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Exchange visitor program: Black ink on the bottom line

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The Exchange Visitor Program:

"A fantastic learning experience..."

"A unique opportunity from both the personal and professional point of view..."

"It's been great, simply great..."

These were some of the comments of accountants from offices of the DH&S families around the world presently in this country through the exchange visitor program. Under the program, accountants from overseas are brought to the United States, usually for a period of eighteen months, to work at H&S practice offices across the country.

Black Ink on the Bottom Line

At the present time there are 14 exchange visitors with H&S offices, slightly more than the historical annual average of 12. They have come from Australia and Spain...from Italy, Switzerland and the Netherlands... from New Zealand, Japan and South Africa. They are assigned to offices in Rochester, St. Louis, Dayton, Philadelphia, Seattle, Cleveland, Baltimore, San Francisco, Salt Lake City, Minneapolis, Pittsburgh, Boston and Chicago.

Although Haskins & Sells had been acting as "host" to exchange visitors from overseas offices for many years, the program, which falls under the jurisdiction of the U.S. State Department, was substantially expanded in 1958. Since its inception, it has been administered by the International Department at Executive Office.

The official objective of the program, as registered with the State Department, is: "To provide training in public accounting at the various practice offices of Haskins & Sells, including training in the requirements of the Securities and Exchange Commission, the New York Stock Exchange, and other similar regulatory authorities, for specially selected and qualified young foreign nationals engaged in the accounting profession, to make it possible for them to receive training in their profession in the United States, and to promote the general interests of international industrial exchange."

In practice, the program is designed to provide practical, on-the-job training in U.S. auditing techniques, a knowledge of U.S. accounting principles and their application, U.S. reporting standards and format, and SEC financial filing requirements as they relate to the Forms 10-K and S-1.

In any program involving people working in as demanding a profession as accounting it is difficult, perhaps even impossible, to evaluate how much benefit is derived from that program by the participants. Some measure of the H&S exchange visitor program's success can be gauged, however,

from the fact that 77 individuals have completed the program since its inception. Of that number, 20 visiting accountants, or 26 percent of the total, have achieved partner status in their overseas firms, a figure made even more impressive by the fact that the percentage has not been adjusted to reflect the normal years of service required with a DH&S firm before an individual is eligible for partnership.

It should be stressed, however, that the exchange visitor program is not a one-way street—Haskins & Sells does not simply function as a training ground for accountants from firms in the DH&S family. For John M. Crawford, who assumed the position of partner in charge of the International Department at Executive Office this past summer, the program has a far broader meaning.

"H&S and its associated DH&S and DPH&S firms are part of a global organization, a close-knit family of firms that stretches around the world. This situation demands close ties among the various countries in which our organization functions, ties which can best be strengthened by what might be called a cross-pollination of ideas and techniques. Bringing accountants to the United States not only exposes them to our methods and techniques, it allows our own people to work closely with individuals, practicing accountants, having cultural backgrounds far different from our own. H&S also benefits from this exchange since we have our own corps of people serving with overseas offices."

Mr. Crawford can speak with some authority. His own overseas experience includes recent service in the Frankfurt office, and before that as partner in charge of the Aramco engagement in Saudi Arabia.

"We've got to stimulate the concept of internationalism within our family of firms," Mr. Crawford insists. "The accounting profession recognized this when it established the International Accounting Standards Committee, an organization basically designed to codify accounting procedures, principles and techniques on a worldwide basis. To

minimize the importance of close ties between our own family of firms would be a serious mistake. American industry has interests all over the world. And in the last decade we've seen increasing investment in U.S. industry and the establishment of operating units here by foreign manufacturers. These developments only highlight the fact that internationalism is a key to growth for our Firm, the key to being able to provide better, more efficient service for a growing list of clients with international interests.

"Accounting as a profession cannot be practiced in a vacuum. You cannot isolate yourself from the rest of the world—not if you expect to provide the level of professional competence and service the larger client both needs and demands."

The international nature of the H&S exchange visitor program is highlighted by the visitors currently in this country:

- ▶ John R. Ashley, from Adelaide, is with our Rochester office.
- ▶ James H. Christie, from Milan, is with the St. Louis office.
- ▶ Pierre-Yves Despland, from Geneva, is with our Dayton office.
- ▶ Federico Diaz and Alberto R. Vega, from Madrid, are with our Philadelphia and Boston offices, respectively.
- ▶ Drs. Gilles Izeboud, from Amsterdam, is with our Seattle office.
- ▶ Leslie R. Jones, from Wellington, is in Cleveland.
- ▶ Toshiaki Katsushima, from Tokyo, is in Baltimore.
- ▶ William H. Lawrence and Christo F. Wiese, from Johannesburg, are with our San Francisco and Chicago offices, respectively.
- ▶ Ross H. Lorking, Anthony D. G. Marks and Davis S. New, all from the Sydney office, are with our Salt Lake City, San Francisco and Minneapolis offices, respectively.
- ▶ Carlos Soria, from Barcelona, is with our Pittsburgh office.

