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Accounting Hall of Fame 1998 induction: Arthur Ramer Wyatt

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ACCOUNTING HALL OF FAME 1998 INDUCTION

August 17, 1998

New Orleans, Louisiana

Remarks, Citation, and Response

**ARTHUR
RAMER
WYATT**



REMARKS

by

Donald E. Kieso

Northern Illinois University

I have had many fortuitous events in my life. But one of the most fortuitous was the day I walked into Professor Arthur Wyatt's graduate accounting theory class. It was September 1958 (almost 40 years ago), and it was my second day on the campus at the University of Illinois.

I'll never forget Art's first words to me. When he came to my name, as he called the class role, I was surprised to hear, "Mr. Kieso, I'll take West Aurora and 7 points." Although Art and I were complete strangers, I shortly learned that we were from the same home town, Aurora, Illinois, albeit from competing high schools. I also learned that we both caddied at the same country club; that I had played fast-pitch softball for nearly a decade with his younger brother; and that my mother-in-law was his mother's childhood friend and neighbor, both graduating together from East Aurora, my high school. But, up until that wager, which Art won on Thanksgiving Day when West High beat East High, we had never met or known of each other.

It was Art who persuaded me to apply for a teaching assistantship upon entering the graduate program. He even split his honors class of James Scholars with me so that I had someone to teach. Between my masters and doctoral programs, Art persuaded me to apply for a research associate position in New York with the AICPA where I was promptly assigned to work on Art's business combination research study project. During my doctoral program, Art served as my dissertation adviser, and two years after finishing my Ph.D. program, we coauthored a book on mergers and acquisitions, which was my introduction to book writing. He has supported me throughout my career as a role model, mentor, and friend—as he has done for numerous others—including some in this audience.

Art's service to the profession is well recognized and his articles and editorials have been widely read. I wish, however, to salute him for excelling as a master teacher and as an identifier and mentor of promising students. I have always felt that his transition from academe to public accounting, though smooth and extremely successful, was premature. He had cloned himself hundreds of times in the too few years he was a professor. Not to diminish what he accomplished in public accounting, but had he remained in academe, he would have enhanced the profession with thousands of additional Wyatt disciples.

I am thankful for the opportunity to have studied under and worked my entire career with a person of such intellect and sound judgment, such devotion to his students and his profession, and such extraordinary integrity.

We have played many games of golf, but I have never beat or tied him. I cannot resist concluding: "Mr. Wyatt, I'll take my home course and 18 strokes."

REMARKS

by

Jerry J. Weygandt

University of Wisconsin

I have known Art for close to 35 years. I have read most of his written work, be it articles or textbooks. I have listened to a number of his speeches, served on committees with him at the AAA and the AICPA, and socialized with him on many occasions at conventions, conferences, dinners, my home, and, of course, the golf course. Like Don Kieso, I am one of Art's many

students. He has been my mentor, and everything that Don said about Art goes double for me.

I believe we would all agree that Art is a remarkable individual. He is a leader; he has vision; he has character; he is persuasive; he is intelligent; he is articulate; he is good-humored; and, as a result, he is just great to be around. My wife calls him the Renaissance man because he can discuss intelligently so many different subjects. As they would say in the sports world, which Art knows quite well, Art is a superstar. And his record of professional accomplishments shows that: numerous articles, presentations, textbooks, superb classroom teacher, leader of Arthur Andersen's accounting principles group, chair of AcSEC, chair of IASC, president of the AAA, and board member of the FASB. And that, in my view, is why he belongs in the Accounting Hall of Fame.

But Art is better than a superstar in my book. He possesses a unique set of qualities: a sense of commitment, a sense of responsibility, a sense of caring about the institutions he serves and the people involved in these institutions. Art participates, Art gets involved, Art makes things happen.

For example, he loves the University of Illinois. If there is a more loyal alumnus of the U. of I. and the Department of Accountancy, it would be a shock to me. What a wonderful goodwill ambassador for the University. He supports it generously with his time, expertise, and financial resources. His recent efforts to help secure the funding for the new Arthur Andersen building on campus is a wonderful illustration of his dedication to the University.

Art views his responsibilities as a teacher to go beyond just presenting content. Art cares about his students. He tries to help them. Don is a case in point, and I am another. One of the luckiest days of my life was when I walked into his auditing class at the University of Illinois in the fall of 1963. It did not take long before Art had helped me secure a teaching assistantship which started me on the path of a masters degree. And then Art discussed the Ph.D. program, and here I am today. Heaven only knows where I would be without his advice and help.

You might think Art would slow up a little and rest on his laurels at this point in his career, but that's not the case. When Art was making the transition back to teaching at the University, I tried to get him to visit Madison for a few days. He told me that he could not come—he had to cut back on both his social and golf activities because he had to spend the summer

getting ready for class. That is the type of person Art is.

