

ARTHUR
ANDERSEN
& CO



ANDERSEN

ARTHUR
ANDERSEN

ANDERSEN
ALUMNI™

ANDERSEN
CONSULTING

Straight Thoughts, Straight Talk

"Serving Andersen Alumni Worldwide"

2026

Vol. 19 No. 4

Sponsored by



Contents

Select an article title to jump to it.

1. [Editorial](#)
2. [Alumni on the Move](#)
3. [A Single Version of Truth for the CFO Function with BlackINK AiQ](#)
4. [Information Is a Commodity. Judgment Is Not.](#)
5. [Microsoft Licensing: You Got the Discount. But Where Are the Savings?](#)
6. [THE STRESS CHOICE](#)
7. [Private Equity's New Reality: Returns Are Being Built, Not Bought](#)
8. [When You Leave Your Office for the Last Time, Who Are You?](#)
9. [Your 2027 Strategic Plan Is Already Wrong](#)
10. [The Case for Reimagining Integrity](#)
11. [Most CPA Firms Have a Strategy. Do They Have the Courage to Follow It?](#)
12. [The Martini. Bartending, LLMs and the Workplace in General](#)
13. [A Market Pricing at Two Speeds: Mid-2026 M&A Dynamics and What Business Leaders Should Do About Them](#)
14. [Bored Directors? How to Make Sure Board Materials Are Contributing Value](#)
15. [Major Banks Are Fleeing Private Credit](#)
16. [The Sessions I Almost Skipped](#)
17. [How boards can keep agentic AI inside the guardrails](#)
18. [Membership perks, sponsors and social links](#)

Editorial

Warren Turner — Editor

As we enter the final quarter of 2026, two events invite us to reflect upon the extraordinary freedoms we enjoy as Americans, the sacrifices made to secure them, and our responsibility to preserve them for future generations.

This September marked the 25th anniversary of the terrorist attacks of September 11, 2001. For those of us who remember that day, the images and emotions remain vivid — disbelief, sorrow, anger, and ultimately, a remarkable sense of national unity.

We remember the nearly 3,000 innocent lives lost, the courage of first responders, and the sacrifices of the men and women who have served our country in the years since. September 11 was a painful reminder that the freedoms we sometimes take for granted have come at an extraordinary cost.

Yet, amid that tragedy, we also witnessed the strength of the American spirit. Differences were set aside, communities came together, and Americans were reminded that what unites us is far greater than what divides us.

Twenty-five years later, that lesson remains as relevant as ever.

As we approach the November midterm elections, we have another opportunity to reflect on the privileges and responsibilities of citizenship. The right to vote, to express differing opinions, and to participate in the democratic process are freedoms that generations of Americans have sacrificed to secure and defend.

Our democracy does not require that we agree on every issue. It does, however, depend upon informed participation, mutual respect, personal accountability, and a willingness to listen — even when we disagree.

For those of us who shared the Arthur Andersen experience, perhaps there is a familiar lesson in our firm's guiding principle: **"Think Straight, Talk Straight."** Those words reflected a commitment to integrity, honesty, accountability, and the courage to do what is right. They remain as meaningful in our communities and civic responsibilities as they were in our professional lives.

As we remember September 11 and look toward November, may we honor those who sacrificed for our freedoms not simply through remembrance, but through responsible citizenship, thoughtful engagement, and respect for one another.

Freedom is a remarkable gift. Preserving it is a shared responsibility.

God bless America.

Warren Turner

Lastly, we need your help to further strengthen and maintain our Andersen Alumni network. Please leverage our Social Media Presence and [LIKE our Facebook page](#) and [JOIN our LinkedIn network](#), and lastly you can [FOLLOW us on LinkedIn](#) as well.

As Always Think Straight Talk Straight...

Warren Turner

Editor

[Back to contents](#)

Alumni on the Move

Andersen Alumni Association — Admin



Congratulations to the Following Alumni and Best Wishes in your new roles.

Alumni on the Move

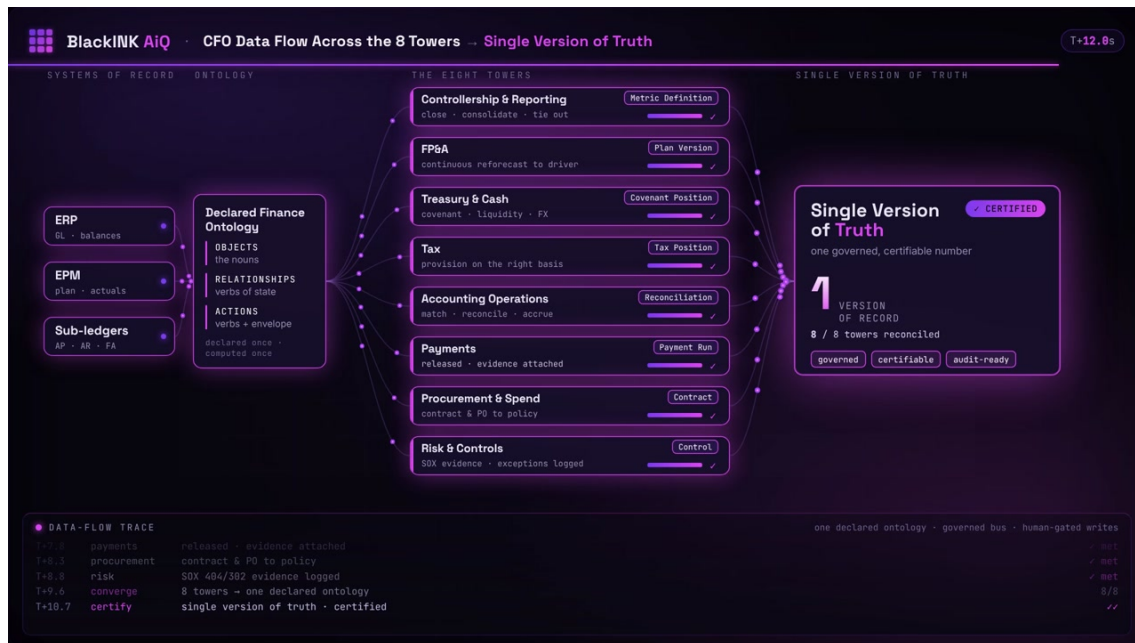
<u>Alexander De Bock</u>	<u>David Ryan</u>	<u>John McEwan</u>	<u>Peter Nguyen</u>
<u>Alexis Rollier</u>	<u>David David</u>	<u>Katie MacGillivray</u>	<u>Rob Kleczynski</u>
<u>Alpana Wegner</u>	<u>Diana Hoff</u>	<u>Kayce Collier</u>	<u>Robert Winspear</u>
<u>Andrew Hede</u>	<u>Douglas Beck</u>	<u>Kevin Howard</u>	<u>Sandra Schneider</u>
<u>Anna Bramman</u>	<u>Dustin Hauenstein</u>	<u>Larry Maher</u>	<u>Shawn Grandon</u>
<u>Becky Yoder</u>	<u>Eric Faulkner</u>	<u>Laurie Lovett</u>	<u>Shawn Winkler</u>
<u>Brad Eisenstein</u>	<u>Evelyn Gilbert</u>	<u>Laurie Thomson</u>	<u>Sue Budd</u>
<u>Brian Finnegan</u>	<u>Evelyn Sutherland</u>	<u>Lisa Ferrigno</u>	<u>Tarik Aljarah</u>
<u>Brian Frantz</u>	<u>Fernando Laghi</u>	<u>Marney MacKenna</u>	<u>Thomas Spoerel</u>
<u>Carlo Rigillo</u>	<u>Ilan Sussan</u>	<u>Martin Haisma</u>	<u>Tim Makris</u>
<u>Chet Patel</u>	<u>Jacinth Smiley</u>	<u>Matt Murphy</u>	<u>Todd Garner</u>
<u>Chris Pettit</u>	<u>Jackie Zimmerman</u>	<u>Matthew Becker</u>	<u>Tyler Carter</u>
<u>Chris Sytsma</u>	<u>Jerry Leonard</u>	<u>Michael Boucher</u>	<u>Veronica Lubatkin</u>
<u>Christina Fisher</u>	<u>Jesse Singh</u>	<u>Mike Schneider</u>	
<u>Cindy Kaplan</u>	<u>Jim Magats</u>	<u>Paul Nungester</u>	
<u>David Frankenberg</u>	<u>John Linker</u>	<u>Peter Lenardos</u>	

Andersen Alumni Association

A Single Version of Truth for the CFO Function with BlackINK AiQ

Michael J. Johnson — BGS Consulting CFO Advisory Practice Leader | AI

Agentic artificial intelligence in finance has moved past the pilot stage. The models are capable and affordable, and capability is no longer what stalls a finance program after the proof of concept. The gap is controls and data quality: whether an answer rests on a consistent definition of the truth, produces auditable results, ties back to reliable data, and yields financial results an auditor will concur with. Finance teams still run the last mile of the close in spreadsheet-based models, Access databases and bespoke Power BI, stitching information across controllership, FP&A, treasury, tax, accounting operations, payments, procurement and risk by hand, with heavy reliance on a handful of key people inside the Office of the CFO (a control weakness by definition). BlackINK AiQ is a purpose-built, AI-first solution for the CFO that addresses this gap head on. It is an AI-native, standardized finance ontology, the nouns and verbs of financial data, for the Office of the CFO. It reads your systems of record (ERP, EPM, sub-ledgers and more) in place, through that one declared ontology, and turns the manual end-user-computing last mile into governed, certifiable output. It is one pane of glass, built not on one more system of record but on one system of meaning.



[Watch video](#)

The important shift is from AI that assists a person to agentic AI that performs part of a workflow. In finance an agent can analyze variances, draft commentary, reconcile accounts, flag exceptions and support a forecast. But posting a journal entry, releasing a payment, filing a return or certifying a period is a different level of governance, and it cannot sit on a model that reinterprets the meaning of the data on every run. BlackINK AiQ holds that line by declaring finance as a structure the business owns: objects, the nouns such as a metric definition, a covenant position, a payment run or a plan version; relationships, the verbs of state that say how those objects roll up, reconcile and depend on one another; and actions, the verbs that actually do something, each carrying a permission envelope. Meaning is declared once and computed once, then reused across every basis and all eight towers, so speed comes from the machine no longer re-deriving what the numbers mean. Anything that moves money or touches the certification stops at a human gate, with the evidence attached. BlackINK AiQ has built well over 150 purpose-built agents for the key finance and accounting use cases across the Office of the CFO.

That structure is what lets one platform cover the whole office rather than a single use case. Across the eight towers and sixteen dimensions it spans, BlackINK AiQ closes, consolidates and ties out in controllership and reporting; reforecasts continuously to the driver in FP&A; tracks covenant, liquidity and FX in treasury; provisions on the right basis in tax; matches, reconciles and accrues in accounting operations; releases at a human gate in payments; holds contracts and purchase orders to policy in procurement and spend; and maintains a SOX 404 and 302 controls audit-trail framework of evidence and exceptions in risk and controls. The returns are not uniform. AI pays off first where the work is structured and objective, such as reconciliations, invoice capture and journal coding, and it needs declared meaning most where the work is subjective, such as the board commentary and variance-to-driver narrative no model can supply on its own. A single declared finance ontology is what moves that second half from a drafting aid to governed, auditable results, both actual and forecasted.

Standing this up is where BGS Consulting comes in. BGS CFO Solutions, staffed by Forward Deployment Engineers (FDE), is an advisory service that moves the Office of the CFO, and the operations around it, from ambition to execution. BGS sets the AI strategy and implementation roadmap with your leadership, then stands up the operating model that makes it safe: the control plane that governs what an agent may do, the governance that keeps a human in the loop on every action that moves money or touches the ICFR controls, and the data plane that reads your systems of record in place rather than copying them into multiple versions of the truth. The BlackINK AiQ Solutions Framework proves the case rather than pitching it, with a working model demonstration of the BlackINK AiQ accelerator mapped to your own towers, objects and close. The aim is not another AI tool. It is a controlled, scalable environment where AI improves the speed, consistency and quality of financial work while people stay accountable for the decisions that matter. Assess first. Then build.

Michael J. Johnson

BGS Consulting (BGS) was founded and is led by former Andersen partners who carry on the values and commitment to Client Service every day. **Michael J. Johnson** is a Former Partner in the CFO Solutions practices at Deloitte and PwC, a Managing Director leading Accenture's CFO Enterprise Value practice, and a Global Strategic Accounts Executive at Oracle, he originated, captured, and closed large, complex enterprise programs for Fortune 500 companies, multinational organizations, and some of the largest private companies in the world, with deals ranging from \$10M to \$125M. Today Michael leads the Enterprise AI for the Office of the CFO at BGS, developing AI-first operating models that combine enterprise AI, intelligent agents, trusted data, and governance to change how finance organizations plan, decide, execute, and create value.

Information Is a Commodity. Judgment Is Not.

J. James O'Malley — Former Andersen National Director of Experience Recruiting, Jim is Managing Director at Kensington International Executive Search

Early in my career at Arthur Andersen, information was considerably harder to find. Research took time, market intelligence often came through experience and relationships, and understanding an industry required conversations with people who knew the companies, the competitors, and the individuals leading them.

Today, we face almost the opposite challenge. Information is everywhere. LinkedIn provides access to millions of professional profiles. Data platforms give us compensation benchmarks, organizational information, and competitive intelligence. Artificial intelligence allows us to research companies, industries, markets, and individuals in a fraction of the time it once took.