Although operation of the program is deceptively simple, it involves a complex process of selection requiring an evaluation of both human and professional factors. Candidates for the visitor exchange program are selected by their home office on the basis of a) high potential for development and advancement in their office or firm; b) the need for an individual with specific abilities and characteristics to execute and/or supervise engagements for clients having U.S. associations or affiliations.

The visitor does not undergo any program of special training before coming to the United States, but he must have had local experience in executing engagements which originate in the United States. Since the visitor will be working on engagements during his stay in this country, he must speak, read and write well in the English language. He must also be a university graduate, preferably with accounting as his major, and he must either be a chartered accountant or hold a like qualifying certificate in his own country or be close to qualifying for such a certificate. There are no restrictions on a visitor's marital status—most are married and bring their families with them to the United States. Leslie Jones, in fact, left Wellington and married in Australia before coming to Cleveland with his bride, while Bill Lawrenson married a California girl he met after his arrival in San Francisco.

The names and professional and personal backgrounds of the candidates are sent to EO International Department, where Lester G. Taylor is administrator of the program. Information on the candidates is supplied to the U.S. State Department and Immigration and

Naturalization Service, which then grants clearance for an 18-month stay in this country. Under law, 18 months is the maximum time the visitor is permitted to work in this country, and most of the visitors remain for the full term.

Once a candidate is accepted as an exchange visitor, a decision must be reached as to the practice office to which each is to be assigned while here. In some cases one or more of our practice offices will have a need or an opening for an individual with a background matched by one of the candidates, and the assignment will be made on that basis. In most cases, however, EO International will try to place an exchange visitor in a practice office with a varied clientele since this will give him greater exposure to a broad range of accounting problems and experiences.

Because the backgrounds, experience and levels of professional expertise of the visitors vary, it is not feasible to structure a separate program of training or professional activity for them. In all cases, no matter what his classification may be, the visitor is first assigned to field engagements, working under senior accountants from his U.S. office. He is given responsibility for important phases of an audit, and after each engagement his performance, like that of all staff accountants, is evaluated by the senior he worked with and by the supervising manager. This evaluation is discussed with him. The initial phase

usually covers the first five or six months of his stay here. In many instances, less time is required for this "breaking-in period" because of the visitor's level of competence.

Once the first phase is completed, a visitor is assigned engagements to be executed by him under the supervision of a manager. Medium-size engagements are preferred, since these will usually provide the visitor with greater familiarity with all facets of the engagement. All visitors are requested to participate in staff training meetings, and they are invited to attend the annual Seminar for Senior Accountants while in the United States.

In discussing the mechanics of the program, Mr. Taylor, who has been its administrator since 1966, said EO International usually requests candidate sponsorship by the overseas offices in March of each year. Final decisions have been made by May 31 and interns normally arrive in time to begin work at their U.S. practice offices by October 1. (Visitors with school-age children may arrive in the U.S. earlier so that the children can begin classes at the start of the school year in September.)

"We use an October starting date for their stay here since this gives them experience with two busy seasons, as well as with interim or preliminary work, before their departure in late March or April eighteen months later," Mr. Taylor said.

Although Executive Office Personnel Department is not directly involved in the visitor exchange program, Gerard H. Tucker, H&S director of personnel, has some positive views on the subject.

"I think the exchange program is an excellent learning device that works two ways—it benefits not only the visitors but our people as well. All our people cannot spend extended periods living and working abroad. In many ways, having one or two foreign visitors in a practice office here serves as something of a substitute. The word 'exposure' may be one overused in many contexts, but it really defines one of the major benefits of the exchange program. If you can't take all of your people overseas, you at least can bring the key element of life overseas—the people—here. I should hope our people go out of their way to not only make our international friends and families welcome, comfortable and productive, but also to take advantage of their unique knowledge and cultural backgrounds to enrich their own professional and personal lives."

Although everyone agrees that the program has more than proved its worth since its inception, there are differences of opinion over certain facets of administration and operation—as there must in any program of this nature. An average of 12 visitors a year may not seem very many for an organization the size of H&S and its overseas affiliates. Yet, as John Crawford points out, the built-in restrictions imposed by federal

regulations and the necessarily high standards required of candidates make any major expansion questionable at this time.

Even basic administration of the program poses complex problems. Transportation is costly, salaries have to be fixed to conform to U.S. scale, yet not cause a visitor to suffer any financial penalty as a result of differing wage levels in the U.S. and his home office. Personal problems may arise—apartment hunting is usually a headache for anyone, and even more so for someone from another country unfamiliar with the American culture. A visitor here on an 18-month work visa who could formerly walk to his home office may find it difficult to obtain financing so that he can purchase the automobile necessary to commute to his office here. An accountant from an overseas office with a semitropical climate may find himself suddenly faced with the prospect of having to put down several hundred dollars all at once to purchase a winter wardrobe for his family.