And his efforts continue to pay off. Last year at the convention in Dallas, Bob Elliot and I were talking about his recent visit to the U. of I. Bob had spent some time with the student body, and one thing he learned very quickly—the students love Art Wyatt.

And, of course, Art has a strong loyalty toward Arthur Andersen, which gave him the opportunity to move from academics into practice. He always seemed enthusiastic about his work there and his interactions with his Andersen colleagues. My sense is that his colleagues enjoyed the interaction every bit as much as Art.

Art is a superb academic and a great practitioner. He is a role model for many. He is a wonderful human being. Congratulations Art for your induction into the Accounting Hall of Fame. It is greatly deserved.

CITATION

written by

Daniel L. Jensen

The Ohio State University

read by

Donald E. Kieso and Jerry J. Weygandt

A man of principle and conviction, known for his independence and clear thinking, he helped shape the accounting profession in both national and international spheres through distinguished careers in both academe and accounting practice.

At the age of five, he was struck by a car while crossing a street in his home town of Aurora, Illinois. The doctors told his parents that the fractures in his right leg were so serious that he might never walk again. Fortunately for this top-notch golfer and enthusiastic supporter of athletics, the leg mended and recovered fully. Working as a caddy, he learned to play and love golf and also met a number of public accounting partners who kindled his interest in an accounting career. During high school, a teacher recognized his boredom with an accounting-bookkeeping class and enlisted him in maintaining the accounting records for the school's 45 student organizations and also initiated his teaching career by arranging for him to teach accounting to a local businessman.

He graduated from high school on a Friday in June of 1945 and entered the University of Illinois on the following day in

order to get one semester of college out of the way before being drafted. Of course, the war ended that summer, and he was not drafted until 1955 when he began two years of service in the Army. Describing his undergraduate experience, he notes, "The decision to start school when I did was fortuitous, as I never had a teaching assistant or an instructor. They were all off fighting the war. Also, I got a semester ahead academically which permitted me to take lighter schedules in the spring semesters when I was on the golf team."

Upon completing his baccalaureate degree in accountancy, he was persuaded by Professor Cecil (Tee) Moyer to enter the masters program and accept a teaching assistantship. "The world was backwards," he recalls. "I should have been paid to undertake graduate work; the teaching I would have done for nothing." Because he enjoyed the classroom so much, he decided to obtain a Ph.D. which he received in 1953, upon completion of a dissertation titled, "The Influence of Tradition in Accounting." In 1952, as his Ph.D. program concluded, he began 15 years of assistance to the University's golf coach—who had been his coach during undergraduate days—by working with the players and traveling with the team. He also had success as an amateur golfer during these years, winning club and local championships.

Following completion of his Ph.D. degree, he joined the Accountancy faculty at the University of Illinois where he strongly influenced graduate and undergraduate students, authored many books and articles—including his classic study of accounting for business combinations—and progressed to the rank of full professor. Except for two years in the Army, he remained at Illinois until 1966. In June of that year, he left to begin a second career in public accounting with Arthur Andersen & Co., becoming a partner just two years later. He joined the firm's accounting principles group, working under the leadership of George Catlett. When Catlett retired, he assumed leadership of the group which had responsibility for the firm's basic accounting policies, a role in which he was distinguished for his independence of thought and soundness of judgment.

In 1973, he was appointed to membership on the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants (AICPA); he chaired the committee from 1977 to 1979. He served on the Financial Accounting Standards Advisory Council from 1978 to 1981 and the AICPA Board of Directors from 1980 to 1984.

In January 1985, he left Arthur Andersen & Co. to become a member of the Financial Accounting Standards Board, where he served until his resignation in November of 1987. Upon returning to his firm, he was appointed by the AICPA as the United States representative on the International Accounting Standards Committee. He chaired that committee from July 1990 until January 1993 and is widely credited with laying the groundwork for a new era of international cooperation in the development of accounting principles.

His extensive record of contributions to organizations includes service as president of the American Accounting Association, vice-president of the AICPA, and member of countless committees and boards of professional groups, community organizations, and businesses. He is also a tireless worker on behalf of his alma mater, the University of Illinois.

When he retired from Arthur Andersen & Co. in 1992, he returned to the University of Illinois where he teaches senior accounting students. He resides in Champaign, Illinois, and spends his winters in Florida. His enthusiasm for golf has led him to sponsor several young professional golfers, and he attends a number of major golf tournaments every year. He is the 61st member of the Accounting Hall of Fame, Arthur Ramer Wyatt.

RESPONSE

by

Arthur R. Wyatt

Arthur Andersen & Co., retired,
and University of Illinois

I am certainly most thankful for the electors who felt the various aspects of my career warranted selection to the Accounting Hall of Fame. I must say that this is an honor I never expected, and when I studied the list of prior selections, 35 of whom I know or knew personally, I was really quite a little uncertain that I fit the mold. Even so, I am both pleased and honored to be here today to join truly select company.

