



KPMG
International
Annual Review
2006

113,000 talented
people

KPMG INTERNATIONAL



113,000 talented people

An independent brand survey in 2006 confirmed that KPMG's reputation is founded on its exceptional people. Our future is dependent on how we continue to nurture great talent and provide an environment where people can flourish. What we hear from our people, and from those outside KPMG in the form of awards, suggests our employer of choice strategy is succeeding. Here we discuss the issues a global network of 113,000 individuals faces, and the way we are responding—to tough competition for the best people, to changing social attitudes toward careers, and to the future needs of clients.



KPMG in the U.K. was voted *The Sunday Times* "Best Big Company to Work For," which is based on KPMG employee responses to a survey of 70 questions.



KPMG in Canada was listed in the *Mediacorp Canada Inc.*, 2007 "Canada's Top 100 Employers" announced in *Maclean's* magazine.



KPMG in the U.S. was listed in *BusinessWeek* magazine's "50 Best Places to Launch a Career."



KPMG in Singapore was awarded the "Work-Life Achiever Award" by the Tripartite Committee on Work-Life Strategy.



KPMG in the U.S. was listed in the *Working Mother* magazine's 2006 "100 Best Companies" for the tenth year.



In 2006 KPMG in Germany was reviewed by the Hertie Foundation for its solutions concerning the compatibility of job and family.



AMY ZHOU FINANCIAL SERVICES, CHINA

A year after China opened its financial services market to the world, Amy Zhou finds herself working in an industry undergoing rapid change and development. As senior manager in KPMG China's Information Risk Management team in Beijing, she is providing Audit and Advisory services to some of China's biggest financial institutions in relation to their information technology systems at a time of strong growth.

She's in a good position to draw comparisons. In May she returned from an 18-month secondment to New York where she worked with some of the world's biggest and most established investment banks. "There's a long way to go for China's banks—they have huge growth potential. We can hopefully help them develop better and reach the best world standards," she says. Her work is broader in Beijing—with more chance to get involved in proposals for new business and marketing and working with regulators, as well as risk management work.

Amy joined KPMG in China straight from university where she studied economic management. "KPMG was a kind of lucky star for me," she says. "I applied for the position and it took just 15 days to get an offer. The human resources people were really efficient and that impressed me."

Working in New York gave her the opportunity to broaden her experience and travel widely across North America. She also made some enduring friendships—one colleague from the New York office is now in Beijing working on secondment.



How does "the war for talent" affect KPMG?

Clients, investors, government, the public—people have very high expectations of KPMG firms. We respond by recruiting outstanding individuals and providing the career opportunities, training and support they need to thrive, professionally and personally. Our objective is to be an employer of choice, with the best individuals seeing KPMG as the best place to pursue their careers. In 2006 we were recognised as a top employer in the U.K., Netherlands and in Canada and in the U.S. we were listed in *Fortune* magazine's 100 best companies to work for.

Getting the right people in the right numbers is essential but increasingly difficult, and our response to this challenge will determine the future shape of the KPMG network. In a number of high-growth markets demographic shifts mean there are fewer potential employees of the right caliber available in relation to the jobs available. And this is happening at a time when we need more great people to support very strong client demand for what we do. We believe our investments in this area are paying off with our headcount up 9 percent in 2006 and many KPMG member firms

achieving higher retention rates and winning numerous awards for their recruitment and development programs.

How are we achieving this?

We are creating an environment that attracts great people to our firms and provides them with the support and shared values they need to flourish. The career opportunities and experiences we offer are in line with the priorities and ambitions of our people. This is about enabling people to get the most from their lives, professionally and personally, by offering career progression, international assignments and a stimulating environment. We're offering this to people at all levels and at each stage of their careers.

We are enhancing the way new employees are managed and developed and have invested in major graduate and experienced hire recruitment programs. In 2006 we hired some 16,000 graduates and 13,000 experienced professionals globally.

How does the rapid growth in China, India and other markets affect this competition for talent?

The huge rate of growth is a challenge for all large international organizations but it's one we relish. It is enabling



us to provide great opportunities to KPMG people all over the world in the form of secondments, international assignments, learning and other experiences.

Certainly, the existing talent pool within these markets is not deep enough to meet future demand, and by “future” we mean tomorrow rather than a few years from now. We are making major investments and we’re bringing in experienced employees from outside those countries to help provide capacity and to share skills, ideas and experience. This is one of the advantages of being a global network.

KPMG has a successful Mandarin-Speakers Program that helps us to recruit talented Chinese students and professionals all over the world who understand the country and the Mandarin language. Employed by KPMG member firms, they can help clients looking to China for opportunities. This program also supports our Chinese Audit and Tax service areas where we attract and recruit high-caliber Chinese nationals studying at universities around the world with the desire to return to China post-qualification. This will provide additional capacity for the KPMG China and Hong Kong member firms.

