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Yankee goes south

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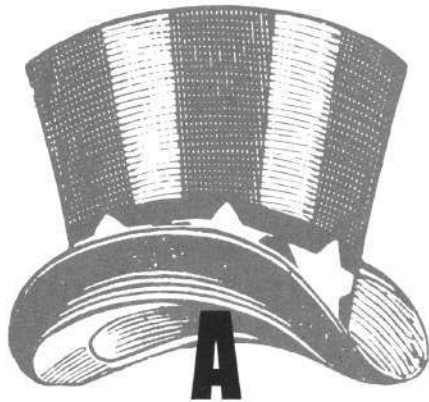


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A YANKEE GOES

Charles L. Clapp writes from Santiago, Chile on adapting professional technique and living to the Latin American scene.

SOUTH

Our Latin American practice is 7,500 miles long! Stretching from the Rio Grande to Southern Chile, it covers more than twice the distance from San Diego to Anchorage. We service engagements in Guayaquil, Ecuador, and Recife, Brazil—farther apart than Seattle and Miami.

Because United States businessmen began to look to Latin America as an expanding market after World War I, it became increasingly apparent that our practice needed to be extended down here to serve our U. S. clients' interests. Deloitte, Plender, Haskins & Sells firms were established in Cuba and Mexico in 1924 and in Argentina, Brazil, Chile, Peru and Uruguay in 1929 or shortly thereafter. Our office in Venezuela was opened in 1956 and the one in Bogota, Colombia in 1959. In all, we have today 14 offices in Latin America.

For many years following World War I, there was only one other international firm with an extensive practice in Latin America. After World War II, a number of U. S. accounting firms became more active here, and today most of the eight largest firms practice in Latin America, either on their own or through representation by local accountants. Developing a new practice is difficult and costly, and Haskins & Sells has been fortunate in its early entry into Latin America, which has enabled us to meet effectively the needs of clients with branches

or subsidiaries here. The roster includes many of our well-known U. S. clients.

The success of our practice down here depends increasingly upon the capable Latin American accountant (*Contador Publico* is the title by which he is generally known.) Standards for becoming a professional accountant vary widely from country to country, depending to a large extent on educational opportunities and level of economic development. In some countries considerable progress has been made, and the standards for qualification as an accountant are high. International accounting firms such as ours have encouraged this progress. In some of these countries it can be more difficult to become a *Contador Publico* or its equivalent than to obtain a CPA certificate in some states in the U. S. In other cases progress is evident, although it is not as rapid as we and our Latin American colleagues would like. Because of this unevenness of standards, on-the-job training here is especially important.

Accounting as a profession in Latin America is even newer than it is in the United States. Its expansion in the U. S. reflects the demands brought about by income taxation, SEC reporting requirements, and the need of lending institutions for audited statements. However, similar conditions do not presently exist in many Latin American countries. Medicine, law, engineering, and architecture are the prestige professions down here. Accountancy generally in Latin America has yet to come of age. Capable Latin American accountants are invaluable in this environment, because leadership in improving educational and professional standards can most naturally come from them. They recognize what is needed and are pursuing their goals vigorously. This is why capable Latin Americans should advance to the highest possible level of management in firms such as ours.

Adapting Techniques

Auditing and accounting techniques must be adapted to the conditions of each particular country. In some, for example, it is impracticable to examine endorsements on cancelled checks, since they are not returned by the bank and only a listing is furnished of the numbers of the checks paid during the month. Under such circumstances, it is difficult to apply precisely our usual programs, and alternative procedures must be used.

Most Latin American business is conducted under the Napoleonic code, which requires that for important documents to have legal standing they be inscribed in a public book kept by a Notary Public. In most countries it is also mandatory that official books and account-

ing records be “rubricated,” which requires that they bear the governmental seal and evidence payment of the proper stamp taxes. Since these rubricated books must be maintained in a legally prescribed form that does not necessarily provide control information well suited to the client’s needs, he frequently finds himself maintaining additional records for managerial use. The staff man down here learns that “two sets of books” may be quite proper.

The customs of Latin America can pose other problems for the auditor. Consider the situation in which one of our staff men found himself when a client prepared an accounting schedule for him. It was signed by the client’s employee and countersigned by two other employees, but our accountant discovered that the total was incorrect. On being questioned, one of the employees who had approved the schedule said he knew the total was incorrect but did not wish to bring the matter to the attention of the preparer for fear of offending him. Obviously our men must have a high degree of alertness and flexibility in order to do the work that must be done, and yet respect the sensibilities of the Latin American.

In such an environment, practicing in Latin America is far from dull. The partners carry out the usual respon-