I have often been asked how I became interested in accounting. Neither of my parents went to college, but their top priority was to see that my brother and I were able to get a college education. Their sacrifices, especially during the depression years, led them to achieve their goal. My father was self-taught in accounting, and as a youngster I found the books he

studied from, circa 1920, to be a bit fascinating. When it came time to enter high school, he insisted that I enter the college preparatory curriculum but that I not take courses in Latin, which my father had found useless. My high school had never permitted that combination, but my dad insisted. The result was that I took a bookkeeping course as a sophomore and an accounting course as a junior (and Spanish in my last two years).

I graduated from high school on a Friday in June of 1945 and entered the University of Illinois the following day in order to get one semester of college before being drafted. My expressed objective at that time was to become a CPA and work for a large accounting firm (large being relative, of course, as Arthur Andersen had only 25 partners when I entered college). Of course, the war ended that summer, and I actually finished my Ph.D. before entering the Army.

I also had entered Illinois with the hope of playing intercollegiate golf. Freshmen were eligible then—war years—and I got my first chance as the 8th player on a team of 8 in our second meet of my freshman year of eligibility. I finished 3rd on our team that day, and never missed another meet throughout my four years. I sustained the golf interest through graduate school and thereafter, had some success in local and regional tournaments, and also helped coach the U. of I. golf team while I was on the faculty in the 1950s and 60s.

In my junior year I encountered Tee Moyer, the person who had the greatest impact on my career. Tee was deeply interested in his students, as many whom he taught would agree, and he has been a good friend and sounding board over the years. He encouraged me in many ways, particularly to stay on to earn a masters degree and later to pursue a doctorate. Hi Scovill, then his boss, offered me a TA position for the 1949-50 school year. I often said that was when I learned the world was backwards. They paid me (a modest amount) to teach even though after I got involved with the teaching, I would have done it for nothing. On the other hand, no one paid me for the graduate work, but I felt they should have.

Along the way Moyer became the department head and invited me to join his informal little accounting firm. We audited the two largest businesses in Champaign, and I learned a great deal in those engagements about professionalism and confidentiality. I also had several courses from A.C. Littleton right at the end of his career, and his influence on my thought processes was vital—even though today I am convinced his em-

phasis on historical cost as a measurement base was misplaced, but that is another story. I came to appreciate the necessity of conceptual underpinnings for any reasoning process, an appreciation that served me well both in teaching and in professional practice.

Moyer urged me to stay on as a full-time assistant professor in 1953, and I did so (except for two years in the military) until 1966. In 1965, some changing policies in the College of Commerce led me to consider doing what I originally intended to do—enter the public accounting arena.

I established a contact with Arthur Andersen in 1965 primarily because they had been the most helpful firm some years earlier when I was involved with an AICPA research project dealing with business combinations. That project was a real challenge for a young Ph.D. with very little practical experience. But, Don Kieso (then a graduate student) and I fought through masses of data and reached a set of conclusions in 1960 that still seem sound today.

Andersen laid out four alternative courses for me—recruiting, training, audit practice, and what they called the research arm. The latter seemed the most challenging to me, the one that fit best my skills and interests, and it proved to be the right choice, mainly because it put me in touch with George Catlett, who became my mentor on the practice side as Tee Moyer had been in the academic arena. My years at Andersen were both challenging and rewarding. I can honestly never remember a day that I didn't eagerly look forward to going to the office. No two days were alike, and the great people we had in our little accounting principles group made each day a learning experience.

The transition from academe to public accounting was a real challenge, in part because I moved over at an advanced level without the practice background or the institutional knowledge to support the position. While early on I was irritated by comments such as, "That's just an academic idea," as time passed I realized that if such a comment was the best criticism one could make about a proposal, the chances were that it was really a pretty good idea.

I attended every Accounting Principles Board meeting as Catlett's associate from June of 1966 until the Board went out of existence in 1973. When he retired in 1978, I assumed his responsibilities in the accounting principles area. I often said it was the best position in the accounting profession. We had great independence within the firm and dealt with all the lead-

ing-edge issues facing the SEC and the FASB, including expressing the Arthur Andersen position on standards proposals, both in writing and in oral testimony.

At one APB meeting George Catlett argued that the APB needed to develop a conceptual framework if it ever hoped to move away from its ad hoc approach to writing standards. Phil Defliese and others argued that it was not possible to develop such a framework. On the plane ride home all of a sudden George turned to me and said, "By God, we're going to do it." "It" turned out to be the first conceptual framework and one that Arthur Andersen was continuing to use, with some modifications, into the 1990s—and may still be for all I know. That framework had a balance sheet focus and little emphasis on matching, characteristics of all subsequently developed frameworks.