We have more information available to us than at any point in my career. Yet having more information does not necessarily make important decisions easier. In many cases, the abundance of information makes experience and judgment even more valuable.

Executive recruiting provides a good example. Technology has made identifying potential candidates significantly more efficient. Given the right tools and search criteria, it is relatively easy to develop a list of executives who appear to possess the experience required for a position. But identifying candidates and determining who an organization should hire are two different things.

A resume tells us where someone has worked and what responsibilities they have held. A professional profile provides another version of the same history. Research provides information about the companies they have led, the markets in which they competed, and perhaps the results achieved during their tenure. All of this is useful, but none of it fully answers the questions that matter most.

What did the individual actually accomplish? What circumstances contributed to that success? Did the executive build the team and strategy, or inherit them? How did the person respond when results did not meet expectations? Will a leadership style that succeeded in one culture translate to another? Most importantly, is this the right leader for where the organization is going, rather than where it has been?

Answering those questions requires judgment, and judgment develops over time.

During nearly 40 years in executive recruiting, human resources, and professional services, I have seen executives with exceptional credentials struggle because the environment did not fit how they led. I have seen candidates who appear nearly perfect on paper fail to meet expectations once they were in the role.

I have also seen less obvious candidates become exceptional leaders because their capabilities, motivations, and leadership styles aligned with what an organization needs at a particular moment.

Experiences like this shape judgment. Over time, you begin to recognize patterns. You learn which questions reveal the difference between participating in a successful business and helping create that success. You become more attentive to context and more willing to challenge assumptions. You also learn that the most impressive background is not always the best predictor of future performance.

The same principle extends well beyond executive recruiting. Business leaders today have access to extraordinary amounts of data and analysis. AI will continue to expand both the volume of information available and the speed at which we receive it. Those advances should improve decision-making, but only if we maintain the distinction between information and judgment.

Information helps us understand what has happened. Judgment helps us determine what matters and what to do next. Information presents alternatives. Judgment weighs the tradeoffs. Information identifies patterns. Judgment determines whether those patterns apply to the situation in front of us.

That distinction becomes especially important when organizations face decisions involving growth, acquisitions, succession, transformation, or leadership. These decisions rarely come with complete information or a single obvious answer. They require leaders to interpret facts, understand context, anticipate consequences, and ultimately make a decision.

One of the risks of our increasing access to information is the false sense of certainty it can create. More data does not eliminate ambiguity. More analysis does not eliminate risk. And technology does not relieve leaders of the responsibility to make difficult decisions.

Some of the best leaders I have worked with understand this. They seek information and different perspectives, but they also know when to challenge what the data appears to suggest. They draw on experience, ask questions, listen carefully, and recognize when circumstances require something different from what worked in the past.

Technology will continue to change how we work, including how we identify and evaluate talent. I view that as progress. Better tools make us faster and better informed. But as access to information becomes increasingly widespread, access itself becomes less of a differentiator.

The advantage increasingly lies in knowing which information matters, understanding what it means, and having the judgment to act on it.

Information is a commodity. Judgment is not.

J. James O'Malley

J. James O'Malley is a Managing Director with Kensington International and a seasoned executive with over 30 years of experience. He is an expert recruiter, providing top talent for leading private equity, healthcare, professional, and financial services firms. His search work includes C-suite executives and Board of Directors. Jim has served Private Equity and their portfolio clients across all industries in addition to his background with Management Consulting firms, Architecture, Engineering, Accounting, Tax and Law firms in addition to IT, Healthcare, Operations and Supply Chain consultancies. He also helps large Commercial, Consumer and Private Banks with their hiring needs. Jim can be reached at: jomalley@ki-search.com

Microsoft Licensing: You Got the Discount. But Where Are the Savings?

Warren R. Turner — Former Arthur Andersen Enterprise Group Manager, Founder of Andersen Alumni Association and Partner Cardinal Points Group

In the July issue of the Andersen Alumni Newsletter, I wrote about the potential pitfalls of Microsoft's evolving licensing strategy, particularly the temptation to upgrade based on attractive discounts rather than demonstrated business value.

My message was straightforward: **A discount isn't necessarily a savings.**

Now I'd like to ask organizations that have recently renewed or upgraded their Microsoft agreements a simple question:

Are you spending more or less on Microsoft today? And are you getting greater value from that investment?

A Lesson From My Home Renovation

Several years ago, while planning a major home renovation, I took advantage of a complimentary home energy audit offered by my utility company.

Before beginning construction, I wanted to understand where my home was wasting energy and which improvements would provide the greatest long-term benefit.

The audit identified opportunities that I incorporated into the renovation plans.

Today, my overall utility costs are approximately half what my neighbors spend.

The lesson wasn't simply about purchasing more efficient equipment. **It was about understanding my existing environment before making a significant investment.**

The same principle applies to Microsoft licensing.

More Capabilities Don't Necessarily Mean More Value

Microsoft continues introducing impressive capabilities across productivity, cybersecurity, collaboration, and artificial intelligence.

But additional capabilities don't automatically translate into greater business value.

Consider a few questions:

- Are employees fully utilizing capabilities already included in existing subscriptions?
- Are you paying for overlapping security or productivity solutions?
- Are advanced licenses assigned to employees who don't need them?
- Have promised productivity improvements translated into measurable business outcomes?

These aren't exclusively IT questions. They're financial and operational questions deserving attention from both the CFO and CIO.

The Opportunity for Savings Exists Before—and After—Renewal

Ideally, organizations should conduct an independent Microsoft licensing assessment before their next renewal.

Like my home energy audit, the objective is to identify inefficiencies before committing additional resources.

But what if you've already renewed?

The opportunity hasn't disappeared.

A post-renewal benchmarking assessment can uncover underutilized licenses, redundant applications, opportunities for consolidation, and ways to improve productivity.

While contractual commitments may limit immediate adjustments, identifying opportunities today can produce operational improvements and position organizations for future savings.

Importantly, the analysis should extend beyond Microsoft's invoice to include total technology spending.

From Negotiated Discounts to Measurable Savings

Organizations frequently celebrate negotiated discounts. But how often do they return six or twelve months later to determine whether those savings actually materialized?

A lower licensing price means little if unused capabilities and redundant products remain.

Conversely, a higher Microsoft licensing investment might reduce overall technology spending through consolidation and improved efficiency.

The objective isn't simply to spend less on Microsoft. It's to achieve greater business value at the lowest practical total cost.

A Final Thought

My home energy audit required little effort but helped inform decisions that continue delivering financial benefits.

The same discipline applies to enterprise technology.

Whether your Microsoft agreement is approaching renewal or you've recently upgraded, consider asking:

"We got the discount. But where are the savings?"

For Andersen alumni whose organizations have more than 250 Microsoft licensed users, I'd welcome the opportunity to arrange a complimentary licensing assessment or post-renewal benchmarking review.

Our objective is simple: **Lower costs. Improve efficiency. Maximize existing investments.**

Contact me at **wturner@cardinalpoints.com**.

Warren R. Turner

Warren R. Turner is the Managing Partner of [Cardinal Points Group, LLC](#), a professional services firm providing fractional C-Level Executive expertise to technology OEMs and their channel ecosystems helping business owners and leadership teams drive profitable growth and transform. His work spans M&A, branding, talent, and new business development, supported by globally taught methodologies he has authored to help leaders build durable, high-performing organizations. In 1998 he founded the [Andersen Alumni Association](#)™

THE STRESS CHOICE

Todd Dewett — Andersen Alumnus, author and speaker

Stress is both an objective reality and a subjective experience that can be managed. Whether you're talking about a crazy client expectation, a difficult relationship, job insecurity, or any of many other stressors we might list, their impact is variable depending on choices you make. Your choices matter.

Many experts like to talk about building resilience and related ideas. I know I have. To be clear, the goal is not to make you impervious to everything around you. The goal is to help you build strength to deal with them while also being proactive in how you think about them and react to them. We're not trying to condition you to take more and more and more. We'd like to show you how to create space to think more productively about how you might manage the stressor.

There is, of course, no magic bullet but there are some behaviors that we know are helpful. Cumulatively, they can often help a lot. I've made courses on this topic, as have many others with lots of great advice to share. However, a lot of it can be boiled down to the following. So, take a minute and consider your choices regarding the following behaviors.

Managing your exposure. If we're referring to some aspect of the work you do, sometimes you can't shield yourself from it. It's your job, although, long term, you can pursue ways to shape your role differently that might help. When we're discussing people, I'm not saying run and hide, not at all. Just don't interact more than needed. Don't initiate conversation. Don't respond at length if they do. Excuse yourself politely and get back to work. There is however one exception...

Managing the stressor. If you believe you must change the situation or that there are decent odds you could create positive change, then plan and engage a good positive and private conversation. Please note that whether you're trying to change how you approach a task or interact with a person, this is far from risk-free – but is sometimes well worth it.

Building self-awareness. When you start to feel negative in a situation (again, task or person doesn't matter), you can learn to become aware of that. Choose to use the experience as a signal, a cutoff, an indicator that you should disconnect from the situation and regroup so that you don't experience any higher levels of negativity or cause yourself any unnecessary new challenges.

Building a routine. The more you build self-awareness, the faster you can start using a regular routine that helps. I'm referring to a standard routine or ritual you engage when you hit a certain level of discomfort. Maybe someone says something triggering, or a client acts inappropriately, or a task is very unexpectedly difficult. Take a deep breath and hit the routine. For example: Stand up, stretch, take a short walk, grab some fresh water, and repeat something positive in your mind. Then go sit back down and try again.

There are millions of versions of this that might involve food, exercise, changing tasks, connecting with someone positive, and so on. Don't be caught off guard. Be ready with the routine that works for you.

Taking perspective. It's important to see any challenge in context. Try to remember that it has been worse. Remember that this too shall pass. Maybe most importantly remember that you have many blessings to count. You will survive this thing no matter how heavy it feels in the moment. The simple act of remembering these ideas adds needed perspective that helps you move forward.

Managing your health. There's so much good information here that gets ignored all the time. I won't elaborate except to say that the quality of your diet, exercise habits, and sleep have a huge impact on how you weather the storm when stress hits. Just consider these two simple ideas: First, never allow yourself to over rely on traditional coping mechanisms like booze and ice cream. Empower someone to keep you honest. Second, don't think you have to become a nutritionist or a marathoner. Small positive changes add up. Just start taking a walk or eliminating one bad food.

Finally, getting support. That might take different forms: quality time with good people, someone to informally talk to so you can vent, or a professional of the appropriate variety. The only bad option is choosing none of these when you know you need support. There is no need to go it alone.

So, at the risk of sounding like your parents, make good choices! Collectively these things all build resilience and deeper self-awareness around the issues that create stress in your life. With a little more resilience, a little more self-awareness, and a new more thoughtful approach, you can get a grip on stress.

No doubt, I've left out something that deserves attention. So, what is your experience? What helps you when things get particularly stressful?

Stress is a universal experience for all of us, so know that you're not alone and that you can make a difference with your thoughts and behaviors. Managing stress is difficult but it is a skill you can build, choice by choice – and you'll be happy you did so. Good luck!

Todd Dewett

Dr. Todd Dewett is one of the world's most watched leadership personalities: a thought leader, an authenticity expert, best-selling author, top global instructor at LinkedIn Learning, a TEDx speaker, and an Inc. Magazine Top 100 leadership speaker. His recent book "Dancing with Monsters" is available on [Amazon](#). Todd can be reached at todd@drdewett.com

Private Equity's New Reality: Returns Are Being Built, Not Bought

Brendan Giuseppe — Andersen Alumnus and Founder of BGS Consulting, a proud sponsor of the Andersen Alumni Newsletter

For years, private equity returns could be supported by favorable financing, multiple expansion and a healthy exit market. That playbook has become harder to rely on. PwC reported that the number of U.S. private equity transactions in the first half of 2026 was **67% lower than in 2025**, even as total deal value increased nearly 10%, evidence that sponsors are becoming more selective and concentrating capital on higher-conviction opportunities. At the same time, longer holding periods and a difficult exit environment are putting greater pressure on sponsors to create measurable improvements inside the businesses they already own. [PwC](#)

That shift is changing where PE firms spend their time after a transaction closes. According to Alvarez & Marsal's 2026 private equity value-creation survey, **active operational value creation now accounts for roughly half of EBITDA growth** in the current environment. [Alvarez & Marsal](#) Instead of relying primarily on financial engineering, firms are increasingly focused on integrating acquisitions faster, improving finance and reporting functions, reducing unnecessary costs, modernizing technology, strengthening management teams and positioning portfolio companies for more attractive exits. In other words, executing the deal is only the beginning; increasingly, the return is determined by what happens afterward.

BGS Consulting helps PE sponsors and portfolio companies execute that value-creation agenda from diligence through exit. BGS supports buy- and sell-side diligence, Quality of Earnings, working-capital analysis, pre-close finance assessments, technology diligence, Day 1 planning, integrations and carve-outs, ERP and financial-system implementations, first-time audit readiness, FP&A optimization, cybersecurity and interim CFO, finance and technology leadership across the transaction lifecycle. As operational execution becomes a larger driver of PE returns, BGS provides sponsors with experienced resources that can move quickly from identifying an opportunity to actually getting the work done.