MIGUEL MONTOYA ON ASSIGNMENT IN CHINA

When Miguel Montoya joined KPMG in Madrid six years ago he knew he wanted to work overseas, but had no idea his career would take him to Shanghai where he now works as a senior manager in our Transaction Services team. “I wanted to see the world, and after three or four years with the firm I applied for a secondment in the U.S.”

He was posted to the Miami office, which acts as a hub for U.S. and Latin American clients. There he deepened his transactions experience and got a taste of working in important emerging markets. A colleague from London, who had worked widely in China, then encouraged him to seek a further secondment in another dynamic market, on the other side of the world. The result—a two-year posting as part of our Transaction Services team in Shanghai.

“Most of the work involves helping companies from the U.S., Europe and Asia Pacific markets buy businesses or do joint ventures in China. Buy-side advice is most prevalent; the sell-side, growing rapidly in the West, is just emerging here,” he says. “We act as a middle man, counselling investors on how best to do business in China and bridging the cultural gap between them and local companies.”

Moving to Shanghai—with little knowledge of Chinese—was a challenge made easier by the close support of KPMG in China and colleagues. “Can you imagine arriving in a country where you can’t read the road signs and then trying to find an apartment?”

It’s been a fascinating assignment. “Chinese culture is extraordinarily rich—every day presents new challenges,” Miguel says.



ANDRÉS SOLARES TAX TREK PROGRAM

In 2006 KPMG launched a global program designed to rapidly accelerate the capabilities of some of our most talented young tax professionals. Aimed at so-called "Generation Y" senior associates and junior managers—most of whom are in their mid-twenties—Tax Trek provides an opportunity to work in another country for three months, taking on very challenging work and a hectic schedule of learning and networking.

Sixty seven KPMG people from 24 countries took part in the pilot, launched in July 2006. One of those involved was Andrés Solares from KPMG in Mexico. Andrés worked in the London office, supporting KPMG's global tax leadership team by carrying out intellectually demanding research ahead of a series of international tax conferences.

"There are so many benefits with Tax Trek," says Andrés, "from stretching your understanding of major tax issues and the capabilities KPMG has, through developing a network of contacts. I'm back in Mexico City but I'm now connected to KPMG people around the world, and that's helping me to operate globally and think about wider issues."



What role does the Global Opportunities Program play?

Through the program KPMG people move from one member firm to another for anywhere from three months to two years, and sometimes the move becomes permanent. This enables them to bring new perspectives and skills to another member firm and its clients and to share their experiences with colleagues when they return home. This gives our people a variety of career experiences and enables member firms to provide greater international resources, knowledge and capabilities for clients. It also helps our people to build their understanding of global client organizations.

In 2006 we extended the program significantly, creating a central fund to support fast-developing markets and services. We also launched a new global program called "Tax Trek" which provides young tax professionals with an opportunity early in their careers to expand their horizons and take on challenging work on an overseas secondment.

In what other ways is KPMG responding to the aspirations of employees?

In addition to introducing enhanced approaches across areas such as financial rewards, recognition, and

learning and development, there's a strong emphasis on diversity within KPMG firms, both in terms of who we recruit and how we think. KPMG in Australia has a diversity advisory board, for example, with partner representation from all offices and divisions, while KPMG in the U.K. has the "Retaining Talented Women" program and was among the top 15 organizations in the Aurora (in association with *The Times*) "Where Women Want To Work" list in 2006.

Flexible working is an increasingly important aspect of what attracts people to KPMG, and it enables people to create better balance between their work and personal commitments. We're making real progress in this area. In 2006 KPMG in the U.S. was recognized as one of the "100 Best Companies" by *Working Mother* magazine, and KPMG in Singapore won a "Work-Life Achiever Award" from the Ministry of Manpower for its efforts to help employees achieve a balanced life. Sometimes small things can help, like providing a concierge service so when employees are very busy someone else can organize their shopping, travel and so on. This is something KPMG in India offers.

We also have a globally consistent performance management tool called Dialogue and a set of Global Skills and



Behaviors that enables every employee to know exactly what is expected at each stage and how he or she is performing. This helps our people to take control of their career planning and encourages them to be proactive in managing their careers. This is backed up with mentoring and coaching.

What do we offer in terms of learning and development?

We have always been strong on technical training but the nature of business today requires employees to have a wide range of technical, professional and personal capabilities. Our global learning and development initiative Compass complements existing national and technical training, bringing the very best of our skills and learning together in one initiative for the benefit of the member firms.

All KPMG people will have access to the core skills they need to thrive. This starts with milestone development events, so whenever people reach a new stage they're supported with the learning resources they need, followed by skills programs that focus on building essential capabilities such as client skills, leadership and business management. Milestone events take place from induction all the way through to a program for our future leaders.

