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Big four training



Training days

Training within the Big Four has shot to a new level, report
Steve Hubrecht and Helen Luk

A highly mobile staff is now a priority for all the big firms and Sylvain Friedman, Ernst & Young's Far East learning and development partner, is a living example of this.

Friedman began his career with Ernst & Young in France, his home country, before switching to technical training for auditors seven years ago.

He moved to the firm's international learning centre in Cleveland, Ohio and helped shape its global learning strategy. Finally, he relocated to Shanghai 18 months ago to take charge of learning and development in the Far East.

"Moving people between countries is definitely something we promote," says Friedman, adding that Ernst & Young's recent integration of 15 countries and territories including China, Hong Kong, Taiwan, Korea, Malaysia, the Philippines and Singapore allows people to move more freely within the Far East area. The firm now has 200 staffers either sent from the Far East to work in overseas offices or doing their rotations in the Far East.

"Today, our people in general, especially in Asia, want to have different experiences and to broaden their horizons. Our clients are also looking for professionals that have a wide variety of experience. What we're trying to address here is really the meeting of those worlds by giving our people the kind of exposure they need today to be able to perform their jobs well," he says.

Musical chairs

Hence the emergence of rotation programmes, where CPAs swap places with their counterparts in another office. "For example somebody in Deloitte's Shanghai office may decide that they want to work for a few years in Hong Kong, or one or two years in Singapore or Sydney or elsewhere in the Asia Pacific area or in Europe," explains John Rasheed, Deloitte's China national learning leader. "The benefit for us of course is that they get experience in a different culture and a different working environment. They then bring that skill set back."

As different accounting standards converge (Chinese companies have

adopted International Financial Reporting Standards since the start of 2007), sending people on international rotations is even easier, says Rasheed.

For Ernst & Young, preparing staff for rotation postings is a matter of "finding a balance between providing the technical and soft skills they need from a firm standpoint and in addition to that, providing the technical training that is specific to the local needs," says Friedman. "For example, if you are in Taiwan, you may have specific Taiwanese taxation rules, where the tax curriculum would be different."

Meanwhile, the Big Four have also upped their game in other staff training areas as the demand for strong skills sets, big-picture thinking and adaptable individuals grow.

"What's changed in the last ten years is that clients don't look upon the accounting firm as an audit firm or a tax firm, they look upon the firm as a provider of solutions for a wide variety of problems and issues they face," says Rasheed of Deloitte. "So what's happening is the repositioning of the learning to recognize that clients

look upon us as an advisor to provide solutions where we can. It's skills in addition to the technical skills that help our people sell more than their own service line."

Tailor-made training

International rotations are another way to grow, which can be temporary or the first step toward a permanent move. People develop new skills and gain a broader understanding of how different service lines – from the traditional tax and audit to consulting and financial advisory services such as forensics, reorganization and corporate finances – fit into the puzzle.

"For example some of our tax new graduates do a rotation in audit for several months after they join us. When they return to their tax group, they've developed a different set of skills and in the future they can better understand how to work with each other to provide better services to our clients and obviously, how to network with their peers, because they know more people in the firm," says Friedman of Ernst & Young.

Mid-career Big Four accountants can also move into recruitment, coaching, technical advisory or training, similar to what Friedman did. "We will train them in communications skills, presentation skills and so on. Then they get to take on the important role of training and developing our people," he says.

Deloitte's Rasheed says training is much more specific to individuals than it was 24 years ago when the former biologist joined the firm through a conversion programme for non-accounting graduates. "When these programmes were first introduced everybody had to do everything, irrespective of their background. So even if you were a business or an economics major, you still had to take subjects in that area," he says.

Strengthening ethics

Few other finance professionals understand better than accountants how hard it is to restore public trust after a reputation beating following a major scandal.