The heaviest burden for helping the exchange visitor adjust personally and professionally to his new life in the United States falls on the practice office and the people in that office. It is perhaps high tribute to the people who make up the H&S family that almost without exception those exchange visitors here now spoke with warmth about the help they were given by those at the practice offices so that the settling-in process was accomplished

with a minimum of discomfort and inconvenience.

In any program involving people, statistics can only tell a small part of the story. This is particularly true in the case of the exchange visitors, where the success of the program must be evaluated from the point of view of the practice office as well as from that of the visitor.

If the reactions of the practice offices and the visitors is the determining factor, the program is a success by almost any standard that can be applied. A number of practice offices think so highly of it that they have "standing orders" for one or more foreign visitors.

Boston partner in charge John C. McCarthy, most enthusiastic about the program, called it a "two-way street" that provides obvious benefits to the visitor and our staff here, as well as strengthening relations between H&S and the overseas offices. Impressed by the caliber of the visitors who have served in Boston in the past and who are there now, Mr. McCarthy said he would be willing to take at least two more on staff if he had the opportunity. "I'd like to have two exchange visitors here all the time if I could," he said.

Hugh M. Eggan, partner in charge in Cleveland, said: "The program works, it is definitely worthwhile." For Mr. Eggan, one of the outstanding benefits of the exchange visitor program is its ability not only to give the visitor

exposure to accounting practices in the United States, but to familiarize him at first hand with the operations and problems of a variety of businesses in this country. Mr. Eggan has had considerable success with giving the exchange visitor responsible work, with supervision, of course, quickly. This has proved practical, he said, because of the high level of professional competence of the exchange visitors assigned to his office.

Chicago partner in charge Charles G. Steele echoed Mr. Eggan's sentiments, saying he was "very favorably impressed" with the quality of the exchange visitors. "They have been outstanding people," he said. He also found exchange visitors could be put in charge of engagements after a relatively short period. Mr. Steele said that he had visited the Johannesburg office, a major supplier of exchange visitors, several years ago. Older partners familiar with younger partners who had been exchange visitors spoke very highly of the program and its results, he said.

Thomas J. Graves, partner in charge in San Francisco, said the exchange visitors he had experience with were "with almost no exception, people of high quality." Mr. Graves also said he would like two visitors in the San Francisco office at all times.

Pittsburgh partner in charge John E. Kolesar spoke highly of the program, although he did point out that more attention must be paid to certain administrative details and personal factors in the case of assignments for various visitors.

All the exchange visitors spoke highly of the opportunity provided by the program and the benefits they were receiving from it. Most admitted that there were minor problems, usually

at the beginning of their stay and of a nonprofessional nature, such as finding suitable living quarters. Others said better communication between the overseas and domestic offices might make their adjustment easier and give the U.S. practice office a better idea of the visitor's professional objectives.

There was positive unanimity on the benefits of the exchange program:

▶ **The opportunity to learn and work with U.S. accounting techniques and procedures, especially more advanced procedures in such areas as Auditape, time-sharing, regression analysis and statistical sampling.**

▶ **The availability of a broad range of advanced course material that furthers the visitor's professional development.**

▶ **The opportunity to learn new procedures, techniques and methods that they can teach to their fellow professionals when they return home. (Alberto Vega, in Boston, has already accumulated six cartons of books and professional periodicals, which he is taking back to Spain.)**

▶ **For those from countries where English is not the native language, the opportunity to improve their command of English.**

▶ **Exposure to a broad variety of American businesses, their operations and their problems.**

▶ **Exposure to areas of U.S. accounting, such as SEC and taxes, which will prove helpful in their overseas work for U.S. affiliates.**

▶ **The opportunity to immerse themselves in a different culture, to form close relationships with professionals from another country.**

Is the exchange visitor program a success? Obviously, yes; no program could last this long if it were not. Certainly there are problems, but as in the case of any program of this type it is necessary to balance the books, to study the debits and credits and tally the final result. In the case of the exchange visitor program, the ink on the bottom line is definitely black.

Perhaps John Crawford of the International Department said it best. "We're not only internationalizing the accounting profession and the accounting professional. We're creating a corps of ambassadors who can function at the highest levels to provide our clients both in the United States and in every other country where we are associated with other firms with the most advanced professional accounting expertise available today. In some respects, the ideal goal may be to create a 'one-world' concept for the accounting profession. The exchange visitor program is playing a key role in our efforts to attain this goal. It has worked well in the past, it is working well now, and I think it safe to say that it will continue to work well in the years ahead." □