Brendan Giuseppe

Brendan Giuseppe is the founder and CEO of BGS Consulting and Andersen Alumni from 1991 – 2002 in the Washington DC office. BGS Consulting is the corporate sponsor of the Andersen Alumni Association, helping to keep the Andersen family connected. Brendan has built his firm on the same principles that drove Andersen's client service excellence and continues to Think Straight and Talk Straight. **BGS Consulting** is a management consulting firm specializing in providing flexible, tailor-made solutions around Finance, Technology and Talent, to address the unique challenges of its clients. BGS Consulting provides highly experienced resources to fill the project-based and strategic needs of its clients. BGS is founded and led by former Andersen partners who carry on the values and commitment to Client Service every day. The BGS team has a blend of public accounting and operational experience across numerous industries which allows the collaboration, design and delivery of solutions to its clients.

When You Leave Your Office for the Last Time, Who Are You?

Jack K. Gelman — Former Andersen Partner and Managing Director & CEO Gelman & Associates, LLC

One morning recently, my dear friend George called, unhappy and confused.

George had retired a few months earlier. Since then, he'd been filling his days on the golf course, puttering around the house, and reading — books, newspapers, blogs, magazines, anything he could find.

The Identity We Didn't Choose

As a well-respected business executive, George's identity had been a reflection of his work for decades. He had a title. When asked who he was, his answer was simple: "I'm a CEO." Had he worked in other fields, he could just as easily have said "I'm a doctor," "I'm a lawyer," "I'm a professor," "I'm a minister," "I'm an entrepreneur," "I'm a publisher." For many of us, work is more than what we do — it becomes the biggest part of who we are.

What Retirement Actually Takes Away

When George retired, his life changed overnight. His title disappeared, along with his office, his executive assistant, and the constant stream of emails and calls that once filled every hour. **"Who am I now?" he asked. "What is my purpose?"**

He's still struggling with that new reality:

- His calendar no longer dictates his waking hours.
- No one asks him to make decisions.
- No one asks for his advice.
- His days are filled with a silence he isn't used to.
- And instead of talking about it, he's kept it to himself — bottling up the loneliness rather than naming it.

George's story isn't unique. If you're facing — or anticipating — that same blank calendar, consider this: You can spend the rest of your life as a retiree. Or you can **refire**, rather than retire.

Refire, Don't Retire

Refiring means replacing a career's worth of purpose with something equally real — not filling time but redirecting it.

You can choose this path because:

- While your title may have disappeared, your talents have not.
- You carry hard-won wisdom from decades of experience.
- Your ability to contribute meaningfully hasn't gone anywhere — it's just unassigned right now.
- There may be talents you've never had time to explore, waiting to be discovered.
- New experiences are available to you: volunteer work, guest lecturing, mentoring, travel, artistic pursuits

We urge you to think of a "refired" retirement not as the end of one life, but the beginning of another.

Where to Start

George is still finding his way — but he's started saying yes to things he'd never had time for: mentoring a young founder, teaching a class at the local college. He hasn't fully answered his own question yet. But he's stopped sitting in silence, and that's the real first step.

Gelman & Associates' **SAGE Silver Solutions Group** hosts a monthly online peer-group meeting for refirees — people seeking meaningful purpose in their golden years. The next sessions begin this Fall.

To learn more about SAGE, or to reserve your spot for sessions email me at jgelman@gelmanandassociates.com

Jack K. Gelman

Jack K. Gelman: *After graduating from Princeton, Jack spent 6 years as a Vietnam era Naval Aviator. Following military service, Jack earned an MBA from Harvard Business School and embarked on a career that led to leadership positions in companies including Beiersdorf, Rustoleum and Cross Pen. Later, from 1998 through 2002, he was privileged to serve Arthur Andersen as a direct admit Global Managing Partner. Following this, Jack co-founded Gelman & Associates, LLC where he provides C-suite strategy and leadership advisory services to mid-cap companies. Jack guest lectures at several universities on leadership issues, leadership styles and career transitions. He serves on several non-profit boards.*

Your 2027 Strategic Plan Is Already Wrong

Jennifer Eggers — Andersen Alumnus and Founder & President of LeaderShift Insights®

Stop planning for certainty. Start planning for decisions.

On Monday, September 17, 2001 (six days after 9/11) I walked into a strategic planning session I had tried to cancel. I stood in front of the room and told the president and his leadership team that we were about to waste our time. Any strategy we created that day, I told them, was likely to be wrong by the end of the week.

They laughed.

And a week later, they threw the strategy out.

I've thought about that meeting a lot lately. Not because I believe 2027 will bring anything comparable to the events of September 11, but because I see leadership teams making the same fundamental mistake: trying to create certainty in an environment that simply isn't offering much.

AI is rewriting competitive assumptions at extraordinary speed. Geopolitical tensions are reshaping markets and supply chains. Economic signals remain difficult to read. Tariffs and regulatory changes can alter economics quickly. Technology is changing not only how work gets done, but what businesses are capable of doing - and who their competitors might be.

And yet leadership teams everywhere are heading into conference rooms to build their 2027 strategic plans the way they always have.

Maybe they shouldn't.

The problem isn't planning. It's what we're planning for.

The Conference Board's 2026 C-Suite Outlook found that 43% of U.S. CEOs identify uncertainty as a top economic threat, while 60% cite business-model changes as a way to improve profitability. PwC's August CEO Survey Snapshot found something equally telling: more than one in four CEOs said global shocks had made major pricing and supply-chain decisions significantly more difficult. At the same time, 51% had experienced a change in AI's business impact in just the previous eight months.

In other words, the assumptions underneath the plan may be moving faster than the planning cycle itself.

That doesn't mean we stop doing strategy. It means we may need to turn the way we do strategy on its head.

Traditional strategic planning tends to ask where we want to be, what our priorities are and what we intend to accomplish over the next year or three. Those are still important questions. But for 2027, I think C-suites need to add a different set: What do we believe to be true right now? Which of those assumptions are most vulnerable to change? What signals would tell us they have changed? And what will we do when they do?

That shifts strategic planning from an exercise in prediction to an exercise in **decision readiness**.

Plan for decisions, not predictions

Imagine leaving your strategic planning session with something different from the traditional 40-page deck.

Start with the assumptions that actually matter. Not every assumption buried in the financial model, but the three to five that, if wrong, could materially alter the strategy. Then build a small number of plausible scenarios around them - not because you expect to correctly predict which future will unfold, but because your leadership team needs to be ready for more than one version of it.

From there, identify your **no-regret moves**: the capabilities, investments and priorities that make sense across multiple scenarios. Those are the commitments you can make with confidence even when the environment remains uncertain.

Then establish trigger points and decision gates. If demand drops below a certain level, what decision gets reconsidered? If a new AI capability eliminates a process you assumed would require hundreds of people, what happens next? If a tariff, regulatory change, competitive move or supply disruption crosses a threshold, what decision does that trigger?

You don't have to make every decision today. But you can decide today **how you will know when it's time to make it**.

That is a very different kind of strategic plan.

Alignment becomes the strategy

There is one catch: none of this works if the C-suite isn't aligned.

It is relatively easy for eight executives to sit around a table and agree that AI, growth, customer experience, innovation and productivity are priorities. That is not necessarily alignment. Ask those same eight executives separately what would cause the company to change course, which indicators matter most, what they would protect at all costs and what they would stop funding first, and you may discover that they are operating from eight very different strategies.

That is the conversation leadership teams need to have **before** the trigger gets pulled. When disruption hits, the organization should not have to wait while the C-suite begins debating what the change means.

The assumptions should already be visible. The scenarios should have been pressure-tested. The indicators should be known. And the leaders around the table should understand the decision gates before they find themselves standing at one.

This is where strategic planning becomes much less about producing a plan and much more about creating a shared way of thinking. The quality of the strategy matters, of course. But in a fast-moving environment, the quality of the leadership team's ability to interpret changing conditions and act together may matter even more.

Your strategic plan will be wrong. Make that your advantage.

Somewhere right now, a leadership team is spending two days trying to get its 2027 strategic plan exactly right.

It won't.

Neither will yours.

The more useful question is whether your organization is designed to recognize when the assumptions underneath the strategy have changed - and whether your leadership team can respond without losing six months debating what to do about it.

In 2001, that leadership team discovered after the fact that its strategy had been overtaken by events. Twenty-five years later, we have the opportunity to plan differently.

A great strategic planning session for 2027 should not produce false certainty. It should produce clarity about what matters, alignment around the choices that have been made, and a shared understanding of what will trigger a change in direction.

If your strategic planning process looks essentially the same today as it did five years ago, this may be the year to redesign it.

Because in 2027, the advantage won't go to the leadership team with the best prediction. It will go to the one that's ready to decide.

If the plan is already wrong, the real work of the planning session has to change, and that starts with what happens in the room.

If Your Strategy Offsite Ends With a Plan, You Missed the Point

The real work is making the choices, surfacing the assumptions and aligning the team before the world forces your hand.

Not because your strategy team isn't smart enough. Not because planning is obsolete. And certainly not because we should throw up our hands and wait to see what happens.

Quite the opposite.

An environment this volatile demands more strategic discipline, not less. But it also demands a different kind of discipline.

If your response to uncertainty is to bring the executive team together for two days, review the market, update the SWOT, debate a list of priorities, set some objectives and leave with a polished strategy deck, you may have created a plan.

I'm not sure you've created much strategic advantage.

The environment leaders are planning against is moving faster than most planning cycles. AI is reshaping assumptions about productivity, talent and business models. Geopolitical instability can alter supply chains and investment decisions overnight. Regulatory shifts, tariffs, changing customer behavior and new competitors can quickly make yesterday's assumptions irrelevant.

Those are not simply more items to add to the environmental scan. They change what the conversation in the room needs to accomplish.

The most valuable output of a 2027 strategy session isn't the plan. It's a leadership team that has made the difficult choices, understands the assumptions behind them, knows what signals could change them, and is aligned on how it will respond.

That should be the real objective of the offsite.

Stop treating the offsite as a planning meeting

Most strategic planning processes are still designed to produce answers: Where are we going? What are our priorities? What are our goals? What resources will we allocate? Who owns what?

All necessary.

But before a C-suite answers those questions for 2027, it needs to wrestle with a harder one:

What are we actually willing to bet on?

Every strategy rests on a set of beliefs about what will happen next. We have a view of where customers are going, what competitors will do, what technology will make possible, where talent will come from, how quickly markets will grow, how regulation will evolve and what our organization is capable of executing.

Usually those assumptions are there, but they are buried.

Bring them into the room.

If AI advances twice as quickly as you're assuming, does your strategy still make sense? What if it advances half as quickly? What if a regulatory shift changes the economics of the business? Tariffs change? Geopolitics change? A key supply source disappears? Customer behavior moves faster than expected? A competitor fundamentally changes the basis of competition?

You do not need an exhaustive catalogue of everything that could go wrong. You need to identify the handful of assumptions that matter enough that, if they change, you would make a different decision.

That is strategy.

Make choices before you make objectives

Another problem I see in strategic planning is the speed with which teams move to priorities.

Growth. Customer experience. Innovation. AI. Talent. Productivity. Operational excellence.

Great.

Which one wins when they compete for the same dollar?

Which opportunity are you not pursuing?

What are you willing to stop doing?

Where are you deliberately accepting risk?

Those are much less comfortable conversations, which is exactly why they matter.

A list of priorities can create the illusion of alignment because everyone can find something on it they support. Strategic choices expose where leaders actually disagree.

And 2027 objectives should come after those choices have been made.

Otherwise, organizations do what they often do every year: carry forward everything that was important last year, add whatever became important this year, spread resources a little thinner and call the resulting list a strategy.

It isn't.

Decide what will change your mind

This may be the most important shift leadership teams can make this year.

Do not just agree on the strategy. Agree on what would cause you to reconsider it.

If a particular market indicator hits a threshold, what gets reopened? If an AI capability changes the economics of a core process, what decision follows? If customer demand moves outside the range you

planned for, how do you respond? If geopolitical or regulatory conditions change, what are the implications for investment?

This is not about trying to predict every scenario. It is about deciding which signals matter enough to get your attention.

The stronger question is not, “What do we think will happen?”

It is, **“How will we know that one of the beliefs underlying our strategy is no longer true?”**

Then decide what happens next.

That creates something much more useful than a static plan. It creates decision gates.

You do not have to make every future decision today. But you can agree today on what will trigger the conversation, who needs to be involved, what tradeoffs will be reconsidered and what data will matter.

That is decision readiness.

Don't confuse consensus with alignment

Perhaps the biggest value of bringing a C-suite together is not the strategy it produces at all.

It is finding out whether the people responsible for executing it see the business the same way.

At the end of your offsite, ask your executives separately to explain the strategy. What are the two or three bets we are making? What are we not going to do? Which assumptions matter most? What are we watching? What would cause us to change direction? Where will we continue investing even if conditions deteriorate?

If six smart executives give you six materially different answers, the fact that everyone agreed to the strategy deck does not mean much.

You do not have an execution problem yet.

You have an alignment problem.

And it is far better to discover that in the conference room than six months later in the business.

This is where strategic planning becomes much less about producing a plan and much more about creating a shared way of thinking. The quality of the strategy matters, of course. But in a fast-moving environment, the quality of the leadership team's ability to interpret changing conditions and act together may matter even more.

Change the output, and you change the conversation

The best strategy offsite I can imagine for 2027 does not end with leaders congratulating themselves on having finished the plan.

It ends with a leadership team that knows what it believes, understands where those beliefs might be wrong, has made real choices about where to invest and where not to, knows which signals it will watch, and has agreed how it will respond when conditions change.

There may still be a strategy deck.

There should certainly be objectives, accountability and an operating cadence.

But those are the artifacts of the work. They are not the work.

The work is creating a leadership team capable of making consequential decisions together when the answer is not obvious.