Since the collapse of Arthur Andersen in 2001, big accounting firms have all boosted ethics and risk management training among their staff. At Ernst & Young, students working on a fraud case study, for example, are drilled with questions such as "at what stage would you have consulted? When would you go to see the partner? What questions would you ask the client? What would you want the client to tell you?" says Friedman. This would be followed by a specialised programme on fraud investigation interviews, in which participants develop skills such as asking open questions and being more thorough than simply running through questionnaires.

PricewaterhouseCoopers has done the same, according to Douglas Holyoak, the firm's learning and education director. PwC uses scenarios as minute as examining the ethical implications of an accountant putting down a suitcase while presenting a passport at the airport.

"It's a very typical thing that happens a thousand times a day, but we need to explain how, if the laptop gets stolen and has proprietary information on it, it can be a breach [of client confidentiality]. So we will talk about where and how to put a suitcase down at the airport," he says.

"What's changed over the last few years is the recognition that we need to look at what people bring to the table and then modify the programme so it's more concentrated and focused on their needs."

At Ernst & Young, the firm streamlines training by considering its employees' rank, whether they are graduates, managers or partners, and their specific role in a service line: "Are they going to be working on multinational accounts? Are they going to be working on local GAAP accounts? We're going to look at those dimensions and try to adapt our curriculum to meet those needs," Friedman says.

Thanks to technology, teaching has become much more interactive and borderless. All of the Big Four have developed teaching programmes that can be used by their professionals through the Internet. Participants usually work through a series of scenarios in the e-courses and receive feedback as they

go. Friedman says content has evolved and developed so that it can be taught in different countries. "This is the sharing power that we have to do things across the world," he says.

The global nature of the Big Four means they can create case studies drawn from real life examples from different offices to make their programmes relevant. According to Friedman, Ernst & Young professionals gather yearly to create the material. "Obviously we change the names and companies, completely sanitize it. But we keep the facts and we keep the issues. Then we try to have the programme participants try to simulate and say, in your case, working together, can you identify the problem? The power is being able to leverage from all the different countries – drawing from live cases that occur not just in your own country," he says.

A more interconnected business world means more time and money are



spent on keeping up with regulatory changes and bridging the gap between different regulatory systems. KPMG's training principal Paul Neale says changes in accounting standards also force updates in training programmes.

Douglas Holyoak, learning and education director of PricewaterhouseCoopers, says his firm gives extra lessons on Chinese laws and accounting standards to Hong Kong accountants sent to work in the mainland. For example, the engagement teams will prepare Hong Kong tax professionals to assist with China tax assignments, he says.

Will Hong Kong CPAs lose their edge?

But as the Big Four continue to expand their reach into the mainland, recruiting and training local hires to feed the huge demand for high-quality mainland accountants, will it mean fewer opportunities for Hong Kong

accountants who are now frequently shuttled back and forth across the border to work?

The Big Four now each employ between 8,000 and 9,000 people in Hong Kong and mainland China and the number of new recruits in the mainland offices dwarfs those recruited in Hong Kong. For example, PwC brings in 1,600 fresh graduates in the mainland, four times the number it hires in Hong Kong every year. Deloitte recruited 1,100 people on the mainland and 300 in Hong Kong in 2008, and plans a similar intake next year.

Already mainland accounting graduates compare favourably with their Hong Kong counterparts, according to Rasheed and Friedman. "I've been impressed," says Friedman. "Obviously in Hong Kong, people have been used to more international exposure and in the past that was probably less true in mainland China, but now anything can

happen. From what I've seen in the class, they've got a different kind of skill set, but in the end they really perform the same way."

Holyoak of PwC and Rasheed of Deloitte both agree that the quality of Hong Kong and mainland accounting graduates are comparable. "If you had two graduates standing side by side, which I often do when working with graduates from the mainland and Hong Kong, I couldn't tell them apart other than language," says Rasheed.

Many interviewed for this story point out that the threat for Hong Kong accountants is not imminent, as the demand for qualified accountants far outstrips the supply. But beyond that, nothing is guaranteed: Hong Kong professionals, who have long held an edge in international exposure over mainland professionals and those from the rest of Asia, may see this competitive edge begin to evaporate. **A+**