When a particularly knotty problem hit our accounting principles group, the first step was to gather all the relevant information we could. Then we tried to find guidance to a resolution of the issues by reference to the framework. Of course, many times the position of the client was different from what we tentatively concluded—otherwise the issue likely would not have reached our group. At this point we were in as good a position as we could be in to assess the risk to the firm of moving away from the conceptually sound position. Sometimes we assumed that risk as bearable, and sometimes we did not. To fulfill our responsibilities in the firm, we clearly had to live the Andersen motto—Think Straight, Talk Straight.

In mid-1984, when I had six years remaining in Andersen before retiring, Duane Kullberg, then my managing partner and also the trustee of the Financial Accounting Foundation who was assigned the responsibility of identifying new FASB members, approached me about joining the Board. I had previously turned down specific offers on three prior occasions, including turning down Kullberg the prior year, for a variety of reasons. But, when your boss twists your arm, and especially when you have absorbed nearly 20 years of the Andersen culture of stepping up to new responsibilities, it was difficult to turn him down. Thus, I accepted the position with little enthusiasm and a real sense of loss for the position I was leaving.

Many people influenced my career at Andersen in a favorable manner in addition to George Catlett—Norm Olson, Bill Hall, John March, Bob Mednick, Dave Landsittel, John Stewart, Dick Dieter, Mike Crooch—and it was hard to leave them. And, Ed Jenkins and I had been particularly close, being admitted to

the firm together and working on a number of projects jointly over the years. Ed had progressed to a largely administrative position in our hierarchy and seemed a lot more frustrated than I was. When I left, he assumed leadership of the accounting principles group—a great move for the firm as well as for Ed and his ongoing career.

My time at the FASB was more frustrating than satisfying. Too many people with interests in the work of the Board were less concerned with the mission of the Board and more concerned with achieving their own private agendas. My experience with having virtually no interference with accomplishing our mission at Andersen did not prepare me well for my experience with the Board. The Board members and staff were great to deal with, but too many outsiders with perceived political power prevented us from making the progress we could have made. So, in 1987, I decided to go back to having fun and rejoined Andersen.

During the summer of 1987, I was in New York to meet with my friends on the committee of corporate reporting of the FEI when I accidentally bumped into Phil Chenok on a street corner. Phil and I had been friends from the APB days in the '60s, and he was then the head of the AICPA. During the conversation he said he was looking for a U.S. representative to serve on IASC and asked if I would be interested. After thinking it over and discussing the possibility with Ed Jenkins, soon to be my boss at Andersen, we decided this was probably a good assignment to take on. I then learned that after two and one-half years the U.S. would take on the chairmanship of IASC and that I would be put forward for that role. All in all, the five years with IASC were most satisfying. We were in the midst of moving IASC forward by strengthening its standards and adopting a conceptual framework. Their work is still progressing, and while it has several hurdles facing it, the time may well come when international standards issued by IASC become predominant in the world's markets.

Finally, the end of 1992 came and with it final retirement from Andersen and completion of the work with IASC. I had expected that real retirement would be difficult for me to handle, so I arranged to return to the University of Illinois to teach in the fall semesters, then spending the next five months or so in Florida playing golf. People have asked me why I would tie myself down with teaching responsibilities when I could be playing golf all the time. Well, if you play about 150 rounds of golf a year, the marginal benefit of another fifty or so is really

questionable. I do maintain my interest in the game and am currently the sole or principal sponsor for three young golfers trying to establish careers as professional golfers. In fact, one, Mike Small, is playing later today in the ATT-Pebble Beach Classic final round (postponed from February), and if I were not here, I would be there with him.

I also find that a limited amount of board of director appointments and a limited amount of litigation consulting fit well with my time availability. Both are fun and are satisfying without the pressures that the work at Andersen required one to endure.

My career has been most satisfying and has taken me far beyond anything I could have envisioned when I started down the road to become a CPA. I have really had twin interests that may seem diverse but that have dove-tailed nicely for me. First, I have tried to develop the same type of deep interest in the careers of my students and my associates at Andersen that Tee Moyer had for mine, and I continue to get great satisfaction from observing how my students and former associates progress as their careers unfold. Second, I have tried to develop as deep an understanding as possible of the conceptual bases of accounting in relation to the needs of financial statement users for data that reflect as clearly as possible the economic effects of business decisions made. Even in practice that process is one of continual learning, and even teaching, as well, to bring the level of understanding of line personnel up to the expectations of a changing professional environment. I have continuously learned from my associates and colleagues and have increasingly come to respect the essential virtues of looking at issues objectively, of being independent in reaching judgments, and of maintaining the highest possible level of integrity.

I am truly honored to be here today to accept this induction into the Accounting Hall of Fame.