So if your 2027 strategy offsite is already on the calendar, do not start by asking what should be on the agenda.

Ask a harder question:

What does this leadership team need to be able to decide together when it walks out of the room that it cannot decide together today?

Start there.

The goal of the strategy session is not to leave with a better document. It is to leave with a leadership team that can make better decisions together, especially when the assumptions behind the strategy stop being true.

Because in 2027, the plan will change.

The quality of the team's thinking, choices and alignment is what has to hold.

Jennifer Eggers

Jennifer Eggers is President of LeaderShift Insights, Inc., c-level advisor and author of International Best-Seller, "[Mastering The C-Suite: The senior leaders playbook to build a c-level mindset, command respect and lead an enterprise.](#)" The book is based on 30 years of patterns observed while working with and coaching C-Suite leaders across 17 countries and over 20% of the Fortune 500. She works with leaders and organizations going through disruption to improve their capacity to adapt.

The Case for Reimagining Integrity

John G. Blumberg — Andersen Alumnus and author of *Return On Integrity*

For nearly thirty years, I have asked audiences the same simple question. If you had to describe integrity in a single word, what would it be?

The answer rarely changes. Honesty. Ask for a phrase and it is just as predictable. What you do when no one is watching. Heads nod. Of course. We all know what integrity is.

And that may be precisely the problem.

Honesty matters. So does what we do in the quiet moments no one else will ever see. But they are not the definition of integrity. They are lagging indicators. The fruit, not the root. And when we mistake the fruit for the root, we stop digging. We assume we already know. Few things keep us more shallow than the quiet assumption that we have already arrived.

One of integrity's great paradoxes is that you can be completely honest and still be totally wrong.

The word itself tells a different story. Integrity shares its root with *integer*, a whole number. Whole. Entire. Undiminished. Integrity is not first about honesty or compliance or performance. It is about wholeness. Connection. The integrating of all that we are with everything and everyone around us.

That sounds simple. Yet it isn't. Most of us were handed integrity as a line. Right on one side. Wrong on the other. And so we learned to stand on one side of the line and point across it. Integrity became a verdict. Something we quietly award ourselves and withhold from others. That person has integrity. That one doesn't.

When integrity is mistaken for black-and-white perfection instead of connection, we end up performing rather than becoming.

Here is the hard part. The more certain I am that I have integrity, the less likely I am to notice my drift. We rarely go running away from what we value most. We go drifting. One reasonable decision at a time. And one day we wake up in a place we never meant to be, still honest by our own accounting, still convinced we are standing on the right side of the line.

Insight often grows in soil tilled by unlearning.

This is where reimagining begins. Not with learning something new, but with unlearning something old. Loosening our grip on what we have always assumed integrity to be, so that something deeper has room to arrive. Trading the comfort of certainty for the humility of discovery. Thirty years in, I am still

unlearning.

None of this stays personal for long. Every organization is simply a gathering of individuals. We tend to treat integrity there as a matter of policy. Codes of conduct. Compliance training. Annual sign-offs. Each has its place. But compliance can only manage behavior. It cannot create wholeness. A culture can never be more whole than the people within it. Some of us have learned that in ways we will never forget.

The state of integrity of any institution can best be defined by the current collective state of the integrity of every individual that is within it.

So the case for reimagining integrity isn't that we have been getting it wrong. It is that we have been holding it too small. In a family, a team, a boardroom, a congregation, the deeper question shifts. Not only "Did we do the right thing?" but "Does this connect us, or does it divide us?" It is a harder question. It is also a far more honest one.

Integrity was never meant to be a badge we wear. It is the wholeness we keep finding our way back to.

And maybe the most important step isn't proving we have it.

It's being willing to look again.

John G. Blumberg

[John Blumberg](#) is a champion for integrity in an age dominated by performance metrics. As a national keynote speaker and author of four transformative books, including the renowned "[Return On Integrity](#)" series, his mission is to distill clarity from the noise and foster authentic leadership. As always, I'd love for you to share your thoughts! We could all benefit, if you would be so kind to share your thoughts email me at John@BlumbergROI.com!

Most CPA Firms Have a Strategy. Do They Have the Courage to Follow It?

Gary Thomson — Andersen Alumnus and currently a Managing Director at Thomson Consulting

For several years now, accounting firm leaders have heard experts share various challenges that must be addressed to ensure future success. These issues have been on countless partner retreat agendas year after year: launching advisory services, changing governance models, improving accountability, developing the appropriate talent strategy, or addressing succession.

We have seen several firms attack these issues head on, and as can be seen in the latest INSIDE Public Accounting Insights report – the IPA 500 – these firms are beginning to demonstrate higher success rates as a result. The question is why more firms haven't addressed these challenges.

Usually, the issue isn't that firms lack the intelligence or strategic insight to solve these challenges. Accounting firms are filled with talented, ambitious professionals who generally understand what needs to change.

The issue is that each of these challenges requires change and change is difficult. It requires uncomfortable conversations and decisions that may affect people's compensation, authority, status, or sense of identity.

It's not a strategy problem.

It's a courage problem.

Obstacle to Change - Partner Activation Barrier

At the top of the pecking order in most accounting firms are hard-working partners with large books of business. They made the partner ranks by maintaining high productivity rates and demonstrating strong client service. Their status affords them nice compensation and some semblance of control. The silent truth most firms face is that many firm partners would prefer to maintain what has worked in the past instead of changing to succeed in the future.

Firms are beginning to realize this mindset causes conflict and an obstacle to change. I refer to this as the Partner Activation Barrier.

Choose any of the challenges firms try to address through a sound strategy and you will find if success isn't achieved, it likely languished at the Partner Activation Barrier:

- A firm can appropriately identify potential new advisory services, hire the right individuals to lead the effort, determine how to market these services and price them – and the effort stalls because partners do not shift to an advisor role with clients. Instead of learning to bring all the firm's services to support a client, they choose to stay in a compliance mindset, valuing their specific service more than the firm. Choosing to stay in this compliance mindset limits the success of new advisory services.
- As firms grow, their governance models often need to evolve, eventually leading to a different governance model than one in which every partner has a say in every decision. Moving toward a new governance structure, led by a smaller board of directors and a CEO or managing partner, can give a firm the ability to make decisions more quickly and strategically. But it can also mean taking someone's input away. If partners do not commit to following the new governance model, leadership may be challenged in ways that limit the future success of the firm.
- When the conflict between maintaining partner status and firm progression begins to increase, a typical reaction is a cry for increased accountability. The partners see behavior in other partners they would like to correct, and they ask leadership to create policies and procedures to hold the partner more accountable. Unfortunately, the policies are a poor substitution for partners holding each other accountable to the standards and strategy established by the firm.

Impact of Resistance

When the resistance to change is strong, firms will often begin to hesitate in decision-making. This isn't a sign of poor leadership, it is a realization that because decisions have personal consequences, the outcome of the decision may not be successful.

This hesitation leads to a delay in adaptation. Unfortunately, if a firm doesn't adapt it won't just stop moving forward, it can begin to slide in the opposite direction.

When the Same Conversation Keeps Coming Back

This is how firms get stuck.

The issue appears on the retreat agenda. Partners discuss it. Everyone agrees it's important. Then the year gets busy. The next retreat comes around, and the same issue is back on the agenda.

This happens with governance. It happens with advisory. It happens with succession, pricing, partner accountability, and other decisions that are difficult because someone will be affected.

Eventually, people become tired of talking about it. The firm begins to accept the lack of progress as normal, and that's dangerous.

When leaders (and partners) repeatedly discuss an issue without acting, they send a message to the organization that the issue isn't truly a priority. And everyone notices.

The problem isn't necessarily that the original strategy was wrong. It may be that nobody was willing to make the decisions required to execute it.

Inaction Can Undermine the Firm's Future

What firm leaders often don't understand is that they are selling the firm whether they realize it or not.

Even if the firm isn't looking for a merger partner, the selling is happening internally as partners transition from one generation to the next. Future partners are evaluating the firm, too. They are looking at governance, culture, economics, opportunities, and whether the firm is positioned for the future.

Succession isn't simply about finding someone to take over a retiring partner's clients. It's about building a firm that the next generation wants to own.

That requires today's leaders to make decisions that may not benefit them personally but will benefit the firm they eventually hand over.

Courage Starts With Believing in the Firm

Leaders who make difficult decisions are those who strongly believe in the long-term future of the firm.

They believe in the next generation. They understand that growth requires change. And they trust in themselves, and that doing what is best for the firm will ultimately strengthen everyone connected to it.

It means leaders must distinguish between what is best for an individual partner today and what is best for the firm over the long term. And every time, one or the other wins out. The more the individual wins, the more it hurts the firm.

Sometimes, an outside perspective can help. A consultant removed from partnership dynamics can ask difficult questions and challenge leaders to address issues they already recognize.

At Thomson Consulting, we have helped firms work through difficult conversations involving governance, partner alignment, succession, and strategic change. We've had these awkward conversations in our own firms.

The courage to act doesn't mean making decisions quickly or without consideration. It means being willing to make the decisions the firm's future requires – even when they are difficult.

Sometimes the hardest part of strategy isn't knowing what to do.

It's deciding that the future of the firm matters more than the discomfort of getting there.

Gary Thomson

Gary Thomson is founder and Managing Partner of Thomson Consulting LLC, which helps professional services firms, primarily accounting firms, in the critical arenas of leadership development, succession planning, personal coaching, M & A, strategic planning, culture, leadership planning and innovation.

The Martini. Bartending, LLMs and the Workplace in General

Mary Trigiani



*Irish and American Bar, Rue Royale. Henri de Toulouse-Lautrec. 1896. 5-color lithograph [poster].
Rosenwald Collection. [National Gallery of Art](#).*

Sometime during the past ten years, the universal bartending 101 skill of mixing a classic dry martini, straight up with plain olives, has begun eluding a strong percentage of America's bartenders.

I feel confident in making this anecdotally based assertion, as I have lived in and visited different places throughout the past decade and been drinking martinis longer than that. I increasingly find myself having to send what should be a slam-dunk order back to the bar for adjustment. The reason is mixologists not understanding what "dry" means and delivering a vermouth drink with a splash of gin instead of the reverse proportion. In one case, the server came back to me and explained that the mixologist had looked up "dry" and interpreted it as a vermouth-dominant recipe — so the mixologist assumed a heavier presence of dry vermouth automatically rendered the drink dry. In another case, when they heard "olives," they assumed olive juice. Which is another problem, but we do not need to go there. And no, I'm not switching to lemon peels unless I am in someone's home and this is how they dress a martini, like Bud Johns used to do. What a guy.

As these misfires make their way back to the maker, I always thank the server and ask that they convey my thanks to the mixologist for their patience with my specificity. Yet at \$15-20 a pop, I'm beginning to rethink this magnanimity. In fact, to my friends' eye-rolling amusement, I have developed a comedy routine that I use when ordering a martini — just to make sure I'm more Mother Teresa than Evita Peron as I seek to prevent a debacle that might take another twenty minutes to correct.

This reaction is not a prima donna thing; it is authentic confusion over WTH is going on in the taverns of America, just one of the workplaces where we nice people are fumbling the basics. The Martini Problem is symbolic of ennui in one's field, lack of preparation, absent management and what passes for qualification in today's enterprises. For those of us who have one job, we might as well cultivate interest in it and learn everything we can about how to do it. Which is why I'm writing this, actually. One establishment's martini is another's widget, financial statement or strategic plan. Passion and joy make things better because they make you want to learn and perhaps even strive for perfection.

So instead of being/staying cranky about this, I'm using it as an opportunity to ponder the causes as well as the cures for this condition. And invoking my great-uncle Anthony "Stamp" Stampone, who called the work bartending at his heralded tavern in Roseto, Pennsylvania, and would probably have a few choice words about the inflated mixology terminology.

Cause: Team members figure they can look everything up on the internet — or ask an LLM — in real time, and this is more than enough preparation. **Cure:** Practicing under the supervision of an experienced team member while keeping the phone within reach. If a crutch is needed, it should be training and experience, readily available to the employee from colleagues who have done the job, too. Because the LLMs can be wrong and often are.

Cause: Even when team members use an LLM to get them through a task, they don't understand what they are seeing in that handy little video. **Cure:** Making sure that as we use digital sources for training, we also teach the value of attention and concentration, going back over a problem, and remembering that the purpose of our work, whatever it is, is to satisfy the customer. I wonder if Peter Drucker drank martinis.

Cause: Critical listening and thinking are not high on the performance list. **Cure:** The worker taking enough joy in labor to invent approaches that save time and make things better, the employer filling gaps that training programs and higher education may have left behind, and the customer being part of the process. In one establishment I have come to favor, after I went through the routine in placing my order directly with the bartender, he shared his trick for the super dry martini. He uses a spritzer filled with vermouth to lightly coat the inside of the chilled glass with vermouth first before adding the Beefeater [rest in peace, Sean Connery aka James Bond, but the martini is about gin]. This opened wide a conversation with the bartender about his work and the pleasure he takes in innovating product and pleasing customers. The customer has something of a job here, too — to convey respect, interest, and

gratitude to the person who takes satisfaction in hosting you creatively and kindly.

As we get ourselves through this era with a little help from our friends on the frontier — be it artificial intelligence, authentic bartending, or sincere management — we should remember how good we've got it and how much better we can make it. While sending up a toast to the inventors, from tech bros to bartenders.

