made up of partners (or the equivalent) from and elected by members in that region.

Each Chair is supported by a full-time Regional Director whose role includes the co-ordination and development of business between members, the recruitment of new firms as necessary and the implementation of the global strategy within their region.

## **Remuneration Committee**

The Remuneration Committee is responsible for evaluating the performance and establishing the compensation of the CEO and President, and reviewing and approving the CEO's

recommendations to the International Board in respect of compensation of the Global Office's senior management, the Chair of the International Board and the Regional Chairs.

## **Nominating Committee**

The role of the Nominating Committee is to oversee the nomination and appointment of International Board members, as appropriate, and, specifically, to manage the succession process of the Chair of the International Board. The current Chairman, Jim Castellano, will step down in 2017.

## **Finance Committee**

The Finance Committee is responsible for reviewing the network's financial information and budget to be approved by the International Board. It is also responsible for recommending to the Board a funding model that achieves the network's vision.

## **Member Firm Structure**

The partners (or the equivalent) of Baker Tilly International member firms are generally the owners of their respective member firms. Each firm operates within the legal and regulatory framework of its particular jurisdiction(s). They are separate and independent firms that are owned and managed locally.

## **Baker Tilly International Quality Standard**

We require, as a condition of membership, that members deliver professional services in accordance with the Baker Tilly International Quality Standard and other relevant technical and regulatory standards. The Baker Tilly International Quality Standard requires members to conduct all aspects of their business to the highest professional standards, to maintain integrity and to keep in good standing in their local business community.

Each member should comply with all national standards applicable to all aspects of their work. These include auditing, independence and any other standards issued in a member's **location** which have an impact on their work.

Members are also expected to comply with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and to carry out audits to standards

no lower than those contained in the International Audit and Assurance Standards Board's (IAASB) International Standards on Auditing (ISAs).

Member firms are also required to maintain a centrally-held list of companies considered 'restricted' because of an audit relationship.

Baker Tilly International and its member firms are full members of the Forum of Firms having met international quality and ethics requirements. The objective of the Forum of Firms is to promote consistent and high quality standards of financial and auditing practices worldwide. Organisations which are members of the Forum of Firms have confirmed that they:

- Have policies and methodologies with respect to transnational audits that are based, to the extent practicable, on ISAs and conform to the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and national codes of ethics
- Maintain appropriate quality control standards in accordance with International Standards on Quality Control (ISQC) in addition to relevant national standards
- Conduct, to the extent not prohibited by national regulation, regular, globally co-ordinated internal quality assurance reviews.

#### **Quality assurance**

Our code of conduct and shared values set the tone of Baker Tilly International, providing us with a clear set of standards that influence everything we do.

Member firms are subject to continuous monitoring via the annual submission of information relating to their practice.

Member firms conduct their business within the framework of their internal policies which comply with applicable professional standards, laws and regulations. Each member is responsible for its risk and quality performance and, where necessary, for driving change and improvement.

The Baker Tilly International Quality Assurance Review Programme is part of the overall quality assurance procedures of Baker Tilly

International. Under this programme, member firm reviews are carried out under a risk-based cyclical programme, and member firms are subject to review more frequently should their structure or business focus materially change.

Led by a full-time centralised team, the review programme covers all aspects of a member firm's operations and service delivery.

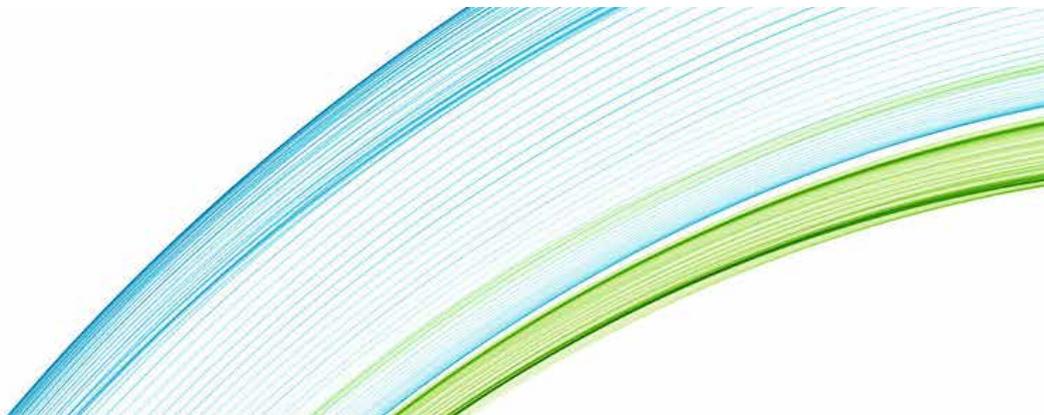
Member firms design and implement action plans as they deem appropriate based on the results of the review. These are reviewed by Baker Tilly International and, depending on the circumstances, may result in a further review of all or part of a member firm's procedures. Failure to comply with the Baker Tilly International Quality Assurance Programme may result in a member's dismissal from the network.