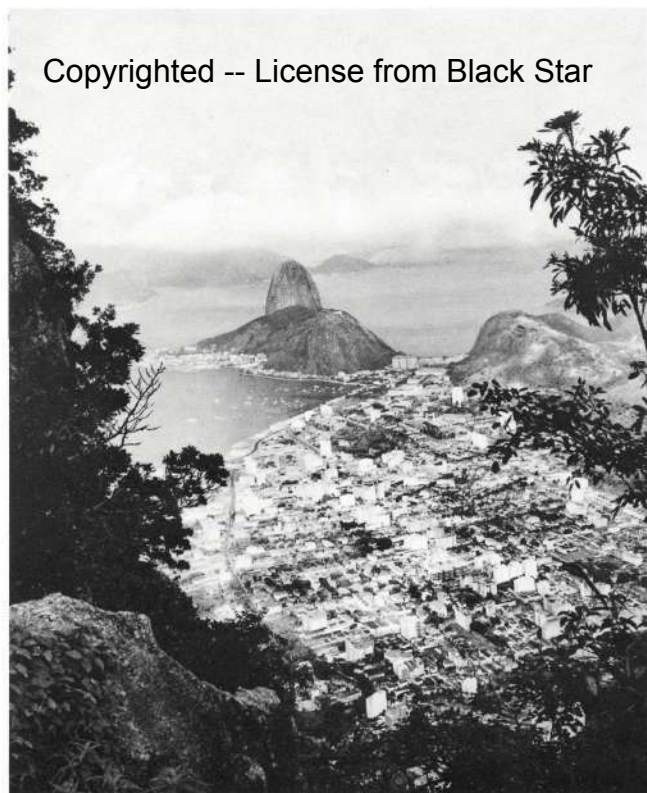
sibilities of supervision, review, and other normal administrative matters. But much more is expected of them. Partners are sometimes visited by clients from the U.S. on brief, intensive trips to learn all they can about the economic, political and social situation in Latin America. Such visitors are sometimes disappointed if the partner does not make unequivocal predictions. We are apt to be restrained by the old bromide down here: “After a week in Latin America you write a book; after a month an article; after a year a letter; after two years you make no predictions.” Recently a partner was asked to prepare a report on the history of one country’s mining industry over the past thirty years with a prediction for the next ten. Such challenges call for a broad approach that takes account of many factors beyond those of a purely financial character.

The North American should be prepared to encounter other new ways of doing things. For example, buying toothpaste in a Latin American drug store involves giving your order to a clerk, who prepares a sales slip in triplicate, handing you two copies. You take these to a cashier, where one copy is receipted and returned. You then proceed to the wrapping counter and present your receipt, which is compared with the original. After the tube is opened (to demonstrate that it contains toothpaste) your purchase is neatly wrapped up and tied. This is internal control *par excellence*.

The Art of Living Abroad

In most cities where we have offices, social life can be either gay for the outgoing person or relatively free from the sort of pressures often associated with hectic business life back home. Golf and tennis are popular and often played year-round. People living abroad are usually stimulating companions, often of wide experience. One meets people who seemingly have lived everywhere and who can, in high good spirits, pick up their families in a few weeks and be off to another part of the world. Children adjust quickly and learn languages with amazing speed.

Even the modest home supports a maid, though her duties may not be as extensive as the job implies elsewhere. After the first struggles to find a house and a servant, to understand the currency, and to use a bit of the language, the pleasant side of foreign living emerges. Chances are that the climate will be good, and there will be many fascinating things to see and do. North Americans are surprised by the European appearance of many of the cities. The Latin American knows how to make the best use of a park, a beach, or a magnificent view. These belong to the people, and the people in



Sugar Loaf Mountain in harbor of Rio de Janeiro, Brazil.

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A Yankee Goes South

turn respect them. Grass, flowers, and benches are enjoyed by young and old with an almost complete absence of vandalism.

There are suitable private schools, and those preparing for college in the United States can supplement their schooling with accredited correspondence courses from U.S. institutions. Most colleges back home welcome a student who has lived abroad and been exposed to foreign cultures, provided, of course, that his secondary education is adequate. The accreditation of many of the schools here is recognized throughout the world.

American Institutes of Culture in these countries expose the Latin American to our language and vice versa, offering short courses at night or in the daytime. Young people, housewives, and businessmen enroll either to learn the language thoroughly or simply to become familiar with the vocabulary of a particular country. Languages can be learned by people who are not young, and while one may never become completely fluent, in time he can stop worrying about his deficiencies. The Latin American is usually too polite to laugh at one's mistakes, though the tolerant maid may goodnaturedly correct mistakes if asked to or smile occasionally at some rather obvious error.

Recipe for Success

Not everyone can adjust to new patterns of living or working abroad. It's hard to list the qualities that make life tolerable or fun, but let's try a recipe: Mix respect for other kinds of people, a buoyant disposition, and curiosity. Add tact, stir well, fold in a practical mind blended with a reasonably outgoing nature. Add patience, resourcefulness, and a good dash of humor. Stir well, add more tact, and sprinkle with more patience. Technical competence is taken for granted.

Maybe all of this adds up to flexibility. The North American can easily be irritated or frustrated when a Latin American does not regard business as the most sacred element in human affairs. On the West Coast, shops and offices close at midday for two to three hours. During the summer months, lunchtime in Peru is required by law to be three to three-and-a-half hours long so the employees can go to the beach! Evening rush hours are from seven to nine. Dinner hours in restaurants can run from eight in the evening to one in the morning. Such customs of course affect the operation of an office. While the foreigner can pretty much make



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his own schedule in theory, as a practical matter he finds it preferable to conform. On the East Coast one usually dines earlier, but still with enough leisure to make the Yankee feel he has grown roots in his chair.

The Latin American likes ceremony and observes it carefully. To save your feelings he may say "yes" when he really means "no." You may discover this later when something you thought was assured is not. The North American must learn that tolerance for some niceties is often the most expedient route to his objective. Changes may occur, but the Latin American will never think as a Yankee—nor the Yankee as a Latin American—nor should he.

To sum up, working and living here has its good days and its bad days, just as anywhere else. But those who have given it a fair chance have developed a deep affection for the people, some understanding of their problems, and a sincere hope that they will find solutions. One gains a different perspective of one's own identity as a North American. We admire the close ties of the Latin family; the dignity, courtesy, and reserve of most Latins impress a North American, who secretly wishes his own countrymen at times had more. We should not become less North American, but rather appreciate the fine, distinctive qualities of other people. Living in a foreign country gives life another dimension. It is a priceless experience.