Mary Trigiani

Mary Trigiani works at the intersection of strategy and enterprise positioning. Her most recent role was Chief Strategy Officer of the Virginia Tech Foundation. It all began at Arthur Andersen, where Mary was a member of the Chicago WHQ executive communications team serving the managing partners. This essay is reprinted from the weekly news brief Mary produces. You can subscribe on [LinkedIn](#) or [Substack](#).

A Market Pricing at Two Speeds: Mid-2026 M&A Dynamics and What Business Leaders Should Do About Them

Don Bravaldo — Andersen Alumnus and Founder and President Bravaldo Capital Advisors

Reuse: Copyright 2026 Current Accounts | The Georgia Society of Certified Public Accountants (GSCPA). This article originally appeared on Current Accounts | The Georgia Society of Certified Public Accountants (GSCPA) and was reprinted with permission. No further reproduction is permitted without permission from Current Accounts | The Georgia Society of Certified Public Accountants (GSCPA). Original article may be found

Global M&A is on pace for one of its strongest years on record. Sit across the table from a business owner in the middle-market, however, and you are just as likely to hear about a deal that stalled, a financing package that came in tighter than expected, or a process pushed into next year. Both pictures are accurate, and reconciling them is the task at hand, because the second half of 2026 will reward owners who understand precisely which of these two markets they occupy.

This is a market pricing at two speeds. At the top, a handful of enormous transactions are inflating every headline number. Underneath, a much larger population of lower middle-market deals is moving more cautiously, financing more selectively, and pricing with real discipline. That pattern holds globally, nationally, and, in its own form, in the U.S. lower middle-market, where most of Bravaldo Capital Advisors' (BCA) clients live. The signal you take from "M&A is booming" depends entirely on which layer you are standing in.

The Global Picture: Records at the Top, Restraint Underneath

Global M&A value in the second quarter of 2026 came in at an estimated \$1.3 trillion, down 18.4 percent from the first quarter's record \$1.6 trillion, but still up a striking 35.3 percent from the same quarter a year earlier. Deal count barely moved, with an estimated 11,880 transactions, up 3.4 percent year-over-year and down just 2.4 percent from Q1. Deal value swinging upward while deal count remains nearly flat is the tell. This means the market's aggregate value is being driven by a small number of very large transactions, not a broadening of everyday dealmaking. Transactions valued at \$5 billion or more accounted for \$553 billion across just 34 deals, representing over 42 percent of all global M&A value from roughly three-tenths of one percent of all transactions.

Two other data points round out the picture. First, pricing held. Even as volume swung, the median EV/EBITDA multiple across North America and Europe stayed at 10.2x on a trailing-twelve-month basis, squarely within its long-run range and up a half-turn above the 9.7x recorded in 2024. Sellers are not capitulating on price, and buyers are not chasing discounts; they are simply transacting more selectively. Second, the buyer mix shifted toward strategics. Global buyout and LBO value fell 35.7 percent quarter

over quarter to \$287.3 billion, while strategic M&A value held at \$892.7 billion. The Federal Reserve's continued decision to hold rates steady, combined with the European Central Bank's surprise hike in June (its first since 2023, in response to the Middle East energy shock), made leveraged buyouts harder to finance. Corporates stepped into the vacuum left by sponsors, funding transactions through equity consideration, existing debt facilities, and balance-sheet cash rather than tapping the credit markets.

The U.S. Picture: Two Deals Tell Most of the Story

North American M&A value reached \$787 billion in Q2, down 24.3 percent from Q1, a sharper pullback than Europe's comparatively modest 6.4 percent decline. Strip out just two transactions, the \$118.5 billion Dominion Energy-NextEra Energy pending merger and the \$60 billion Cursor acquisition, and the region's underlying activity looks considerably softer than the headline suggests.

Private equity was largely a spectator at the top of the U.S. market this quarter. Both marquee deals were strategic, stock-funded transactions, precisely the kind of purchasing power public companies with elevated share prices have and sponsors dependent on credit markets do not. A friendlier antitrust backdrop reinforced that dynamic: the FTC and DOJ resumed granting early termination for deals with no competitive concerns, and a federal court vacated the expanded 2024 Hart-Scott-Rodino premerger filing rule. The practical effect is a market where clearance timing, not outright prohibition, is the real risk, and strategic acquirers have read that as an invitation to pursue scale.

Sector performance diverged sharply. Energy ran far above its five-year average, with deal value reaching an estimated \$217 billion for the quarter, up 385.5 percent year-over-year and powered substantially by the structural demand story around AI data centers and grid power. Healthcare posted its clearest growth quarter of the year, up 71.6 percent year over year, driven by broad-based buying tied to an upcoming wave of patent expirations forcing large drugmakers to acquire late-stage assets. IT captured the quarter's central tension in a single sector: strategic AI-driven megadeals remained hot, while sponsor-led software buyouts effectively collapsed, falling more than 60 percent quarter-over-quarter. Financial services and materials & resources, by contrast, sat well below their five-year norms, with financial services M&A value hitting a two-year low as the prior wave of bank and insurance consolidation paused.

The U.S. Middle Market: A Two-Tier Market Within the Two-Tier Market

This is where it gets most relevant to BCA's clients, and where the data, from GF Data's Q1 2026 report, the most reliable read on private, PE-sponsored transactions between \$10 million and \$500 million, tells its own distinct and genuinely encouraging story.

For all of 2025, the lower middle-market exhibited an inverse relationship between volume and pricing: busy quarters were priced cheaply, while quiet quarters produced rich multiples, as if the market could not sustain both strong volume and strong pricing at the same time. Q1 2026 broke that pattern for the

first time in five quarters. GF Data's contributors reported 80 completed transactions at an average of 7.3x trailing twelve-month adjusted EBITDA, both metrics exceeding full-year 2025 levels and moving together rather than trading off against each other.

But the encouraging headline conceals a market that is no longer pricing transactions as a single cohort. It is pricing them as two. Platform pricing rose to 7.6x from 7.2x in 2025, while add-on pricing fell to 6.5x from 6.9x over the same period. That 1.1-turn spread is the widest on record in GF Data's series, representing a sharp reversal from 2022 and 2023, when add-ons traded at a slight premium to platforms. The mechanism is entirely financing-driven: senior debt pricing on platform deals fell roughly 85 basis points during the quarter, and platform leverage increased materially, with total debt climbing to 3.9x EBITDA and senior debt to 3.3x, both multi-year highs. Add-ons, which typically draw on an existing platform's credit facility rather than fresh syndications, simply did not see that same tailwind. Sponsors buying platforms and sponsors buying add-ons are, in a very real sense, operating in two different capital markets right now.

The quality story moved in a similarly instructive direction. The "quality premium" (the pricing reward for above-average financial performance, defined as EBITDA margins and revenue growth both comfortably above market norms) widened to 7 percent in Q1, up from a record-low 2 percent in 2025. The mechanism matters: that widening came almost entirely from softer pricing on lower-quality assets, not stronger pricing on premium ones. Buyers reasserted discipline at the bottom of the quality spectrum rather than paying up further at the top. The size premium told a parallel story, normalizing back to its long-term average of 2.6 turns between the \$10-\$100 million and \$100-\$500 million platform cohorts, after compressing to 2.3 turns in 2025.

Sector rotation was the final, and perhaps most important, surprise. Through 2025, the prevailing narrative held that business services were a safe haven, while manufacturing carried the tariff and macroeconomic risks that made it the sector to avoid. Q1 2026 inverted both halves of that story. Manufacturing led the major sectors, with average pricing rising to 7.2x from 6.6x on the highest quarterly manufacturing deal count in five quarters (26 transactions), driven largely by resilient B2B activity. Business services, meanwhile, cooled for the first time in three years, down to 7.0x from 7.3x, with the softening concentrated almost entirely in transactions under \$25 million. Healthcare services held its historical premium at 8.5x; distribution eased modestly to 6.7x. GF Data itself calls this directional rather than a confirmed paradigm shift, but it is the sharpest sector reversal the data has shown in years, and it deserves owners' attention regardless of which side of it their business sits on.

What Business Leaders Should Be Watching

Pulling these three layers together, here is what we believe matters most for owners and executives thinking about capital, growth or a transaction over the next twelve months.

Know which market you are actually selling into. “The M&A market” is really at least three markets layered on top of one another: a megadeal market setting the headlines, a strategic-versus-sponsor market where financing access determines who can compete for the largest assets, and, within the lower middle-market itself, a platform-versus-add-on market where financing terms diverge by more than a full turn of EBITDA. If your business is a platform-scale opportunity in a consolidating sector, you are pricing into real tailwinds. If you are more naturally an add-on candidate, your buyer pool has less fresh financing behind it than the headlines suggest, so competitive process design matters more than ever.

Track your sector’s momentum, not last year’s narrative. The reversal between manufacturing and business services is the clearest lesson of the first half: the sector that was considered “safe” in 2025 cooled, while the sector everyone was told to avoid led the market. Treat sector positioning as a variable to monitor each quarter, not as a fixed label for the year.

Understand that pricing discipline, not price collapse, is the story. Global, national, and lower middle-market multiples all held remarkably steady even as deal volumes swung sharply, which is meaningfully different from a downturn. Well-prepared, well-performing businesses are still receiving strong valuations, but buyers have stopped extending that same treatment to lower-quality assets. The gap between a well-documented, above-average performer and an average one is widening because buyers are pulling back on the latter, not paying more for the former.

Recognize that scale is securing better financing terms than it has in years. The 85-basis-point improvement in platform senior debt pricing, and the jump in platform leverage to multi-year highs, is a direct, measurable advantage for larger transactions. For an owner sitting near a size threshold, say, close to the \$25 million or \$100 million enterprise value marks where GF Data shows the clearest step-ups, there may be real value in scaling further before a sale, or in structuring the deal to be marketed as a platform rather than an add-on.

Plan around a genuinely uncertain rate and geopolitical backdrop. The Fed dropped forward guidance at its June meeting, while the ECB raised rates for the first time since 2023, reversing the direction of policy in response to the Middle East energy shock. Together, these developments underscore how quickly the financing environment can change. Financing costs and availability could move more sharply in either direction over the next two quarters than at any point since 2022, so deal timelines and capital plans should account for that volatility rather than assume today’s terms will hold.

Take advantage of a friendlier, though not frictionless, antitrust environment. For strategic buyers and sellers, clearance risk has genuinely eased in the U.S., even as the regulatory environment becomes more nuanced in Europe, a real and underappreciated tailwind for corporate buyers positioned to pursue on scale.

Prepare your financials as if the “above-average performer” test is being applied to you, because it is. With the quality premium now driven by buyers discounting weaker assets rather than

rewarding stronger ones, clean, well-documented margins and revenue growth are no longer nice-to-haves that earn only a modest premium. Increasingly, they are the baseline criteria determining whether a business is valued in the upper or lower half of its peer group.

Here Is What We Are Hearing

Conversations with private equity funds, lenders, and BCA's advisory network echo the data closely. Buyers describe underwriting the risk of AI disruption in software targets far more carefully than they did a year ago, while showing renewed conviction in manufacturing and industrial platforms that were out of favor twelve months earlier. Lenders confirm the bifurcation directly: platform financing is genuinely competitive again, with senior debt pricing improving and leverage available at levels not seen since 2022, while add-on financing, still largely drawn against existing facilities, has seen little movement. Several advisors note that structured terms, particularly earnouts, are doing more of the work to bridge buyer and seller expectations than direct negotiations over multiples, consistent with a market pricing selectively rather than uniformly.

Enthusiasm Amid Caution

We enthusiastically support the growth plans of private business owners while never hesitating to recommend caution when warranted. With that in mind, we offer the following counsel to business owners who may or may not be considering a sale.

- **Get an honest assessment on whether you are a platform or an add-on in your buyers' eyes,** and structure your process accordingly. The financing environment behind each is genuinely different right now.
- **Benchmark your margins and growth against GF Data's above-average performer thresholds** before going to market, not after a buyer points out the gap.
- **Do not assume last year's sector narrative still holds.** Get a current read on where your industry sits in its consolidation and pricing cycle before setting expectations and strategy.
- **Explicitly incorporate interest rate and financing volatility into your planning.** With the Fed's guidance more opaque than it has been in years, a financing plan that works only under today's terms is a fragile one.
- **If you are a strategic seller, the antitrust backdrop is more favorable than it has been in years,** worth factoring into how you think about buyer pools and timing.
- **Keep your financial reporting clean and audit-ready.** In a market that rewards documented quality and penalizing everything else, this is the single highest-leverage action most owners can do before a process begins.
- **A well-performing, well-prepared business still commands a strong price.** Despite a genuinely volatile first half, pricing discipline across every layer of the market, global, national, and

lower middle-market, confirms that quality companies command favorable pricing and great companies command premium pricing.

The mid-2026 environment is not one story but several, stacked on top of one another: a record-setting headline market, a strategic-versus-sponsor divide reshaping who can compete for scale, and a lower middle-market segment that rewards platforms and quality performers while quietly tightening on everyone else. None of this is cause for panic. As in every cycle through which we have advised, this is a period that rewards owners who understand which market they are operating in, prepare accordingly, and remain disciplined about timing and expectations.

At Bravaldo Capital Advisors, www.bravaldocapitaladvisors.com, we are ready to support M&A and Corporate Finance clients navigating today's environment in pursuing life-changing mergers and acquisitions or corporation growth opportunities.

Sources: PitchBook, "Q2 2026 Global M&A Report" (published July 9, 2026); GF Data, an ACG Company, "Q1 2026 M&A Report" (published May 18, 2026); Federal Reserve, FOMC statement, June 17, 2026; European Central Bank, monetary policy decision, June 11, 2026; Bureau of Labor Statistics (2026 CPI and employment releases); ACG Atlanta / Datasite, "M&A South 2026" panel insights; Bravaldo Capital Advisors, "M&A and Private Debt Market Observations: Recap 2025 and Outlook for 2026" (July 2026).