Compass is a clear, consistent and broad-ranging way to help

every employee achieve the most professionally and personally, and will take our learning and development to a new level globally.

What does the emergence of Generation Y mean for KPMG, and do employee aspirations differ from one generation to the next?

How large organizations respond to the views of Generation Y—that's people currently between 15 and 30 years old and the generation replacing the aging workforce—will determine whether that organization thrives in the long-term. Some Generation Y attitudes challenge traditional notions of the employer-employee relationship. In most countries Generation Y has grown up in a relatively prosperous environment with good education and opportunity, and from this they have drawn confidence. They are quite demanding of their employers and they are inclined to develop an unconventional approach to careers. A classic Generation Y recruit is prepared to take breaks from employment to travel or pursue a project. There are local variations on Generation Y's characteristics, but there are many common themes globally.

KPMG is responding to Generation Y's expectations, but in meeting their needs we're also creating better career experiences for every



**LYNNE DOUGHTIE
GRADUATE OF CHAIRMAN'S
25 AMERICAS PROGRAM**

The KPMG Chairman's 25 development programs prepare exceptional individuals for potential future leadership roles within their firm. Twenty-five people in each region get the opportunity to take part in this demanding program, which runs for 18 months.

Lynne began her C25 journey as professional practice partner for the Midatlantic Area in the U.S.; she completed the program in 2006 with a powerful set of new skills. "It made me think about leadership in entirely new ways," says Lynne. "The training covers everything from management strategy to psychology, with outside speakers to give you insights and mentors to help you address specific issues.

"The program honed my self-awareness as a leader, so I can now read situations and people better, and adapt my approach to help people work together more effectively. I also gained a much richer understanding of KPMG through discussions with senior leadership; all 25 of us discussed our professional experiences and we met with the Europe, Middle East and Africa Chairman's 25 too. One of the clear benefits for my firm is that, back in the office, I'm now sharing my learning with colleagues."

Perhaps the biggest change for Lynne is one of perspective. "I now see a much bigger picture," she says. "My horizons have expanded from the Midatlantic to KPMG as a global organization. And along the way I have made some great new friends and connections."

“The people are instrumental to the reputation and image of a firm, particularly its credibility.”

Client, KPMG Brand Survey 2006



MANOJ KUMAR VIJAI NEW AUDIT PARTNER

“It’s an extraordinary time for India, especially in the financial services sector,” says Manoj Kumar Vijai, who in 2006 became an Audit partner in KPMG in India. “Many international businesses are now establishing themselves here, and India’s leading financial institutions are competing hard at home and looking beyond India for future growth too.”

Based in the Mumbai office, Manoj understands the challenges for both sets of clients as his experience includes assignments with India’s largest private sector bank, ICICI Bank, and a host of global names including Deutsche Bank Group, Standard Chartered Mutual Fund and Prudential Asset Management. As a specialist in U.S. GAAP Manoj is at the front line in terms of developments in international audit standards and regulation, and often contributes to Mumbai’s lively financial services thought leadership events and publications.

“Innovations in banking are having an enormous effect here,” says Manoj. “Internet and phone banking have created ‘anytime, anywhere’ expectations amongst customers, and banks are now evolving branches to become places to advise on a much wider range of financial products. The arrival of market-savvy banks with access to cheap funds has revolutionized home loans, for example, which was dominated by the housing finance companies a decade ago.”

generation working within KPMG firms. After all, more opportunity, flexibility and recognition on personal priorities are attractive and increasingly important for employees of all ages. So while there may be variations in attitude and expectations between generations, we see advantages to working for the benefit of all our people and clients.

Corporate responsibility is sometimes mentioned as a differentiator in terms of recruitment; is CR really anything more than a “nice thing to do”?

More and more employees now believe their employer should be a responsible corporate citizen, and many prefer to work for an employer that can provide them with opportunities to contribute to the wider community. People want to be involved in their communities and they also know that CR work can stretch them in new ways, and help them make all sorts of interesting connections with people. Many member firms provide structured programs of volunteering and other engagement, and actively help employees to support the wider community.

What does KPMG need to do to continue its strong progress in terms of people and culture?

Our second global people survey, published in 2006, underlines the success of our approach. Seventy nine percent of employees who responded to the survey agreed that KPMG has created an environment where people from different backgrounds can succeed, and 75 percent have a clear vision of possible career paths.

Looking ahead, it’s about recognizing that the quality of our people is vital, that competition for great people is simply going to increase and that all this means senior people and managers within member firms need to devote significant time to recruitment and development. Effective management and development of people is critical to success, and we are confident we are creating a place where great people can flourish.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

KPMG and the KPMG logo are registered trademarks of KPMG International, a Swiss cooperative.

© 2007 KPMG International. KPMG International is a Swiss cooperative. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Publication Name: KPMG International Annual Review 2006

Publication Number: 304980

Publication Date: January 2007