In 2016 the network created the role of CQO. The CQO is responsible for overseeing the expansion of the network's quality assurance programme, developing and implementing Global Focus – the network's common audit methodology – and further enhancing the network's leadership role within the industry. This new leadership position supports the continuous improvement and integration of quality practices across the network and significantly enhances our ability to delivery long-term sustainable growth.

# Governance

## International Board (As at 31 December 2016)

Christian Alibay	France
Geoff Barnes	United Kingdom
Harry Blum	Canada
Jim Castellano (Chair)	United States
Tim Christen	United States
Dilip Desai	India
Ralf Groening	Germany
Gonzalo Hordeñana	Uruguay
Eyal Horowitz	Israel
Carl Johnson	United States
Howard Kies	United States
Fred Kosteki	United States
Brian Kreischer	United States
German Leon	Colombia
Alyssa Martin	United States
Bruno Piazza	Italy
Jingzhi (Justin) Qiu	China
Don Rankin	Australia
Rakesh Shaunak	United Kingdom
Guan Seng Sim	Singapore
John Smiley	Canada
Arno van der Heijden	Netherlands
Ted Verkade, CEO and President	Netherlands
Alan Whitman	United States



### Regional Chairs

(As at 31 December 2016)

Fred Kostecki	North America
Guan Seng Sim	Asia Pacific
Gonzalo Hordeñana	Latin America
Bruno Piazza	Europe, Middle East and Africa

### Regional Directors

Jake Luskin	North America
Ben Lloyd	Asia Pacific*
Donny Donosso	Latin America
Adam Grainger	Europe, Middle East and Africa

\*Ben stepped down from his role as Regional Director on 1 December 2016 to assume the role of COO.

### Other Global Leaders

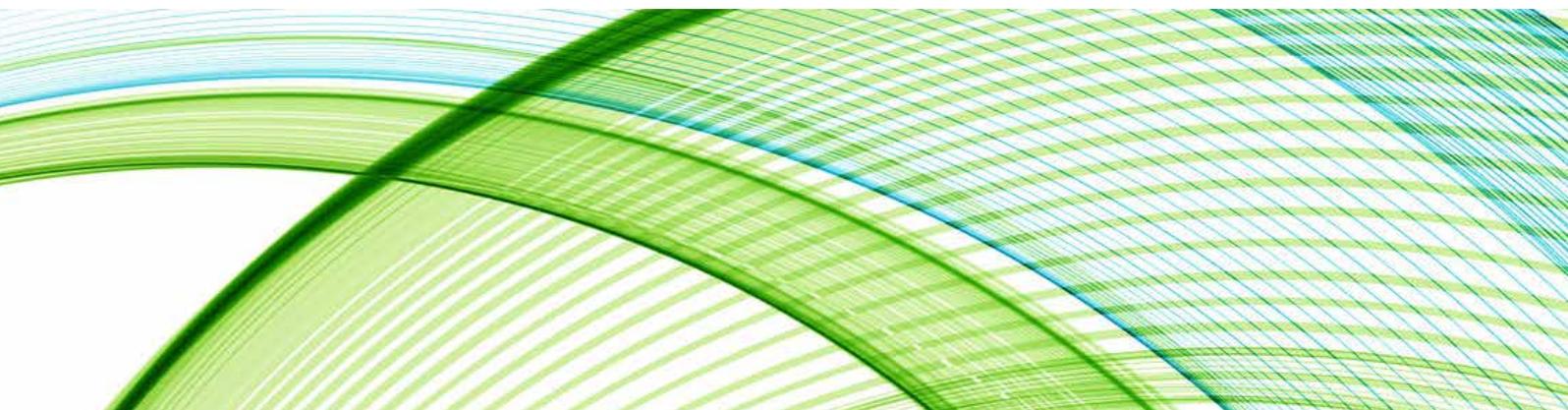
Ben Lloyd, COO  
Paul Ginman, CQO

### Note to readers

This annual review covers the period 1 January to 31 December 2016.

In this Global Annual Review, the terms *Baker Tilly International*, *we*, and *our* are used to refer to the network of member firms of Baker Tilly International Limited, each of which is a separate and independent legal entity. Baker Tilly International does not provide professional services to clients but acts as a member services organisation. Client services are delivered by the independent members of Baker Tilly International. Each member firm governs itself and handles its administrative matters locally, and is responsible for its own liabilities. Member firms are not members of an international partnership or legal partners with each other. No single member firm is responsible for the services or actions of another. Although many member firms adopt the Baker Tilly name, they are not owned by Baker Tilly International.

Baker Tilly International is a member of the Forum of Firms.



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