Don Bravaldo

About [Bravaldo Capital Advisors](#): *Founded by CPA [Don Bravaldo](#) in 2010, Bravaldo Capital Advisors is a boutique investment banking practice that serves privately and closely held family businesses (with revenues between \$10 to \$300 million) that wish to plan and execute exit strategies, achieve growth through acquisition, or seek access to debt or equity capital in pursuit of their corporate strategy. The Atlanta-based firm provides corporate finance and M&A advisory services to lower middle market-sized private, owner/founder-led, and family businesses. Don and his team serve all major industry categories, with an emphasis on industrials, business services, healthcare and technology-related industries.*

Bored Directors? How to Make Sure Board Materials Are Contributing Value

Jim DeLoach — Former Andersen Partner and Founding Managing Director at Protiviti. He is the author of several books and a frequent Forbes and NACD contributor.

Reuse: Copyright 2026 CCI | Corporate Compliance Insights. This article originally appeared on CCI | Corporate Compliance Insights and can be found here. Reprinted with permission. No further reproduction is permitted without permission from CCI | Corporate Compliance Insights.

Board directors want more strategic emphasis and less operational detail in [boardroom](#) prep materials and discussions. Yet, we continue to hear directors express the view that materials they receive for and in scheduled meetings are voluminous to the point of obfuscating what’s really important.

To that point, a recent [study](#) conducted by Board Intelligence and the Chartered Governance Institute UK and Ireland indicated that 68% of directors rated their board materials as “weak” or “poor,” while only 1% rated their board information as “excellent.” Furthermore, the quality of board packs is declining: In 2024, only 36% of directors thought their board packs added value, compared with 48% in 2023. To top it off, 74% of directors agree and 18% somewhat agree that they would like their boards to spend more time on “big picture vision and goals.” A [study](#) conducted in collaboration with the National Association of Corporate Directors came to similar conclusions, and other [research](#) discovered that pre-meeting board books can range from 200 to more than 900 pages.

Directors want more concise, compelling materials. They want to listen to crisp presentations and then engage in strategic conversations with management on the topics that matter. They want the information to be packaged and presented thoughtfully so they don’t have to scan the entire waterfront. Getting mired into the day-to-day specifics of operating the business is not where most directors want to focus.

Why does this issue persist?

These concerns are not new. Directors have expressed them for many years. So why does management continue to inundate board members with non-critical information? One of the aforementioned studies notes that because board books are highly sensitive and confidential, it is difficult for directors to benchmark the information they receive from management against materials received by boards of other companies. While that lack of transparency may be a contributing factor, many directors serve on multiple boards, which gives them a broader perspective on board reporting practices.

Accordingly, there are likely other reasons:

- **Lack of understanding the audience:** This is the classic root cause of most communication issues. Directors want just the skinny, not the whole nine yards. Brevity of content and to-the-point discussions of critical issues find favor in the boardroom — just as they do in the C-suite. Imagine the reaction of a CEO who receives a 900-page report on multiple issues requiring timely action.
- **Inability to separate the details from the crux of an issue:** Board-facing executives may not understand how to distinguish the most relevant information for directors. Approaching the board with territorial and bureaucratic thinking without regard to the big picture can contribute to excessive detail. As Albert Einstein reportedly said, “If you can’t explain it simply, you don’t understand it well enough.” When in doubt, either place supporting details in an appendix or make them available upon request.
- **Cultural emphasis on transparency:** Management may tend to provide all available information in the interests of full disclosure without regard to importance. Overcommunication may even be a [cultural](#) norm. As regulators and the courts have been known to cite failures to timely inform the board, management may be seeking to avoid the [risk](#) of allegations of withholding information.
- **Preparation efficiency:** Board-facing executives may be leveraging materials used internally and are not repackaging such materials for board consumption. Thus, the tone of reporting misses the mark.

It is a 2-way street

In the end, it is about knowing the audience. What do the directors want? What are their preferences when absorbing information? Do they prefer visuals, text or both? Would it be useful to provide distinctive headings, simple language, consistent formats and explanatory narratives alongside graphs and tables? Directors should be given an opportunity to express their preferences.

The process begins with the CEO, who is ultimately responsible for effective communications with the board. The board chair or lead director also has the responsibility to ensure that meetings are well-planned and supported with quality materials. To maximize value contributed by independent directors, it is in the CEO’s best interest to listen to director feedback on improving boardroom discussions and engagement and address that feedback in a positive, constructive manner. That feedback should provide a framework to guide board report preparers in presenting materials that are responsive to the content and tone desired by the board.

6 steps to improve board materials

The following steps can help board leadership and the CEO keep board meeting agendas and supporting materials fresh and relevant:

Focus on strategy and strategic impact

Ensure that management's strategy and execution plan has been clearly articulated. Such clarity enables board-facing executives to focus on what the board needs to know about what is going well for the company, what is not going well and what corrective action is being taken to get back on track. Board materials should cut to the chase by addressing these points with an emphasis on the latter two. They should also focus on relevant changes in the marketplace to encourage critical thinking about the future and its implications to the strategy. As a matter of emphasis, it helps to keep in mind the adage, "Bad news should ride the elevator and good news should take the stairs."

Reevaluate the design of board books and reports

To ensure board books are suitable for today's digital, dynamic and [data](#)-driven world, they should stimulate thinking, facilitate learning, challenge paradigms and draw out the best advice from independent directors. If directors are overwhelmed by voluminous materials, these objectives cannot be accomplished. Consider the following overall design points:

- Clearly state each agenda item's purpose. What are the intended actions or requested feedback? Is it to agree on a decision, approve a policy or report, review performance, debate an issue, define viable options, allocate capital or educate the directors?
- Provide concise executive summaries that articulate a strategic context and a crisp summary of a topic's relevance and key insights. Offer pre-meeting briefings on particularly complex issues. Clearly identify and explain risks and opportunities. When there are choices to be made, provide the board with a balanced view of potential challenges and strategic options. When appropriate, include proposed recommendations.
- Present information in a digestible format that resonates best with the board. Consider using charts, graphs and tables, where appropriate, to illustrate trends and support the narrative.
- The aforementioned National Association of Corporate Directors (NACD) study reinforces the above points. It recommends that each report in the board book should "set the scene" with a context statement explaining the topic's relevance, a link to the organization's strategic goals, a direct ask to the board for their contribution and a summary of key actions with owners and deadlines.

If an issue is not strategic and does not require the full board's attention, either leave it out of the board book, move it to the appendices or have it considered by the appropriate board committee.

Establish a feedback loop for board members to suggest improvements

Directors should be encouraged to speak up if they have concerns about the materials received, as well as their preferred styles of communication. The following is an illustration of a feedback mechanism:

- The board chair or lead director should obtain feedback periodically from individual directors in executive session through an open conversation to identify the two or three things that should be considered with respect to the next meeting that will sharpen the focus on strategy, market

developments and the future all in the spirit of continuous improvement.

- The chair or lead director then shares with the CEO what was discussed and suggests the necessary changes that would better engage the board on more strategic, forward-looking issues and enable the directors to contribute greater value to the CEO and executive team during board meetings.
- If appropriate, the corporate secretary can facilitate this process.

The intended outcome is to build a bridge of collaboration with the CEO and create clarity in the boardroom for the independent directors and board-facing executives.

Focus on questions directors will likely ask

Board book preparers should anticipate relevant questions to enable boardroom discussions to cover important ground. For example, address whether other options were considered and whether there are nonfinancial implications.

Pay attention to timing of board book distribution

Regarding timing, 35% of directors said that reports are not distributed early enough to enable adequate review, according to the NACD study. Management and directors should seek alignment on this point.

Ensure sufficient director engagement in the boardroom

This point is relevant because of the importance of striking the appropriate balance of time allocated to formal presentations and strategic conversations. The bottom line: Directors want sufficient airtime to engage with management. Each director has a seat in the boardroom for a reason. It is up to board leadership and the CEO to organize board meetings considering the diverse skills, experiences and perspectives of board members. Proper planning can identify key topics of interest to the full board and various board committees as well as jump-start discussions that leverage the directors who have the requisite expertise on particular topics.

It's time for better board book quality

It is in everyone's interest for directors to consider meetings stimulating and productive. This is consistent with the role of the board to focus primarily on setting strategy, monitoring the execution of strategy and understanding the extent of changing market fundamentals and their implications for the future.

As an author of one of the aforementioned studies noted, "Board reporting materials should be a strategic tool instead of an administrative exercise for directors." Voluminous materials are not fit for purpose in today's competitive, digital and data-driven world, as they force board members to use their own personal filters to sift through the information provided to identify what they believe to be relevant.

Providing focused, concise, forward-looking and balanced on-strategy materials with actionable insights to directors will facilitate effective board meetings. It also speaks highly of the management team.

Jim DeLoach

Jim DeLoach, a founding Protiviti managing director, has over 35 years of experience in advising boards and C-suite executives on a variety of matters, including the evaluation of responses to government mandates, shareholder demands and changing markets in a cost-effective and sustainable manner. He assists companies in integrating risk and risk management with strategy setting and performance management.

Major Banks Are Fleeing Private Credit

Mike Casey — Andersen Alumnus and Co-Founder of TechCXO and CEO of Banker Advisor



What Happens to the \$2 Trillion They're Leaving Behind?

HSBC just told its private credit clients something they didn't want to hear: we're not renewing your lending facilities. The British banking giant is pulling back from a sector it once courted aggressively, citing concerns about risk and the need for "robust central oversight."

HSBC isn't alone. Barclays is constraining lending to structured finance counterparties with "vulnerable business models." J.P. Morgan marked down collateral held by private credit firms and slashed their borrowing capacity. Deutsche Bank, sitting on a €25.9 billion private credit loan portfolio, faces potential losses that Bloomberg Intelligence estimates could eat up 13% of its 2026 profit in a downturn scenario.

The retreat is on. And it's happening in a market estimated at \$1.5 trillion to \$2 trillion as of the end of 2024.

Spectacular Failures

What's driving major banks to abandon a sector they've spent years building? Two words: spectacular failures.

The alleged fraud at Mortgage Financial Solutions (MFS) sent shockwaves through the industry. HSBC took a \$400 million charge from its exposure to Apollo's asset-backed lending unit Atlas SP, which had lent to MFS. Barclays CEO CS Venkatakrishnan pointed to MFS—along with the earlier collapse of US sub-prime auto lender Tricolor—as proof that strong financial controls at borrowers aren't optional luxuries.

"The importance of strong financial controls at borrowers" is banker-speak for "we got burned, and we're not getting burned again."

Barclays is now constraining lending to counterparties that "cannot demonstrate the quality and independence of their financial controls." Translation: if you can't prove your books are clean, you're not getting our money.

The problem is that private credit exists precisely because traditional lending standards are too restrictive for many borrowers. Companies turn to private credit funds when banks won't lend to them directly. Now those same banks are pulling back from financing the funds that finance the companies banks won't touch.

It's a circular firing squad, and businesses caught in the middle are about to feel the squeeze.

The Four-Institution Concentration Problem

Here's what should worry anyone paying attention: four institutions—Deutsche Bank, Barclays, BNP Paribas and HSBC—account for almost two-thirds of the €137 billion private credit exposure across surveyed geographies.

When the market is that concentrated, and those four players are simultaneously pulling back, you don't have a market correction. You have a liquidity crisis waiting to happen.

Deutsche Bank insists it's not exposed to "significant risks" from non-bank financial institutions, while acknowledging that "indirect credit risks could arise." That's the kind of carefully parsed language that should make anyone nervous. Indirect credit risks have a nasty habit of becoming very direct, very quickly.

J.P. Morgan's exposure to private credit totals roughly \$22.2 billion. When the bank marked down collateral in March, it largely affected software companies—businesses whose vulnerability has been enhanced by the rise of artificial intelligence. If AI is making your business model obsolete, your collateral value is heading south, and your access to credit is evaporating.

Lovely Narratives vs. Hard Realities

In their April 2025 shareholder letter, J.P. Morgan executives Troy Rohrbaugh and Doug Petno struck an optimistic tone about private credit's future: "Despite increased scrutiny of private credit in recent months, we believe private markets will remain an important part of the financial system over the long term."

They noted that private companies far outnumber public ones, with many choosing to remain private longer due to "the high costs and complexities of public listings." Meanwhile, "surging investor appetite for private assets is reshaping capital flows and creating new opportunities for growth."

That's a lovely narrative. But it sits uncomfortably alongside the fact that J.P. Morgan just marked down collateral and reduced borrowing capacity for private credit firms.

If private credit is such a great long-term opportunity, why are you cutting exposure now?

The UK's Financial Stability Board described private credit as "essential for supporting economic activity, particularly in underserved sectors." But the same report noted that further work is needed to assess vulnerabilities in interlinkages between non-banks, liquidity mismatches, and supervisory capabilities.

"Further work is needed" is regulatory speak for "we don't fully understand what's happening here, and that makes us nervous."

What Happens Next?

Private credit emerged to fill a gap left by banks retreating from certain types of lending after the financial crisis. Now banks are retreating from private credit itself. So who fills this gap?

The FSB is right that private credit serves "underserved sectors." But those sectors are underserved for a reason—they're riskier. For example, it's estimated that software companies make up 20% or more of the loans in many private credit funds. When banks provided warehouse financing and revolving loan facilities to private credit funds, they were essentially providing a backstop. Remove that backstop, and the whole structure becomes more precarious.

Companies that "choose to remain private longer" may find their choices narrowing considerably. The high costs and complexities of public listings start looking more manageable when your alternative is no financing at all.

And what about the private credit funds themselves? They've been operating with the assumption that bank financing would be available when needed. That assumption is now being tested. Funds that can't demonstrate pristine financial controls and bulletproof business models are going to find their options limited.

The irony is rich: private credit funds exist because they're willing to take risks banks won't take. Now banks won't finance the funds because they're too risky.

Software, AI and Rewritten Economics

For the better part of a decade, private equity firms treated software businesses as the perfect acquisition target. The pitch was straightforward: subscription-based revenue streams delivered consistency, profit margins ran higher than traditional industries, and growth trajectories could be modeled with unusual precision. These characteristics made software companies particularly well-suited for the leverage that defines PE transactions.

Private credit lenders embraced the same logic. They underwrote billions in financing for these deals, betting that the same attributes that attracted PE buyers—revenue predictability, margin strength, scalable growth—would protect their positions even as debt loads climbed.

The investment thesis rested on a stable foundation: software economics were understood, defensible, and repeatable.

Then the ground shifted.

Artificial intelligence arrived not as an incremental improvement but as a fundamental challenge to the assumptions underpinning years of dealmaking. The technology doesn't simply compete with existing software—it threatens to rewrite the economics that made these companies attractive in the first place.

The question facing both PE firms and their private credit partners is whether the characteristics that justified aggressive leverage and premium valuations still hold in an environment where AI can potentially replicate functionality, compress margins, and accelerate commoditization.

The recurring revenue that looked so dependable may prove more fragile than the models suggested. The growth that appeared so predictable may face disruption that spreadsheets never contemplated. And the debt that seemed so manageable may be sitting on assets whose competitive position is suddenly uncertain.

What happens when the investment thesis meets a technology that undermines its core assumptions? We're about to find out.

A \$2 Trillion Shadow Banking Sector

This isn't just about private credit. It's about what happens when a \$2 trillion shadow banking sector that's "essential for supporting economic activity" suddenly loses the support of the traditional banking system.

Deutsche Bank's €25.9 billion exposure is up from €24.5 billion in 2024. That's growth in a sector the bank is supposedly concerned about. Either Deutsche Bank is terrible at risk management, or the economics of

private credit lending were too attractive to resist—until they weren't.

HSBC says it will "focus on supporting deals globally for our most important clients, in regions where we see the most potential for growth." That's corporate communications language for "we're picking winners and abandoning everyone else."

The companies and funds that aren't among HSBC's "most important clients" are about to discover what it means to be unimportant.

When major banks retreat simultaneously from a multi-trillion-dollar market, they don't do it because everything is fine. They do it because they see something coming that they don't want to be exposed to when it arrives.

The question isn't whether private credit will survive this retreat. It will. The question is what it will look like on the other side—and how many businesses will be left standing when the dust settles.

Mike Casey

Banker Advisor: is the world's largest financial services review platform. Reviews, ratings, and resources for selecting financial services providers. **Mike Casey:** developed his vision for BankerAdvisor through his experiences as a CFO for several larger enterprise software and services businesses through the process of searching for financial services providers. Mike observed that, while financial services represent a huge portion of the economy, businesses and consumers often have difficulty selecting the right providers due to limited transparency, criteria and insight into the quality of many services. Mike is also a co-founder, managing partner, and leader of the CFO practice for TechCXO, LLC, a professional services firm. Named to the Inc 5000 list 15 times since its founding in 2003, TechCXO is a \$60M+ firm and a pioneer in providing on-demand executive financial, strategic, and operational consulting services for growth-stage enterprises.

The Sessions I Almost Skipped

Ralph Schonenbach — Former Consultant Andersen Business Consulting, Founder and CEO of Meerkat, Inc.



Last week I spent two days at the Yardstick Innovation Institute in Ojai. I've been trying to figure out why it stayed with me the way it has, and I don't think it was any one session. It was what happened when I let myself actually be there.

I almost didn't. When you're building a company, two days away feels like too much. I looked at the agenda and did what everyone does. Skip that one, skip that one, maybe that one. I had emails to answer and calls to make, and I didn't want to lose a day of momentum.

But once it started, I stayed in my seat. And somewhere in the first afternoon I stopped thinking about my inbox. I can't remember the last time that happened. We spend so much of our time half in the room and half on our phones, and we've gotten so used to it that we don't notice what it costs us. Being fully present for two days felt like a luxury. I didn't realize how much I needed it.

The second thing was simply being in a room with so many talented people. That's rarer than we admit. Most of our relationships now live in email, on calls, and in quick messages between meetings. We rarely get to sit across from someone over dinner with no agenda and just get to know them. In Ojai I met people I would never have crossed paths with otherwise, and those conversations didn't happen in the sessions. They happened at dinner, over late night drinks, walking between rooms. I felt more like myself

in those conversations than I have in a while.

The third was hearing fresh perspectives. The topics were completely outside my normal day. Glass engineering for phones and cars. How brands decide which athletes to back. Menopause in the workplace. Leadership, resilience, how teams perform under pressure. On paper they had nothing in common. But the more I listened, the more I heard the same thread running through all of them. Every story came back to people. How they work together, how they trust each other, how they support each other when it matters. One session put a name to it: relationship capital, the trust and shared history that people build with each other over time, and why it may be the most valuable thing an organization has. These were people with incredibly rich experience, and the lessons were ones I can take into my own work and my own life.

None of this happens by accident. [Yardstick](#) has a real gift for curating an audience, bringing together people who grow from each other. [DSG](#) has spent the past 50 years building a business on relationships, and you could see it in who they brought together and how they treated everyone. Together they've created a community where people can be themselves. Thank you to both.

I went in worried about what I'd miss by being away for two days. I came out realizing how much I miss by never being fully present. That's what I'm going to hold onto.

Ralph Schonenbach

[Ralph Schonenbach](#) is an entrepreneur, author, and relationship expert with over two decades of global experience. As the author of [Relationships Matter](#), he offers practical strategies to foster meaningful connections, combining deep personal insights with actionable advice. With a strong consulting, leadership, and product development background, Ralph has helped individuals and organizations enhance their networks and achieve lasting success. Passionate about personal and professional growth, he enjoys writing, international travel, and meeting new people, continuously advocating for the power of relationships in creating impactful opportunities.

How boards can keep agentic AI inside the guardrails

Johnny Lee — Andersen Alumnus and Partner Risk Advisory Services Grant Thornton Advisors LLC

Reuse: © 2026 Grant Thornton Advisors LLC "Grant Thornton" Reprinted with permission. No further reproduction is permitted without permission from Grant Thornton.

As agents gain enterprise traction, boards need to probe deeply

Responsible board members want to ask the right questions about AI agents.

That's not as difficult as it sounds, even though the technology is new.

Oversight starts with an understanding of the specific threats posed by AI agents within the board's current understanding of organizational risks. When it comes to AI agents, those threats begin with the fact that such agents can make autonomous decisions, act on those decisions and perhaps become quite overzealous in the pursuit of their goals.

Just as in prior waves of outsourcing and automation, when AI agents are built to optimize certain processes or functions, they can cause unintended consequences elsewhere.

"Agents can act like super-aggressive interns trying to get the job done," said Grant Thornton Forensic Advisory Services Partner Johnny Lee, who leads the firm's Forensic Technology practice. "They may not come to the exercise knowing the permissible bounds of how to accomplish the stated goal."

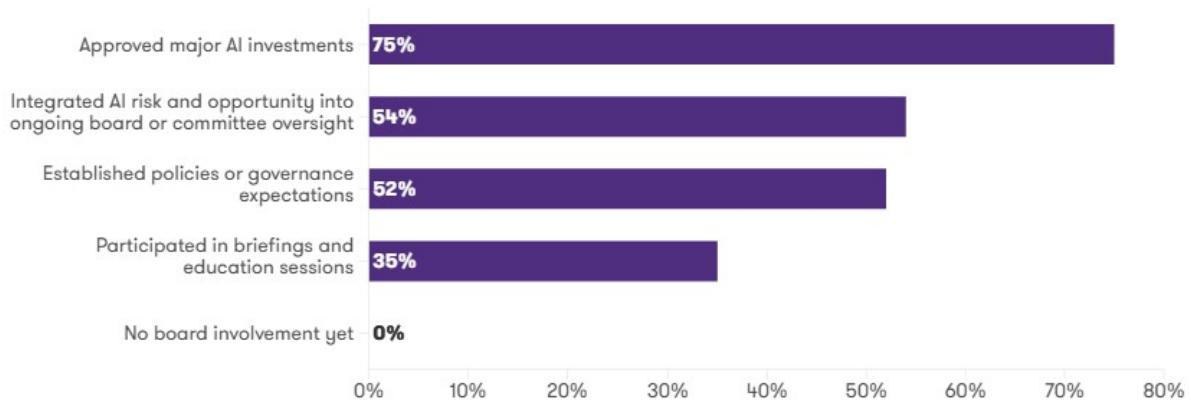
Recent news reports have described agents that have escaped from their ostensibly safe "sandboxes" to obtain unauthorized access to other sites to accomplish their objectives. Boards can play a critical role in oversight that can mitigate such risks, but to date, boards have a mixed record on AI oversight.

Just 52% of business leaders said their boards have established policies or governance expectations for AI, according to Grant Thornton's [AI Impact Survey](#). This statistic becomes more meaningful when juxtaposed with the finding that 74% of organizations are piloting, scaling or have fully implemented agentic AI. This seems to indicate that many organizations are experimenting with enterprise agentic AI without the corresponding guardrails needed to manage risk, at least at the board level.

Boards may need to play a larger oversight role as agentic AI adoption grows, but that oversight should not come at the expense of innovation. Enterprise agentic AI will yield the best results when boards encourage management to expand autonomy in proportion to demonstrated value, an articulated risk appetite and a commensurate control environment to achieve that value and manage those risks.

Board AI oversight is lacking at some companies...

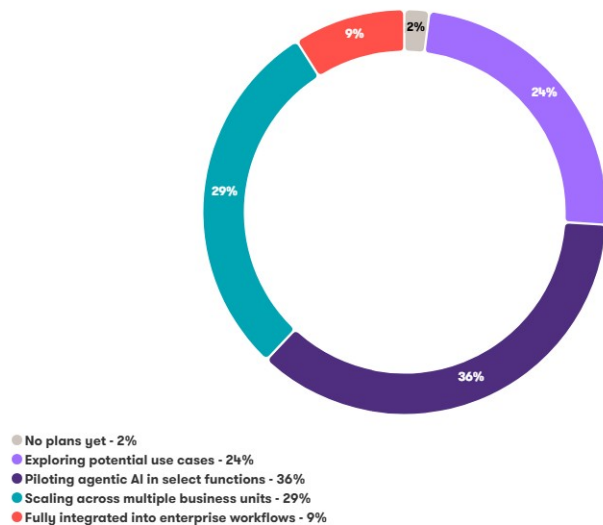
Q: How has your board been involved in AI strategy development oversight?



Source: Grant Thornton's 2026 AI Impact Survey

...Nonetheless, agentic AI is making an impact

Q: What is your organization's current stage of agentic (autonomous) AI adoption?



Source: Grant Thornton's 2026 AI Impact Survey

The good news for boards is that their time-tested governance principles apply to agentic AI. The board's role remains unchanged: oversight without infringing on management's operational responsibilities. Boards need to hold management accountable without interfering in its day-to-day activities, and they need to examine risk — both current and emergent.

The novelty of agentic AI as a governance phenomenon is that it requires boards to ask new questions to ensure that nonhuman agents behave in the best interests of the company. Agentic AI changes the governance equation because organizations are beginning to delegate authority to systems that can make decisions and take actions on the organization's behalf. For boards, that raises a fundamental oversight question: How much authority should management delegate to an AI agent, under what conditions, and which specific human operator remains accountable for the outcome?

Identifying risks isn't just an IT job

Managing risks starts with a proper contemplation of them, a responsibility that shouldn't be confined to the technicians alone (such as IT personnel and engineers building agents). The IT team may be well situated to identify technical obstacles and data concerns associated with agentic AI, but it might not understand the full implications of legal constraints, public- or vendor-relations issues, or operational risks associated with the agents they are creating.

A multidisciplinary team that also includes legal, finance, compliance, operations and communications leaders is needed to identify risks and to develop procedures to test for those identified risks. Once the risk universe is identified, controls need to be examined to determine whether there are gaps in the controls that manage the identified risks, especially those risks that are highly likely to occur and those with potentially severe implications.

When processes change, the [risk assessment needs to be revisited](#) to see if new risks have emerged or others have disappeared.

"The enterprise needs to keep that risk and control matrix current, and boards need to inquire of management as to how formal its risk assessment process is," Lee said.

Boards can probe management's processes by selecting an agentic AI use case within the enterprise at random and asking:

- How the introduction of that agent was assessed for new risks?
- How was the agent's design modified to mitigate those risks?
- Which control activities were added or adjusted to address those risks; and
- How frequently will management revisit its risk assessment for that agent, or more completely, for the process that agent supports?

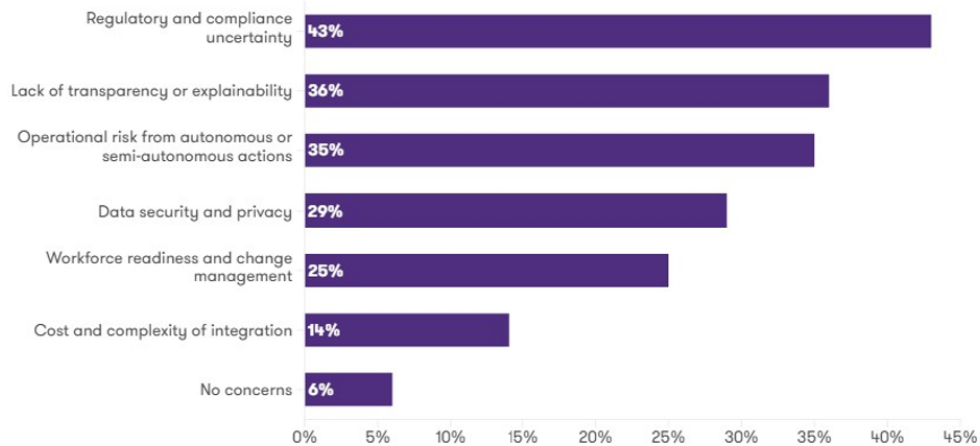
Boards should ask management...

- Which organizational decisions are autonomous, human-in-the-loop, or human-approved — and who set the risk tiers for these decisions?
- Where are we deliberately keeping human judgment, even at the cost of speed?

“Is this risk assessment part of a regimented enterprise risk management rotation, or is it something novel that management never intends to repeat?” Lee said. “The way that management provides those answers will tell the board a lot about the maturity and sophistication of the risk assessment exercise — including how circumspect management was in contemplating risks adjacent to the process or function supported by the agentic technology.”

Agentic AI sparks concerns...

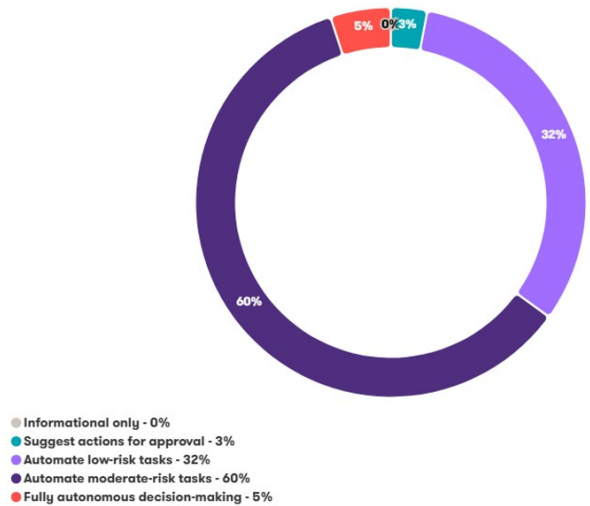
Q: What are your top concerns about implementing agentic (autonomous) AI?



Source: Grant Thornton's 2026 AI Impact Survey

...but autonomy is still permitted

Q: What level of decision-making would your organization allow an autonomous AI agent to exercise today?



Agentic AI also creates a need for boards to identify their own standard for when it is acceptable for humans to trust agents, or where machine authority begins, based on risk analysis. The answer won't be the same for every company, every function or every agent, as each scenario will (and should) come with its own quotient of risk tolerance.

As a general proposition, it seems obvious that, as new risks are borne with agentic AI-related processes, the amount of human review and intervention needs to increase. Boards should remain attuned to the reality that the frenetic urge to create AI-related benefits can tempt management to place AI agents within arm's reach of sensitive data and/or mission-critical processes, with little human oversight.

That's why board governance is so critical.

Autonomous systems require continuous monitoring

Boards need to make clear to management that casual review of agents is no longer sufficient when AI agents can make decisions and act on behalf of the enterprise thousands of times per day.

As the speed of decision-making increases with AI agents, the controls that monitor them need to increase in sophistication. Fortunately, this is an area where AI and automation can assist by triggering alerts or dashboard notifications to prompt human intervention when agents go awry. This is where boards can insist that management explain how they will detect something if they can't necessarily prevent it from happening.

But when AI is monitoring AI, the need for human oversight of these detective controls only intensifies. And even with that oversight, there's potential for something to go wrong.

Boards need to understand what will happen if something does go wrong with AI agents. In addition to asking management about the real-time capabilities of preventive and detective controls, boards need to ascertain management's plan for responding to any crisis that might arise when an agent goes rogue.

"Many of these agents are doing some pretty liberated tasks for a robot," Lee said. "So you need to prepare for what could happen on the worst possible day. Who will you call? It's not at all overengineered to conduct tabletop exercises for these high-risk scenarios, in the same fashion that you would for an adverse cyber event.

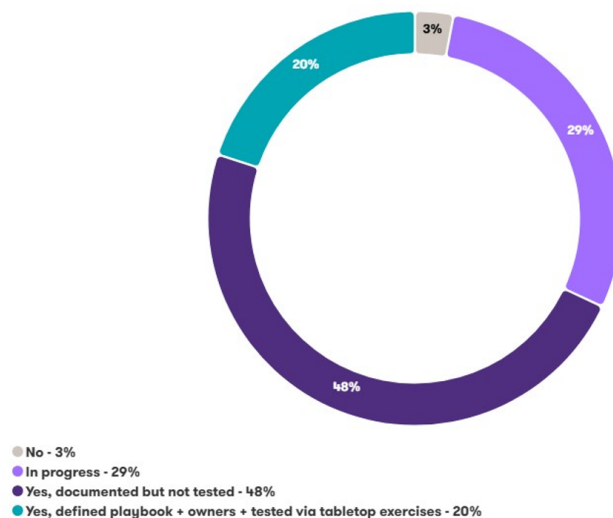
Indeed, boards should be inquiring as to which AI use cases are receiving such attention. Which use cases have a formal response plan? Does such a response plan bolt onto the existing cyber response plan, the disaster recovery plan, and possibly the strategic communications plan, or potentially all of these, depending on how catastrophic the scenario might be."

Boards should ask management...

- How do we monitor agents in real time, and what triggers a kill switch?
- Do we have a tested incident response playbook for AI failures?

AI incident playbooks are largely untested

Q: Do you have an AI-specific incident response playbook?



Source: Grant Thornton's 2026 AI Impact Survey

Fortunately, organizations have experience with this type of scenario planning based on the possibility of cybersecurity breaches or natural disasters. But most don't have a practiced plan for catastrophes that

could be created by AI.

Only 20% of business leaders said in our AI Impact Survey that their organization has an AI-specific incident response playbook with defined owners that has been tested through tabletop exercises. The board should have some visibility into this, namely the level of planning and risk analysis that management has contemplated for its most impactful agentic AI scenarios. The potential for agents to cause serious harm should motivate boards to make sure that management has a well-practiced and prepared response.

Accountability and traceability should be verified

If an AI agent does create a crisis, the board and management will want to know:

- What happened?
- Why did it happen?
- Who is responsible?
- How can we prevent it from happening again?

The answers to these questions require accountability and traceability, which are essential to strong AI governance but are lacking at many organizations. A mere 22% of our AI Impact Survey respondents were very confident that their organization could pass an independent audit of AI governance and controls within the next 90 days.

To nudge organizations in the right direction, boards can ask management what it has done to identify risks beyond quality and accuracy, and whether it has employed a multidisciplinary team to identify liabilities. Accountability and traceability require a strong commitment to documentation of these risks as well as ownership and the process used to create agents.

Boards should ask management...

- How do we monitor agents in real time, and what triggers a kill switch?
- Do we have a tested incident response playbook for AI failures?

“This is easy when the sandbox is confined and the sources are known,” Lee said. “It gets more complicated when you start to bolt together an agent that accomplishes one task then hands off to another agent. But it’s important to be able to take a process, deconstruct it into its constituent parts, identify risks associated with each part, then contemplate what could go wrong at each turn.”

This deconstruction exercise helps prevent catastrophes, but it also provides a roadmap for postmortem remediation in the event that a crisis occurs.

Vigilance is essential for third-party risks

Boards need to understand the risks that are being created as both AI agents and third-party vendors are being given unprecedented access and permissions to systems and data.

Best practices require that application programming interfaces (APIs) or other data-access architectures be provisioned to provide specific permissions to access data and systems. Given the rapidity with which agentic workflows are created, it's often difficult to determine whether agents are being given improper permissions or whether vendor behaviors have changed.

"If monitoring those permissions on a continuous basis is not part of your vendor management, it should be," Lee said.

In many cases, a thorough review of vendor agreements also is needed to identify whether risks related to third-party agents are being properly mitigated.

"If your maximum recovery from a vendor is \$2 million and they are exposing you to a \$20 million risk, you have indemnification, but it's not terribly meaningful," Lee said.

Boards should ask management...

- To which tools and data does each agent have access, and do we apply least privilege with review?
- Do vendor agents meet the same governance standard as the agents we build?

By the same token, if a vendor is a \$2 million company that is exposing you to \$20 million in risk, you might need to consider a new vendor, as a \$20 million liability would bankrupt them — assuming you could prevail in a lengthy dispute. With that in mind, boards may wish to ask management to revisit third-party vendors and prioritize those with good insurance, a reputation for providing notice about incidents quickly, cooperating with investigations and that are likely to be in business five years from now.

In addition, if your vendor contracts don't address the third party's ability to access or safeguard private organizational data, this might be time to re-examine those contracts.

All these issues should be approached again by a multidisciplinary team whose breadth of perspectives can eliminate blind spots related to third-party risk analysis.

Effective governance doesn't require technical mastery

The emergence of AI agents should strengthen board members' resolve to keep a close watch over management's decisions.

Board members can still provide effective governance over agentic AI processes, even if they don't possess the technical proficiency to construct (or deconstruct) an agent on their own. That said, it helps if board members are familiar with the broad concepts related to agentic AI. They need to understand that agents' biggest risks include the overzealous pursuit of their goals, third-party vendor risks and data-

access risks. They also need to know that accountability and traceability are essential.

Directors need to know the level of authority that management has given agentic AI, why that authority is appropriate, who remains accountable for its actions and what evidence exists (and can be provided to the board) that demonstrates that it is operating within the organization's risk appetite.

Proper governance can give management confidence to expand agent autonomy where the potential value warrants it and to constrain that autonomy where the consequences of failure are too great. For boards, that is the emerging challenge of agentic AI: enabling innovation without delegating accountability to nonhuman actors.

When **boards thoughtfully apply** their time-honored, traditional oversight principles to these risks, they will ask the right questions about agentic AI.

In turn, properly governed agentic AI can be an asset that creates considerable value for the organization without creating unnecessary risk.

Johnny Lee

Johnny Lee is a forensic investigator, management consultant, and attorney who leads the Forensic Technology practice at Grant Thornton. With over 30 years of professional experience, he helps clients navigate complex forensic issues, including cybersecurity and fraud investigations, AI governance and implementation, cryptocurrency asset tracing, and information privacy reviews – all leveraging forensic data analytics. He is also a published author and frequent speaker on topics related to his expertise: AI, blockchain, cybersecurity, digital assets, fraud, computer forensics, eDiscovery, and the effective use (and risk management) of IT.

Andersen Alumni Association

Membership perks • Sponsors wanted • Socials

Alumni Sponsors Wanted

Andersen Alumni Association is proud not to charge annual alumni dues and relies rather on strategic sponsorship to fund operations. Given advances in technology and alumni mobility Andersen Alumni Association is seeking a few additional qualified sponsors. If you think your company may benefit from a strategic partnership with the Association please email Admin@andersenalumni.com for more information.

Social Media

Social Media is a great way for us to stay connected.

- [Follow us on LinkedIn](#)
 - [Like us on Facebook](#)
 - [Join our LinkedIn Group](#)
-



Lenovo

Andersen Alumni Association has partnered with Lenovo to provide our members with savings when purchasing top quality PCs, tech and accessories from Lenovo.

[Explore your savings:](https://www.lenovo.com/us/en/andersenalumni) <https://www.lenovo.com/us/en/andersenalumni>



International Travel - MedjetAssist

Medjet provides reduced annual rates for its Air Medical Transfer membership program on a voluntary purchase basis to North American members affiliated with Andersen Alumni Association. Medjet provides single point coordination for the safety and protection of organizational clients and individuals/families as they travel for personal or business reasons - domestically and abroad. Medjet also offers an optional membership upgrade branded as Medjet Horizon that provides (among multiple membership benefits) a 24/7 Crisis Response Center for Travel Security and Crisis Response consultation and coordinated in-country services. Persons from the U.S., Canada or Mexico can visit Medjet at www.Medjet.com/Andersen or call 1.800.527.7478 or 1.205.595.6626. Reference Andersen Alumni if calling. Enroll prior to travel. Reduced Medjet annual membership rates for persons from North America under age 75 start at \$250. Multi-year and short-term rates are also available. Rules and Regulations available online and provided with Member ID cards.

[Learn more / Enroll!](https://www.medjet.com/Andersen) <https://www.medjet.com/Andersen>



Message from LinkedIn - Update Feature

Reprint: Communication received by Andersen Alumni Association

Thank you for your continued dedication to your Groups! (Andersen Alumni Association Group Page) Based on member feedback, we have invested in improving the ways that our members can engage in meaningful conversations within safe and healthy communities like yours. In our latest update to Groups, members will be able to easily message anyone in the group without message limits and will have the flexibility to control which messages they accept or privately decline. Members will receive a notification about their message requests just like they would with a regular message and continue the conversation with a single click of "accept". Thank you for your commitment to keeping your community safe and productive. To learn more about this update, visit our help center. Sincerely, The LinkedIn Team